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.

Offering of 262,772,400 Units
(subject to the Over-Allotment Option (as defined herein))

Public Offer Size: 34,090,600 Units
Offering Price: US$0.88 per Unit

6.8%[1] Forecast Year 2018 Distribution Yield | Total Return of 12.6%[2]

PROSPECTUS DATED 2 NOVEMBER 2017
(Registered with the Monetary Authority of Singapore on 2 November 2017).

This document is important. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

Keppel-KBS US REIT Management Pte. Ltd., as manager (the "**Manager**") of Keppel-KBS US REIT, is making an offering (the "**Offering**") of 262,772,400 units representing undivided interests in Keppel-KBS US REIT ("**Units**") for subscription at the Offering Price (as defined below) (the "**Offering Units**"). The Offering consists of (i) an international placement of 228,681,800 Units to investors, outside the United States of America (the "**US**" or "**United States**") (the "**Placement Tranche**") and (ii) an offering of 34,090,600 Units to the public in Singapore (the "**Public Offer**").

The issue price of each Unit under the Offering (the "**Offering Price**") will be US$0.88 per Unit. Investors subscribing for Units under the Public Offer will pay the Offering Price in Singapore dollars (based on the exchange rate of US$1.00 to S$1.3592, as determined by the Manager). DBS Bank Ltd. is the sole financial adviser and issue manager for the Offering (the "**Sole Financial Adviser and Issue Manager**"). DBS Bank Ltd., Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited and Merrill Lynch (Singapore) Pte. Ltd. are the joint bookrunners and underwriters for the Offering (collectively, the "**Joint Bookrunners and Underwriters**" or the "**Joint Bookrunners**"). The Offering is fully underwritten at the Offering Price by the Joint Bookrunners on the terms and subject to the conditions of the Underwriting Agreement (as defined herein).

As at the date of this Prospectus, there is one Unit in issue (the "**Initial Unit**"). The total number of outstanding Units immediately after completion of the Offering will be 628,565,000 Units. The exercise of the Over-Allotment Option will not increase the total number of Units in issue.

Concurrently with, but separate from the Offering, Keppel Capital Investment Holdings Pte. Ltd. ("**KCIH**"), which is the wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd. ("**KC**"), and KBS SOR Properties LLC, a Delaware limited liability company ("**KBS SORP LLC**" and together with KCIH, the "**Relevant Entities**"), which is the indirect wholly-owned subsidiary of KBS Strategic Opportunity REIT, Inc. ("**KBS SOR**"), have each entered into a subscription agreement (the "**Relevant Entities Subscription Agreements**") to subscribe for an aggregate of 119,427,199 Units (the "**Relevant Entities Subscription Units**", together with the Initial Unit, the "**Relevant Entities Units**") at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date (as defined herein).

In addition, concurrently with, but separate from the Offering, each of the Cornerstone Investors (as defined herein) has entered into a separate subscription agreement to subscribe for an aggregate of 246,365,400 Units (the "**Cornerstone Units**") at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.

Prior to the Offering, there has been no market for the Units. The offer of Units under this Prospectus will be by way of an initial public offering in Singapore ("**IPO**"). Application has been made to Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to list on the Main Board of the SGX-ST (i) all Units comprised in the Offering, (ii) the Relevant Entities Units, (iii) the Cornerstone Units and (iv) all the Units which will be issued to the Manager from time to time in full or part payment of the Manager's fees. Such permission will be granted on the date when Keppel-KBS US REIT has been admitted to the Official List of the SGX-ST (the "**Listing Date**"). Acceptance of applications for Units will be conditional upon issue of the Units and upon permission being granted to list the Units. In the event that such permission is not granted or if the Offering is not completed for any other reason, application monies will be returned in full, at each investor's own risk, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against any of Keppel-KBS US REIT, the Manager, Perpetual (Asia) Limited, as trustee of Keppel-KBS US REIT (the "**Trustee**"), the Sponsors (as defined herein), the Sole Financial Adviser and Issue Manager or the Joint Bookrunners.

Keppel-KBS US REIT has received a letter of eligibility from the SGX-ST for the listing and quotation of (i) all Units comprised in the Offering, (ii) the Relevant Entities Units, (iii) the Cornerstone Units and (iv) all the Units which will be issued to the Manager from time to time in full or part payment of the Manager's fees on the Main Board of the SGX-ST. Keppel-KBS US REIT's eligibility to list on the Main Board of the SGX-ST does not indicate the merits of the Offering, Keppel-KBS US REIT, the Manager, the Trustee, the Sponsors, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners or the Units. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, Keppel-KBS US REIT, the Manager, the Trustee, the Sponsors, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners or the Units.

The collective investment scheme offered in this Prospectus is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act" or "SFA"). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority" or "MAS") on 25 October 2017 and 2 November 2017, respectively. The MAS assumes no responsibility for the contents of the Prospectus. Registration of the Prospectus by the MAS does not imply that the Securities and Futures Act or any other legal or regulatory requirements have been complied with. The MAS has not, in any way, considered the investment merits of the collective investment scheme. This Prospectus will expire on 1 November 2018 (12 months after the date of the registration of this Prospectus).

See "Risk Factors" commencing on page 65 of this Prospectus for a discussion of certain factors to be considered in connection with an investment in the Units including the risk factor "There are limitations on the ownership of Units in Keppel-KBS US REIT" on page 65 of this Prospectus in relation to certain restrictions on investors owning in excess of 9.8% of the Units and the risk factor "Changes in US tax laws may have adverse consequences" on page 66 of this Prospectus in relation to the potential changes to the IRC (as defined herein). None of the Manager, the Trustee, the Sponsors, the Sole Financial Adviser and Issue Manager or the Joint Bookrunners guarantees the performance of Keppel-KBS US REIT, the repayment of capital or the payment of a particular return on the Units.

Investors applying for Units by way of Application Forms (as defined herein) or Electronic Applications (both as referred to in Appendix G, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore") in the Public Offer will have to pay the Offering Price on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom), where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

In connection with the Offering, the Joint Bookrunners have been granted an over-allotment option (the "**Over-Allotment Option**") by KCIH, a company incorporated in Singapore, and KBS SORP LLC, a corporation incorporated in the US (collectively, the "**Unit Lenders**"), exercisable by Merrill Lynch (Singapore) Pte. Ltd. (the "**Stabilising Manager**") (or any of its affiliates or persons acting on its behalf), in consultation with the other Joint Bookrunners, in full or in part, on one or more occasions, to acquire from the Unit Lenders, any proportion between them as may be determined by the Stabilising Manager in consultation with the other Joint Bookrunners up to an aggregate of 31,428,200 Units at the Offering Price, representing not more than 12.0% of the total number of Units in the Offering solely to cover the over-allotment of Units (if any) made in connection with the Offering. The Over-Allotment Option is exercisable, at the Offering Price from the Listing Date until the earliest of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or its affiliates or other persons acting on its behalf) has bought, on the SGX-ST, an aggregate of 31,428,200 Units, representing not more than 12.0% of the total number of Units in the Offering, to undertake stabilising actions to purchase up to an aggregate of 31,428,200 Units (representing not more than 12.0% of the total number of Units in the Offering). The exercise of the Over-Allotment Option will not increase the total number of Units outstanding. In connection with the Offering, the Stabilising Manager (or its affiliates or other persons acting on behalf of the Stabilising Manager) may, in consultation with the other Joint Bookrunners and at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels that might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations.

Nothing in this Prospectus constitutes an offer for securities for sale in the United States or any other jurisdiction where it is unlawful to do so. The Units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities law of any state of the United States and accordingly, may not be offered or sold within the United States except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. The Units are being offered and sold in offshore transactions as defined in and in reliance on Regulation S under the Securities Act ("**Regulation S**").

[1] Based on the Offering Price of US$0.88, and the forecast and projected distribution per unit ("**DPU**") for Forecast Year 2018 and Projection Year 2019, together with accompanying assumptions found in the Prospectus. Such yields and yield growth will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price.

[2] Calculated as the sum of the Forecast Year 2018 distribution yield and distribution yield growth from Forecast Year 2018 to Projection Year 2019.

SPONSORS

Keppel Capital

KPA

SOLE FINANCIAL ADVISER AND ISSUE MANAGER

DBS

JOINT BOOKRUNNERS AND UNDERWRITERS

DBS

Bank of America Merrill Lynch

citi

CREDIT SUISSE

DISTINCTIVE US OFFICE REIT WITH INVESTMENT PROPERTIES IN KEY GROWTH MARKETS

Bellevue Technology Center, Seattle

Westech 360, Austin

Westmoor Center, Denver

Keppel KBS US REIT

Keppel-KBS US REIT offers investors the opportunity to gain exposure to the attractive office real estate sector in key growth markets of the United States ("**US**"). Its distinctive and strategically diversified portfolio of high-quality, income-producing commercial real estate assets provides long-term sustainable distribution and strong total returns for Unitholders.

STRONG SPONSORS: PARTNERSHIP BETWEEN KEPPEL CAPITAL AND KBS PACIFIC ADVISORS

HARNESSING SYNERGIES FROM TWO BEST-IN-CLASS MANAGEMENT PLATFORMS

Keppel Capital

The asset management arm of Keppel Corporation and a premier manager of real estate assets in Asia

- **Over 20 markets**
  Proven track record in public and private investments across key gateway cities globally
- **11 funds**
  Established track record in managing 2 listed REITs, 1 Business Trust and 8 private funds
- **US$19bn[3]**
  Total AUM

KBS[4]

An established commercial real estate investment manager in the US

- **Over 30 markets**
  High quality commercial real estate portfolio across the US
- **16 funds**
  Proven expertise in managing 7 public REITs and 9 private funds
- **US$11bn[5]**
  Total AUM

Source: Keppel Group and KBS Capital Advisors LLC ("KBS")

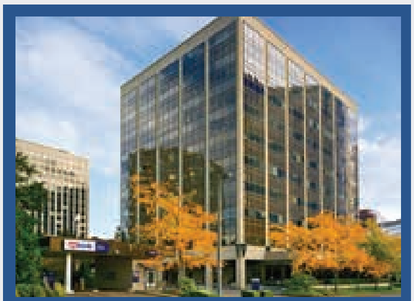
3 Total AUM as of 30 September 2017.

4 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, the Manager is able to leverage KPA's affiliation with KBS.

5 Total AUM as of 30 June 2017.

6 Calculated as the sum of Forecast Year 2018 distribution yield and distribution yield growth from Forecast Year 2018 to Projection Year 2019.

DISTINCTIVE PORTFOLIO OF QUALITY COMMERCIAL PROPERTIES IN KEY US GRO

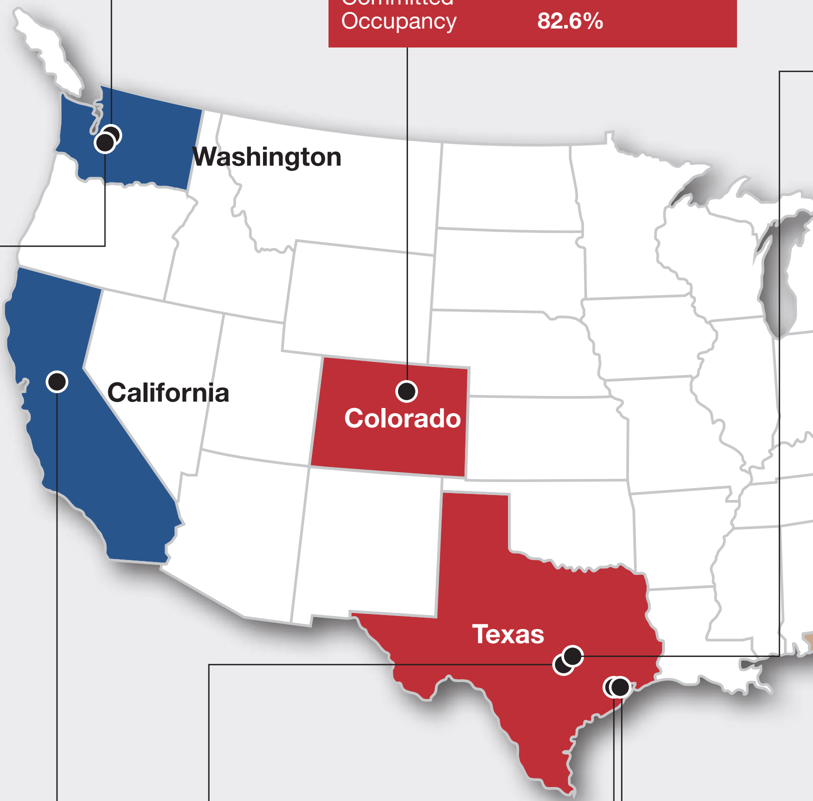


THE PLAZA BUILDINGS

Market	**Seattle**
Office grade	**A**
NLA	**490,994 sq ft**
Appraised Value	**US$243.9m**
Committed Occupancy	**89.2%**

WESTMOOR CENTER

Market	**Denver**
Office grade	**A**
NLA	**607,755 sq ft**
Appraised Value	**US$121.4m**
Committed Occupancy	**82.6%**



BELLEVUE TECHNOLOGY CENTER

Market	**Seattle**
Office grade	**A and B**
NLA	**330,508 sq ft**
Appraised Value	**US$133.0m**
Committed Occupancy	**90.6%**

IRON POINT

Market	**Sacramento**
Office grade	**A**
NLA	**211,887 sq ft**
Appraised Value	**US$38.2m**
Committed Occupancy	**99.5%**

GREAT HILLS PLAZA

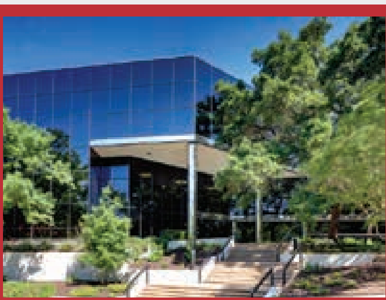
Market	**Austin**
Office grade	**B**
NLA	**139,252 sq ft**
Appraised Value	**US$33.3m**
Committed Occupancy	**91.9%**

1800 WEST LOOP SOUTH

Market	**Houston**
Office grade	**A**
NLA	**398,490 sq ft**
Appraised Value	**US$82.0m**
Committed Occupancy	**85.8%**

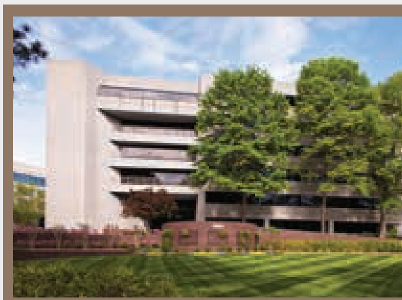
■ WEST COAST ■ CENTRAL ■ EAST COAST

WTH MARKETS[9]



WESTECH 360

Market	**Austin**
Office grade	**B**
NLA	**173,058 sq ft**
Appraised Value	**US$43.8m**
Committed Occupancy	**94.3%**

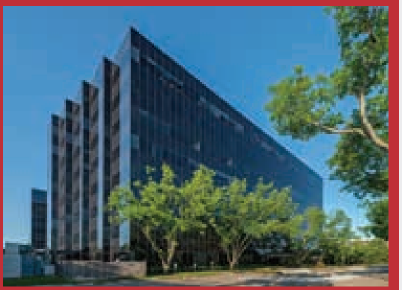


POWERS FERRY

Market	**Atlanta**
Office grade	**B**
NLA	**146,352 sq ft**
Appraised Value	**US$19.2m**
Committed Occupancy	**94.8%**

NORTHRIDGE CENTER I & II

Market	**Atlanta**
Office grade	**B**
NLA	**186,580 sq ft**
Appraised Value	**US$20.5m**
Committed Occupancy	**92.1%**



WEST LOOP I AND II

Market	**Houston**
Office grade	**A**
NLA	**313,873 sq ft**
Appraised Value	**US$50.7m**
Committed Occupancy	**90.5%**

MAITLAND PROMENADE II

Market	**Orlando**
Office grade	**A**
NLA	**226,990 sq ft**
Appraised Value	**US$43.4m**
Committed Occupancy	**99.0%**

7
KEY GROWTH MARKETS

11
QUALITY PROPERTIES

100%
FREEHOLD

US$829.4 million
APPRAISED IPO PORTFOLIO VALUE

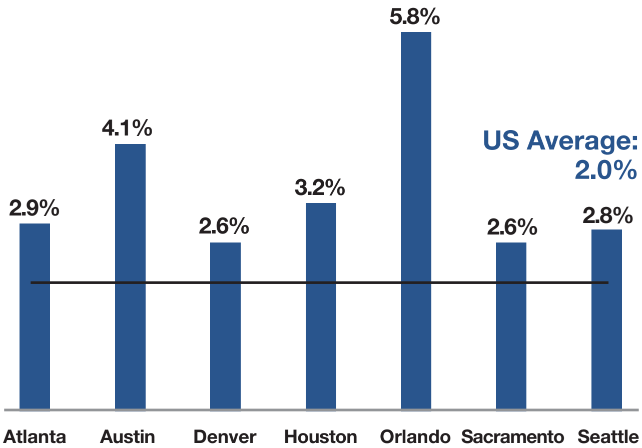
3.2 million sq ft
NET LETTABLE AREA

340
DIVERSIFIED TENANTS

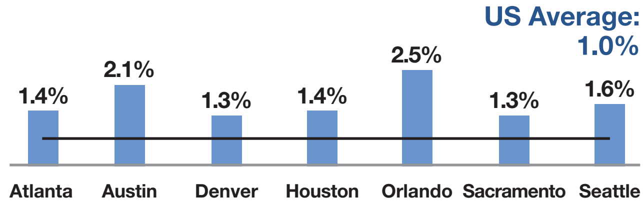
90.0%
COMMITTED OCCUPANCY

KEY GROWTH MARKETS OUT PERFORM NATIONAL AVERAGE

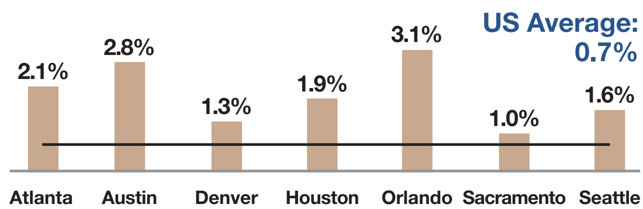
GMP[10]/GDP growth forecast
Average forecast 2017-21F (%)



Employment growth forecast
Average forecast 2017-21F (%)

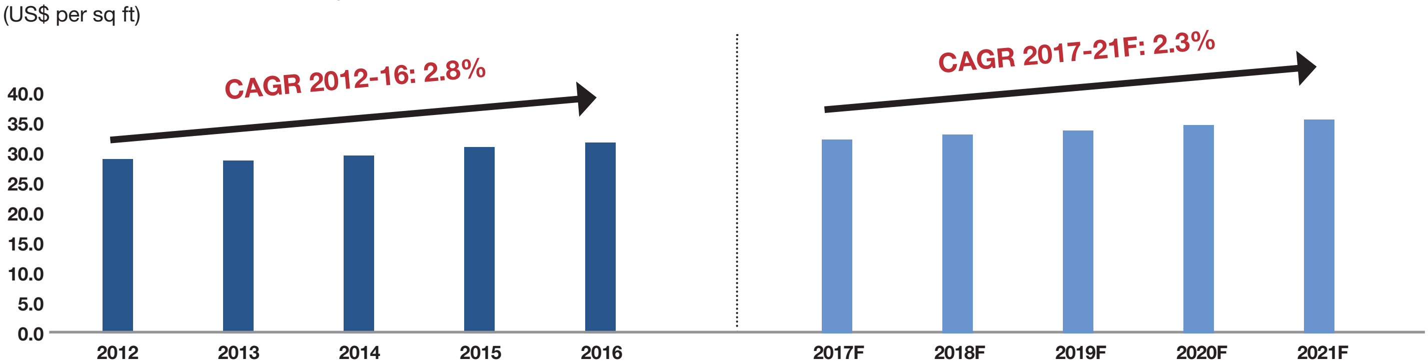


Population growth forecast
Average forecast 2017-21F (%)



ASKING RENTS EXPECTED TO RISE

US Office Market – Annual Asking Rent
(US$ per sq ft)



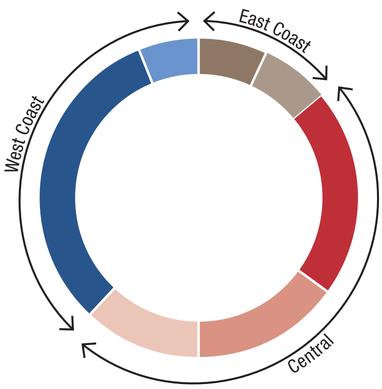
Source: Cushman & Wakefield

Westmoor Center, Denver

Iron Point, Sacramento

DIVERSIFIED PORTFOLIO OF QUALITY ASSETS

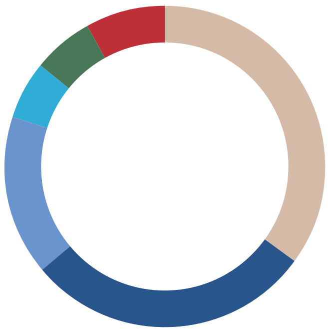
Geographical Composition by Cash Rental Income (%)



East Coast	**14%**
Atlanta	7%
Orlando	7%
Central	**48%**
Houston	21%
Denver	15%
Austin	12%
West Coast	**38%**
Seattle	32%
Sacramento	6%

- Balanced portfolio of CBD and suburban office assets
- Resilience in riding out different economic and property cycles across various geographies

Tenant base led by growth and defensive sectors[11]



Professional Services	**35%**
Financial and Insurance	**29%**
Technology	**16%**
Medical and Healthcare	**6%**
Media and Information	**6%**
Others	**8%**

- Top 10 tenants of the IPO Portfolio contribute under 22.3% by Cash Rental Income[11]
- Low concentration risk with no single tenant accounting for over 3.0% of the IPO Portfolio's Cash Rental Income
- Stable and well-spread lease expiries for stable cash flows in the long term

STRONG VISIBLE ORGANIC GROWTH OPPORTUNITIES

BUILT-IN RENTAL ESCALATIONS

- Approximately 97.5%[12] of existing leases have built-in rental escalations between 2.0% and 3.0%
- New and expiring leases likely to have escalation clauses upon renewal

POSITIVE RENTAL REVERSION OPPORTUNTIES

- Expiring leases with below market average rents have the opportunity to be renewed at higher market rent rates

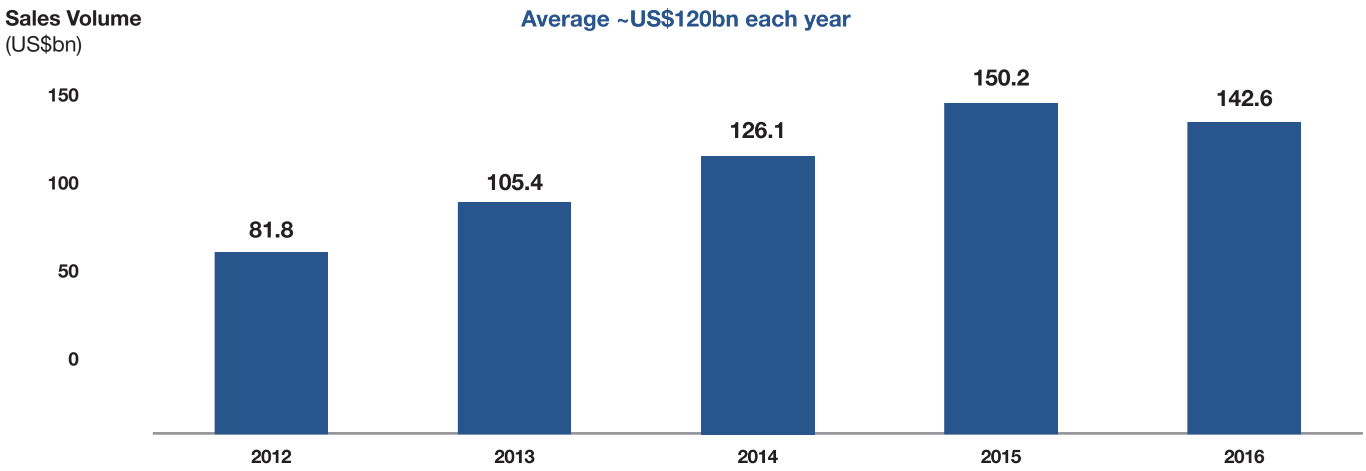
POTENTIAL GROWTH IN PORTFOLIO OCCUPANCY

- Proactive asset management strategy for potential upside from expiring leases
- Potential growth in rental income

POTENTIAL ACQUISITION OPPORTUNITIES

SPONSORS' ESTABLISHED ORIGINATION AND ANALYSIS CAPABILITIES FOR POTENTIAL ACQUISITION OPPORTUNITIES

SIGNIFICANT INVESTMENT OPPORTUNITIES IN THE US OFFICE MARKET



[9] Property information as at 30 September 2017, unless otherwise stated. Appraised value is as at June 2017 and based on the higher of the two valuations.
[10] GMP refers to Gross Metropolitan Product.
[11] By cash rental income, as at 30 June 2017.
[12] As at 30 June 2017.

INVEST IN KEPPEL-KBS US REIT

1. Attractive US Office Real Estate Fundamentals Supported by Stable Macroeconomic Conditions

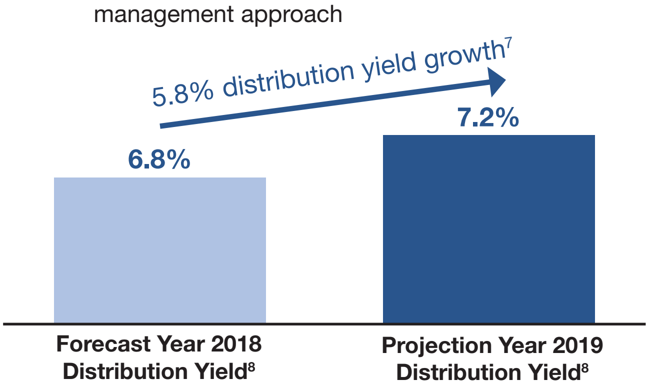
- Stable and sustainable US economic growth trajectory
- Strong population and employment growth momentum
- Favourable outlook in the office real estate sector with asking rents expected to continue at an upward trend

2. Quality and Resilient Office Portfolio in Key US Growth Markets

- Strategically located assets in attractive office markets with strong market fundamentals
- Balanced portfolio with mix of CBD and suburban office buildings
- Diversified tenant base with low tenant concentration
- Tenants from growth and defensive sectors such as technology, finance and insurance, professional services, as well as medical and healthcare

3. Attractive Distributions with Visible Organic Growth Potential

- Attractive distribution yield and total return[6] of 12.6% backed by organic growth
- Healthy balance sheet and an active capital management approach



4. Reputable Sponsors and US Asset Manager with Strong Track Records

- Expertise in office real estate and funds management
- Proven ability to create value and elevate portfolio performance
- Strong pipeline of potential acquisition opportunities

5. Experienced Management Team

- Deep core expertise and a strong focus on execution excellence
- Extensive experience in portfolio and asset management, accounting and finance

7 Calculated as the growth in distribution yield from Forecast Year 2018 to Projection Year 2019.

8 Based on the Offering Price of US$0.88, and the forecast and projected DPU for Forecast Year 2018 and Projection Year 2019, together with accompanying assumptions found in the Prospectus. Such yields and yield growth will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price.


Great Hills Plaza, Austin


Bellevue Technology Center, Seattle

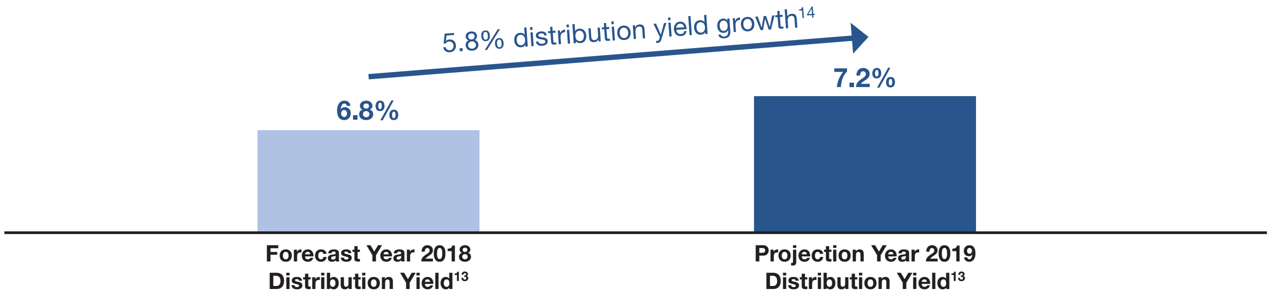

1800 West Loop South, Houston


West Loop I and II, Houston


Westech 360, Austin

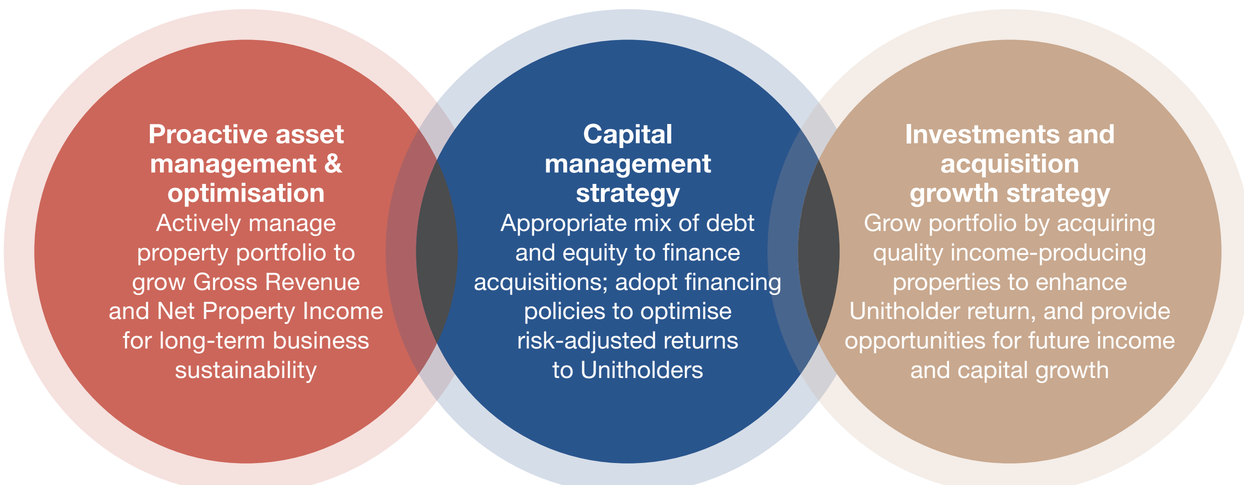
ATTRACTIVE DISTRIBUTION YIELD[13] AND STRONG TOTAL RETURN

BUILT-IN RENTAL ESCALATIONS | **POSITIVE RENTAL REVERSION OPPORTUNITIES** | **POTENTIAL GROWTH IN PORTFOLIO OCCUPANCY**



Forecast Year 2018 Distribution Yield[13]		Distribution Yield Growth[14]		Total Return[15]
6.8%	+	5.8%	=	12.6%

KEY STRATEGIES



IMPORTANT DATES & TIMES

Opening date and time for the public offer	**2 NOVEMBER 2017 (THU), 8.00P.M.**
Closing date and time for the public offer	**7 NOVEMBER 2017 (TUE), 12 NOON**
Commence trading of Units on the SGX-ST	**9 NOVEMBER 2017 (THU), 2.00P.M.**

HOW TO APPLY

Applications for the Public Offer may be made through:

- ATMs and internet banking websites of DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited (OCBC) and United Overseas Bank Limited
- Mobile banking interface of DBS Bank Ltd.
- Printed WHITE Public Offer Units Application Form which forms part of this Prospectus

U.S. TAXATION

Unitholders need to comply with certain documentation requirements in order to be exempted from withholding tax under the United States Internal Revenue Code of 1986, as amended, including under the United States Foreign Account Tax Compliance Act ("FATCA"). Please refer to the section "Important Notice Regarding the Ownership of Units" on page v of the Prospectus for more information.

[13] Based on the Offering Price of US$0.88 per Unit and the forecast and projected DPU for Forecast Year 2018 and Projection Year 2019, together with the accompanying assumptions in the Prospectus. Such yield will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price.

[14] Calculated as the growth in distribution yield from Forecast Year 2018 to Projection Year 2019.

[15] Calculated as the sum of Forecast Year 2018 distribution yield and distribution yield growth from Forecast Year 2018 to Projection Year 2019.

TABLE OF CONTENTS

	Page
NOTICE TO INVESTORS	iii
IMPORTANT NOTICE REGARDING THE OWNERSHIP OF UNITS	v
FORWARD-LOOKING STATEMENTS	xi
CERTAIN DEFINED TERMS AND CONVENTIONS	xii
MARKET AND INDUSTRY INFORMATION	xiii
OVERVIEW	1
RISK FACTORS	65
USE OF PROCEEDS	93
OWNERSHIP OF THE UNITS	95
DISTRIBUTIONS	100
EXCHANGE RATE INFORMATION	103
CAPITALISATION AND INDEBTEDNESS	104
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION	106
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	109
PROFIT FORECAST AND PROFIT PROJECTION	122
STRATEGY	137
BUSINESS AND PROPERTIES	148
THE MANAGER AND CORPORATE GOVERNANCE	233
THE SPONSORS	270
THE FORMATION AND STRUCTURE OF KEPPEL-KBS US REIT	271

CERTAIN AGREEMENTS RELATING TO KEPPEL-KBS US REIT AND THE PROPERTIES	290
OVERVIEW OF RELEVANT LAWS AND REGULATIONS IN THE UNITED STATES	301
TAXATION	307
PLAN OF DISTRIBUTION	325
CLEARANCE AND SETTLEMENT	344
EXPERTS	345
REPORTING AUDITOR	346
GENERAL INFORMATION	347
GLOSSARY	352
APPENDIX A – REPORTING AUDITOR'S REPORT ON THE PROFIT FORECAST AND PROFIT PROJECTION	A-1
APPENDIX B – REPORTING AUDITOR'S REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION	B-1
APPENDIX C – UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION	C-1
APPENDIX D – INDEPENDENT TAXATION REPORTS	D-1
APPENDIX E – INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS	E-1
APPENDIX F – INDEPENDENT PROPERTY MARKET RESEARCH REPORT	F-1
APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION FOR AND ACCEPTANCE OF THE UNITS IN SINGAPORE	G-1
APPENDIX H – LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS	H-1
APPENDIX I – PROCEDURES FOR THE SUBMISSION OF US TAX FORMS	I-1
APPENDIX J – AIFMD DISCLOSURES	J-1

NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of Keppel-KBS US REIT, the Manager, the Trustee, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners or the Sponsors. If anyone provides you with different or inconsistent information, you should not rely upon it. The delivery of this Prospectus or any offer, subscription, sale or transfer made pursuant to this Prospectus shall not under any circumstances imply that the information in this Prospectus is correct or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the business affairs, conditions and prospects of Keppel-KBS US REIT, the Manager, the Trustee, the Units or the Sponsors subsequent to the date of this Prospectus. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, or if the Manager otherwise determines, the Manager will make an announcement of the same to the SGX-ST and, if required, lodge and issue an amendment to this Prospectus or a supplementary document or replacement document pursuant to Section 296 or, as the case may be, Section 298 of the Securities and Futures Act and take immediate steps to comply with the said Sections. You should take notice of such announcements and documents and upon release of such announcements and documents and you shall be deemed to have notice of such changes.

None of Keppel-KBS US REIT, the Manager, the Trustee, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners and the Sponsors or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers is making any representation or undertaking to any purchaser or subscriber of Units regarding the legality of an investment by such purchaser or subscriber under appropriate legal, investment or similar laws. In addition, you should not construe the contents of this Prospectus as legal, business, financial or tax advice. You should be aware that you may be required to bear the financial risks of an investment in the Units for an indefinite period of time. You should consult your professional advisers as to the legal, tax, business, financial and related aspects of an investment in the Units.

Copies of this Prospectus and the Application Forms may be obtained on request, subject to availability, during office hours, from:

DBS Bank Ltd.	**Citigroup Global Markets Singapore Pte. Ltd.**	**Credit Suisse (Singapore) Limited**	**Merrill Lynch (Singapore) Pte. Ltd.**
12 Marina Boulevard Level 46 DBS Asia Central @ Marina Bay Financial Centre Tower 3 Singapore 018982	8 Marina View #21-00 Asia Square Tower 1 Singapore 018960	One Raffles Link #03/#04-01 South Lobby Singapore 039393	50 Collyer Quay, #14-01 OUE Bayfront Singapore 049321

and, where applicable, from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website: http://www.sgx.com.

The distribution of this Prospectus and the offering, subscription, purchase, sale or transfer of the Units in certain jurisdictions may be restricted by law. Keppel-KBS US REIT, the Manager, the Trustee, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners and the Sponsors require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to Keppel-KBS US REIT, the Manager, the Trustee, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners and the Sponsors. This Prospectus does not constitute, and the Manager, the Trustee, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners and the Sponsors are not making, an offer of, or an invitation to subscribe for or purchase, any of the Units in any jurisdiction in which such offer or invitation would be unlawful. You shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) may, in consultation with the other Joint Bookrunners and at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels that might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) will undertake stabilising action. (See "Plan of Distribution – Over-Allotment and Stabilisation" for further details.)

IMPORTANT NOTICE REGARDING THE OWNERSHIP OF UNITS

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

Unitholders of Keppel-KBS US REIT ("**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 each of the US REITs, 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 from whom the 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 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 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**"), the controlled US REIT subsidiary of Keppel-KBS US Properties REIT, Inc., a Delaware corporation (the "**Upper-Tier Sub-US REIT**") and each US REIT subsidiary of the Upper-Tier Sub-US REIT (initially, "**Lower Tier Sub-US REIT 1**", "**Lower Tier Sub-US REIT 2**", "**Lower Tier Sub-US REIT 3**", "**Lower Tier Sub-US REIT 4**", "**Lower Tier Sub-US REIT 5**", "**Lower Tier Sub-US REIT 6**", "**Lower Tier Sub-US REIT 7**", "**Lower Tier Sub-US REIT 8**", "**Lower Tier**

Sub-US REIT 9", "**Lower Tier Sub-US REIT 10**" and "**Lower Tier Sub-US REIT 11**", respectively, and collectively the "**Lower Tier Sub-US REITs**") will continue to maintain their qualification as US REITs 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 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 or any US REIT subsidiary of 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 Upper Tier US REIT or the Lower Tier Sub-US REITs (together with the Upper Tier Sub-US REIT, the "**Sub-US REITs**"). 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. (See "The Formation and Structure of Keppel-KBS US REIT – Trust Deed – Restriction on Ownership of the Units" and "Taxation – US Federal Income Tax Overview – US Federal Income Taxation of the Parent US REIT and the Sub-US REITs" for further details.)

The Trustee (on the recommendation of the Manager) has the discretion under 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 proposes to adopt the following procedures to monitor compliance with the Unit Ownership Limit:

- **Identification of Substantial Unitholders**: The Manager intends to 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.

1 An "**Exempted Offeror**" means an offeror for the purposes of 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.

- **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 also intends to 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 intends to 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 any of the US REITs.

- **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 The Central Depository (Pte) Limited ("**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 the CDP instructions to remit the proceeds (if any) from such disposal to the Unitholder from whom the disposed Units were forfeited.

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 as defined therein) and Constructive Ownership (through the application of Section 318(a) of the IRC, as modified by Section 856(d)(5) of the IRC, and as defined therein) 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

You 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, you must establish your status for FATCA purposes and your eligibility for the US Portfolio Interest Exemption by providing an applicable IRS Form W-8 or such other certification or other information related to FATCA that is requested from time to time. You must also provide updates of any changes to your status for FATCA purposes including information relating to your 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 you 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 you may be subject to deduction or withholding in accordance with US tax law and any intergovernmental agreements.

As an illustration, if Keppel-KBS US REIT were to declare a distribution of 5.97 US cents per Unit for the period from 1 January 2018 to 31 December 2018 ("**Forecast Year 2018**") and a distribution of 6.32 US cents per Unit for the period from 1 January 2019 to 31 December 2019 ("**Projection Year 2019**"), and assuming that such hypothetical distributions were attributed solely to interest paid by Parent US REIT to Singapore Sub 2, the amount you would receive from such hypothetical distributions would vary depending on whether the required documentation or information is duly completed and received by Keppel-KBS US REIT as follows:

No.	Documentation/Other Information	Distribution paid
1.	Duly completed, demonstrates eligibility for the US Portfolio Interest Exemption, establishes FATCA status, and received by the Manager	5.97[(1)] US cents per Unit (or its equivalent amount in Singapore dollars) for Forecast Year 2018, and 6.32[(1)] US cents per Unit (or its equivalent amount in Singapore dollars) for Projection Year 2019
2.	Failure to provide documentation or other information to the Manager or information provided to the Manager is inaccurate, incomplete or false	4.18[(1)] US cents per Unit (or its equivalent amount in Singapore dollars) for Forecast Year 2018, and 4.42[(1)] US cents per Unit (or its equivalent amount in Singapore dollars) for Projection Year 2019

Note:

(1) In each case, (i) based on the assumption that the distribution is attributable solely to interest paid by Parent US REIT to Singapore Sub 2 and (ii) based on 30% US withholding tax.

For the avoidance of doubt, this illustration is not based on actual projected distributions or on the actual amount of interest expected to be paid by Parent US REIT to Singapore Sub 2.

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. (See "Overview of Relevant Laws and Regulations in the United States – FATCA Rules", "Appendix D – US Taxation Report – US Federal Income Taxation of Interest Payments from the Parent US REIT to the Loan Subsidiaries – Considerations Affecting Unitholders" and Appendix I for further details.)

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 that 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.

Personal Data Protection Act

For the purposes of the Personal Data Protection Act 2012 of Singapore ("**PDPA**"), you consent and acknowledge that all Personal Data (as defined in the PDPA) provided by you to the Manager, the Trustee, Keppel-KBS US REIT, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners or any of their respective agents, may be collected, used, disclosed or otherwise processed in order for the Manager, the Trustee, Keppel-KBS US REIT, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners or any of their respective agents, to carry out their respective duties and obligations in relation to any investment by the Unitholder into Keppel-KBS US REIT, for each of the purposes as set out in this section or as may be permitted under the PDPA.

Where any Personal Data relating to any third party individuals has been provided by you to the Manager, the Trustee, Keppel-KBS US REIT, the Joint Bookrunners or any of their respective agents, you warrant and represent that you have:

(a) informed such individuals that Personal Data relating to them has been or will be disclosed to the Manager, the Trustee, Keppel-KBS US REIT, the Joint Bookrunners or any of their respective agents;

(b) informed such individuals that their Personal Data will be collected, held, used, disclosed, transferred or otherwise processed by the Manager, the Trustee, Keppel-KBS US REIT, the Joint Bookrunners or any of their respective agents to carry out their respective duties and obligations in relation to any investment by the Unitholder into Keppel-KBS US REIT, and for each of the purposes as set out in this section or as may be permitted under the PDPA; and

(c) obtained the consent of all such individuals for the foregoing.

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus constitute "forward-looking statements". Statements that are not historical facts, including statements about beliefs and expectations are forward-looking statements and can generally be identified by the use of forward-looking terminology such as the words "believe", "expect", "anticipate", "plan", "intend", "estimate", "project" and similar words. This Prospectus also contains forward-looking financial information in "Profit Forecast and Profit Projection" and other sections. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Keppel-KBS US REIT, the Manager, the Sponsors or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding the Manager's present and future business strategies and the environment in which Keppel-KBS US REIT, the Manager or the Sponsors will operate in the future. Because these statements and financial information reflect the current views of the Manager and the Sponsors concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information. You should not place any undue reliance on these forward-looking statements and financial information.

Among the important factors that could cause the actual results, performance or achievements of Keppel-KBS US REIT, the Manager or the Sponsors to differ materially from those in the forward-looking statements and financial information are the conditions of, and changes in, the domestic, regional and global economies, including, but not limited to, factors such as political, economic and social conditions in Singapore and the United States, changes in government laws and regulations affecting Keppel-KBS US REIT, competition in the property markets of the United States in which Keppel-KBS US REIT may invest, industry, currency exchange rates, interest rates, inflation, relations with service providers, relations with lenders, hostilities (including future terrorist attacks), the performance and reputation of Keppel-KBS US REIT's properties and/or acquisitions, difficulties in identifying future acquisitions, difficulty in completing and integrating acquisitions, changes in the Manager's directors and executive officers, risks related to natural disasters, general volatility of the capital markets, general risks relating to the property market in which Keppel-KBS US REIT may invest and the market price of the Units as well as other matters not yet known to the Manager or not currently considered material by the Manager.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors", "Profit Forecast and Profit Projection", and "Business and Properties". These forward-looking statements and financial information speak only as at the date of this Prospectus. The Manager expressly disclaims any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement or financial information contained herein to reflect any change in the expectations of the Manager or the Sponsors with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other relevant regulatory or supervisory body or agency.

CERTAIN DEFINED TERMS AND CONVENTIONS

In this Prospectus, references to "S$", "SGD" or "Singapore dollars" and "cents" are to the lawful currency of the Republic of Singapore and references to "US dollar", "USD", "US$" or "US cent" are to the lawful currency of the United States of America ("**US**" or "**United States**").

For the reader's convenience, except where the exchange rate is expressly stated otherwise, US dollar amounts in this Prospectus have been translated into Singapore dollars based on the fixed exchange rate of S$1.3568 = US$1.00 as at 18 October 2017, being the latest practicable date prior to the lodgment of this Prospectus with the MAS (the "**Latest Practicable Date**").

Investors subscribing for Units under the Public Offer will pay the Offering Price in Singapore dollars (based on the exchange rate of US$1.00 to S$1.3592, as determined by the Manager).

However, such translations should not be construed as representations that US dollar amounts have been, could have been or could be converted into Singapore dollars at that or any other rate (see "Exchange Rate Information").

Unless otherwise defined, capitalised terms used in this Prospectus shall have the meanings set out in the Glossary.

The forecast and projected distribution per Unit ("**DPU**") yields are calculated based on the Offering Price and assumed exchange rates as set out in this Prospectus. Such yields and yield growth will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price, and according to differences between actual and assumed exchange rates.

Any discrepancies in the tables, graphs and charts included in this Prospectus between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place. Measurements in square metres ("**sq m**") are converted to square feet ("**sq ft**") and *vice versa* based on the conversion rate of 1 sq m = 10.7639 sq ft. References to rent in this Prospectus shall mean base rent unless otherwise specified. References to "Appendix" or "Appendices" are to the appendices set out in this Prospectus. All references in this Prospectus to dates and times shall mean Singapore dates and times unless otherwise specified.

All references to the names of the tenants of the IPO Portfolio (as defined herein) are to the trade names under which the respective tenants carry on business. Unless otherwise specified, all information relating to the Properties (as defined herein) in this Prospectus are as at 30 June 2017. See "Business and Properties" for details regarding the Properties.

All references to "**Appraised Value**" mean the higher of the two independent valuations conducted by the Independent Valuers (as defined herein) on the Properties as at June 2017. "**Occupancy rate**" figures are calculated in terms of net lettable area ("**NLA**"). The NLA figures may differ from the figures used in the Independent Property Valuation Summary Reports as set out in Appendix E of this Prospectus as well as the full valuation reports for each of the Properties due to different measurement standards employed from time to time. "**Committed Occupancy**" figures include leases that have been executed but have yet to commence their lease period as of 30 September 2017.

MARKET AND INDUSTRY INFORMATION

This Prospectus 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. The Manager has commissioned Cushman & Wakefield of Illinois, Inc. (the "**Independent Market Research Consultant**" or "**Cushman**") to prepare the "Independent Property Market Research Report". (See Appendix F, "Independent Property Market Research Report" for further details.) While the Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Manager has not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein. Consequently, none of Keppel-KBS US REIT, the Manager, the Trustee, the Sponsors, the Sole Financial Adviser and Issue Manager and the Joint Bookrunners makes any representations as to the accuracy or completeness of such information, and each of them shall not be held responsible in respect of any such information and shall not be obliged to provide any updates on the same.

The Manager and the Trustee have appointed JLL Valuation & Advisory Services, LLC ("**JLL**") and Cushman (together with JLL, the "**Independent Valuers**") as the valuers of the Properties respectively. (See Appendix E, "Independent Property Valuation Summary Reports" for further details.)

An appraisal is only an estimate of value, as of the date stated in the appraisal, and is subject to the Assumptions and Limiting Conditions, as well as any Extraordinary Assumptions and Hypothetical Conditions, stated in the report. Changes since that date in external and market factors or in the property itself can significantly affect the conclusions. As an opinion, it is not a measure of realisable value and may not reflect the amount which would be received if the property were sold. Reference should be made to the entire appraisal report because relying solely on excerpts or portions of a report do not necessarily convey all of the limitations, conditions, assumptions or qualifications of the report that influenced the opinion of value.

This page has been intentionally left blank.

OVERVIEW

*The following section is qualified in its entirety by, and is subject to, the more detailed information contained or referred to elsewhere in this Prospectus. The meanings of terms not defined in this section can be found in the Glossary or in the trust deed constituting Keppel-KBS US REIT dated 22 September 2017 (and as may be amended, varied or supplemented from time to time) (the "**Trust Deed**"). A copy of the Trust Deed can be inspected at the principal place of business of the Manager, which is located at 230 Victoria Street, #05-08 Bugis Junction Towers, Singapore 188024 (prior appointment would be appreciated).*

Statements contained in this section that are not historical facts may be forward-looking statements or are historical statements reconstituted on a pro forma basis. Such statements are based on certain assumptions and are subject to certain risks and uncertainties which could cause actual results of Keppel-KBS US REIT to differ materially from those forecast or projected (see "Forward-Looking Statements" 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 Keppel-KBS US REIT, the Manager, the Trustee, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners, the Sponsors or any other person or that these results will be achieved or are likely to be achieved. Investing in the Units involves risks. Prospective investors are advised not to rely solely on this section, but to read this Prospectus in its entirety and, in particular, the sections from which the information in this section is extracted and "Important Notice Regarding the Ownership of Units" and "Risk Factors" to better understand the Offering and Keppel-KBS US REIT's businesses and risks, including in relation to the Unit Ownership Limit.

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.

Key Objectives

Keppel-KBS US REIT's key objectives are to provide Unitholders with attractive total returns primarily driven by regular and stable distributions, while maintaining an appropriate capital structure and striving for sustainable growth in DPU and net asset value ("**NAV**") per Unit.

IPO Portfolio

The initial portfolio of Keppel-KBS US REIT (the "**IPO Portfolio**") will comprise 11 office properties in the United States, with an aggregate NLA of 3,225,739 sq ft. The IPO Portfolio consists of the following properties (the "**Properties**"):

<u>**West Coast**</u>

- **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.

- **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.

- **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.

Central Region

- **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.

- **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 modernised 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.

- **Westech 360**: Westech 360 is in Northwest Austin, Texas, and comprises four three-storey Class B buildings with a NLA of 173,058 sq ft. Over the past few years, the asset 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.

- **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.

- **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.

East Coast

- **Powers Ferry Landing East**: Powers Ferry Landing East ("**Powers Ferry**") 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 benefits from its proximity to major Atlanta highways and high net worth neighbourhoods that surround it.

- **Northridge Center I & II**: Northridge Center I & II ("**Northridge Center**") 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 enjoys excellent access to affluent suburbs, medical facilities, the interstate and the Metropolitan Atlanta Rapid Transit Authority ("**MARTA**") Rail System.

- **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 ("**MSA**") and Interstate 4 and is less than an hour's drive from the Orlando International Airport.

(See "Business and Properties" for further details.)

KEY INVESTMENT HIGHLIGHTS

(Unless otherwise stated herein, the following sections have been supplemented by and extracted from the Independent Property Market Research Report set out in Appendix F, "Independent Property Market Research Report" which has been prepared by the Independent Market Research Consultant.)

Keppel-KBS US REIT offers investors the opportunity to gain exposure to the attractive US office real estate sector via a publicly listed platform, backed by a distinctive portfolio of high quality, income-producing office buildings, and backed by strong Sponsors, as well as an experienced management team focused on delivering long-term sustainable distribution and total returns to Unitholders.

1. **Attractive Office Real Estate Fundamentals Supported by the Highly Sustainable Economic Growth in the US**

   – Stable US economic growth trajectory;

   – Favourable outlook in the office real estate sector; and

   – Continued interest in office real estate investments.

2. **Quality and Resilient Portfolio Located in Key Growth Markets in the US**

   – Strategically located assets in attractive office markets;

   – Balanced portfolio with mix of CBD and suburban office buildings;

   – Stable lease expiry profile, providing stability of cash flows;

   – Diversified tenant base with limited tenant concentration, led by tenants in growth and defensive sectors such as technology, finance and insurance, professional services, as well as medical and healthcare; and

   – High occupancy rates with strong performing Properties in their respective markets.

3. **Attractive Distributions with Visible Organic Growth Potential**

   – Attractive distribution yield and strong total return[1];

   – Organic growth driven by (i) built-in rental escalations; (ii) positive rental reversion opportunities; and (iii) lease up opportunities; and

   – Healthy balance sheet and an active capital management approach.

4. **Reputable Sponsors and US Asset Manager with Strong Track Record**

   – Expertise in office real estate and funds management;

   – Proven ability to create value and elevate portfolio performance; and

   – Strong pipeline of potential acquisition opportunities.

5. **Experienced Management Team**

   – Experienced management team with deep core expertise and strong focus on execution excellence.

Opportunity to Participate in a Balanced Office REIT Focused on Key Growth Markets in the US

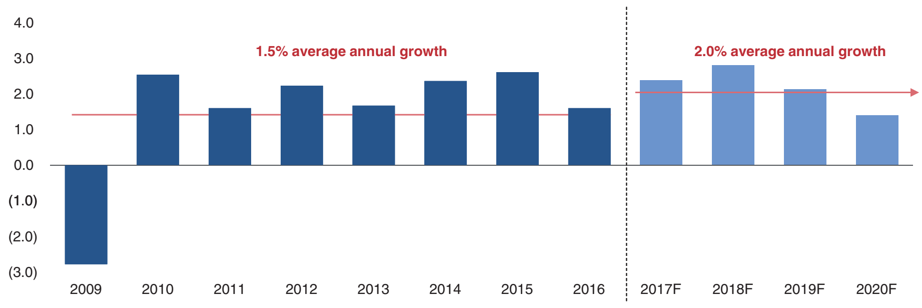
1. **Attractive Office Real Estate Fundamentals Supported by the Highly Sustainable Economic Growth in the US**

   (a) Stable US economic growth trajectory

   The US economy has been on a relatively stable and gradual growth trajectory as consumer and business confidence remains high, while job and wage growth continue to be steadfast and healthy. Current economic indicators point towards a highly sustainable economic growth in the US, with average annual Gross Domestic Product ("**GDP**") expansion of approximately 2.0% through 2021.

1 Total return is a measure of investment returns and includes distributions and increase in unit price. For REITs, where distributions are relatively stable over a long term, the annual DPU growth rate is a proxy for the appreciation in unit price, assuming the REIT's trading distribution yield remains unchanged.

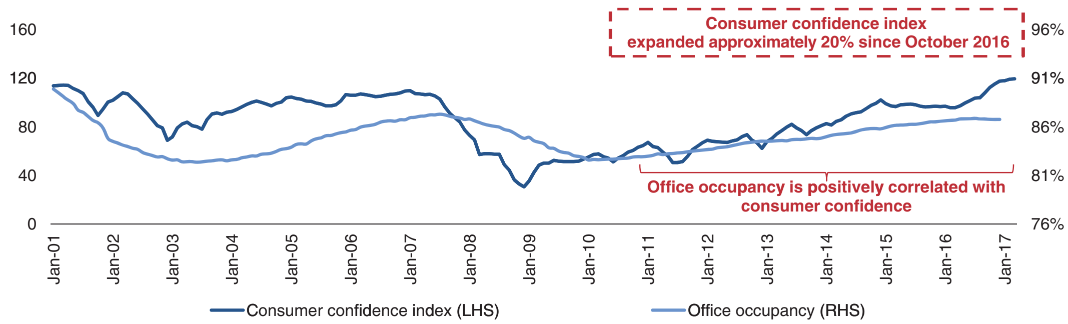
Historical and Projected US Real GDP
(Real GDP in % Change)



Source: Cushman

Following the new Presidential Administration, there is an expectation of greater fiscal stimulus through tax cuts, deregulation and infrastructure spending amongst others, resulting in a more pro-business environment that will provide impetus for continued economic growth. In addition, consumer sentiment has improved significantly. The consumer confidence index has expanded approximately 20% since October 2016, largely attributed to rising expectations of stronger economic growth prospects in the US.

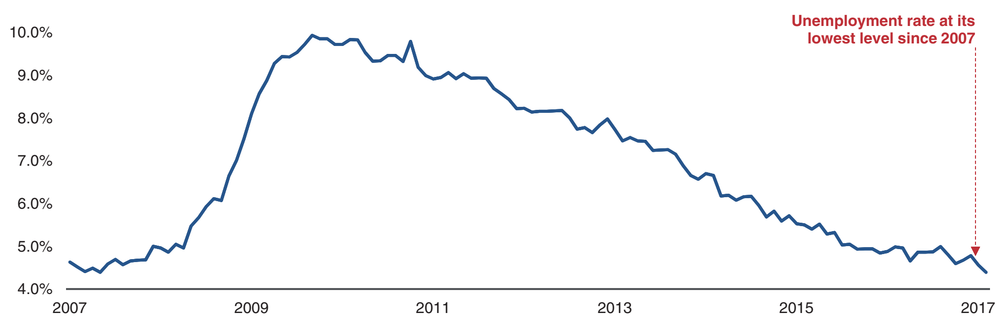
Consumer Confidence Index and Office Occupancy



Source: Cushman

The US unemployment rate has trended steadily downward since 2009, and is currently at a low of 4.4%.

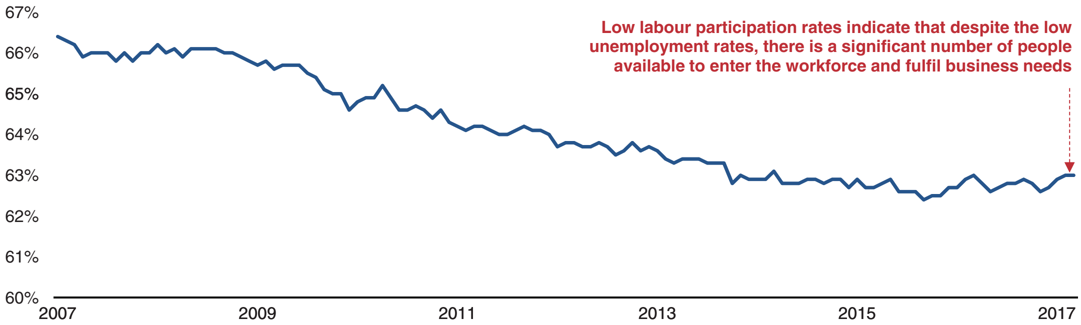
US Unemployment Rate
(%)



Source: Cushman

Notwithstanding that the unemployment rate is at an all-time low, the labour participation rate is still lower than the rate prior to the Global Financial Crisis ("**GFC**"), demonstrating that there is still room for significant increase in the labour force to meet growing business demand.

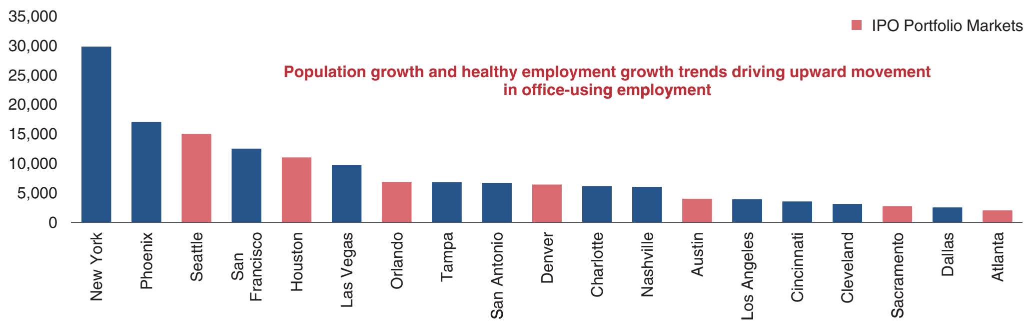
Labour Participation Rate
(%)



Source: Cushman

In particular, population growth and healthy employment growth trends are driving upward movement in office-using employment[1]. Over the course of 2016, the US economy added more than 688,000 office-using employment. Major US markets in which the IPO Portfolio is located have also experienced higher job growth in 2016 than previously estimated.

2016 Outperformance versus Previous Estimations: Office-using Job Growth
(Increase in Number of Jobs)



Source: Cushman

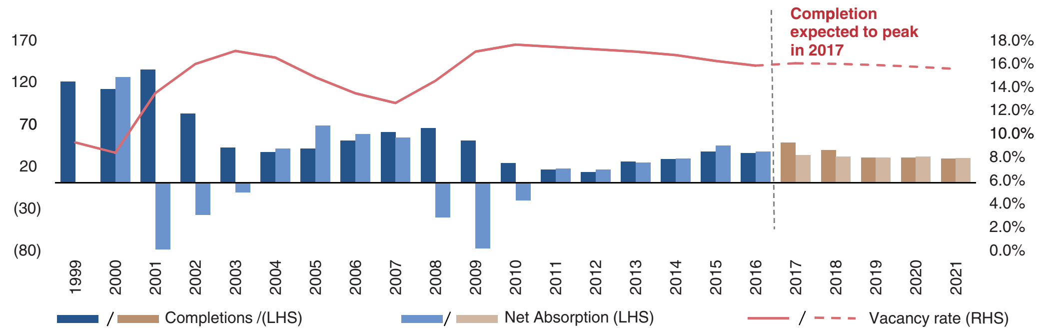
These factors bode well for the US office real estate market, fuelling demand for quality office spaces in fast growing sectors such as the technology, education, as well as medical and healthcare sectors.

1 Includes the professional and business services, financial activities and information services sectors.

(b) Favourable outlook in the office real estate sector

National office occupancy rates have been increasing steadily over the years, reaching approximately 87.0% in 2016. Meanwhile, construction volumes in the US office sector have been much lower than in previous cycles as developers adopted a more disciplined approach since the GFC. Completions of new office supply are expected to peak in 2017, with most of these new buildings to be delivered in markets that need the space. Notwithstanding the new supply, the US is generally not overbuilding office inventory, and net absorption for office space is expected to continue to remain positive over the next few years.

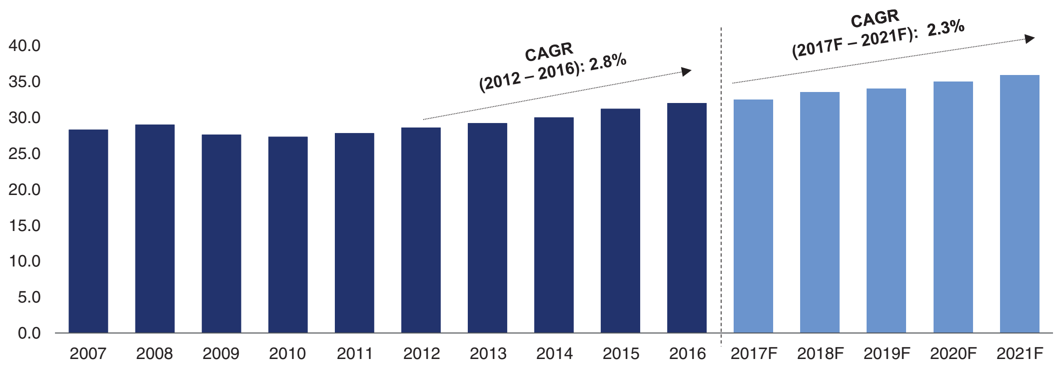
US Office Market – Completions, Net Absorption and Vacancy Rate
(Completions and Net Absorption in million sq ft; Vacancy Rate in Annual Average %)



Source: Cushman

At the same time, the national average asking rent for office space has increased, reaching a record high of US$29.94 per sq ft in the first quarter of 2017. Looking ahead, rents are expected to continue to rise to over US$35.00 per sq ft by 2021, driven by expectations of positive economic expansion and growth in office-using jobs creation.

US Office Market – annual asking rent
(US$ per sq ft)



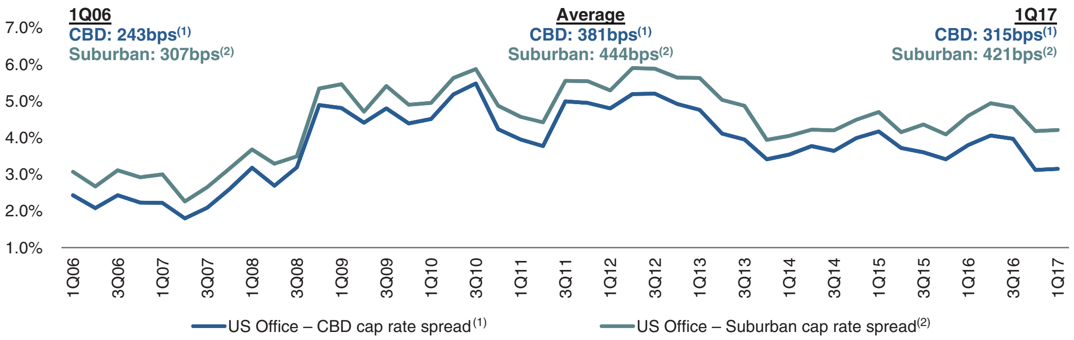
Source: Cushman

Note: "**CAGR**" refers to compound annual growth rate.

(c) Continued interest in office real estate investments

Spreads between capitalisation and Treasury rates remain well above the levels seen in 2006 and 2007. This is notwithstanding positive market fundamentals, strong investor demand and low interest rates, which have seen capitalisation rates for the national office market remain at a record low.

US Office Market – Spreads relative to 10-year US Treasury Rates
(%)



Source: Cushman

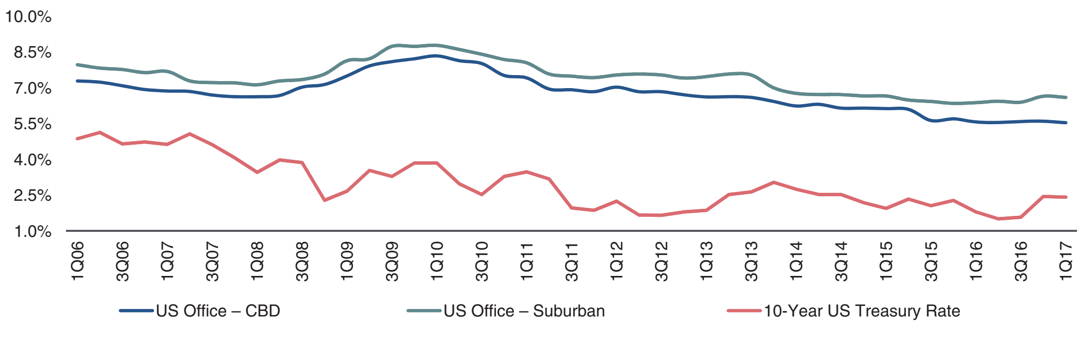
Notes:

(1) Refers to the spread between US Office – CBD and the 10-Year US Treasury Rate.

(2) Refers to the spread between US Office – Suburban and the 10-Year US Treasury Rate.

Markets where the IPO Portfolio is located have also seen capitalisation rates trend downwards in recent years based on similar reasons[1]. This allows Keppel-KBS US REIT to seize opportunities in these growth markets where the IPO Portfolio is located and deliver strong total returns to Unitholders over the long term.

US Office Market – Overall Capitalisation Rates and 10-year US Treasury Rates
(%)

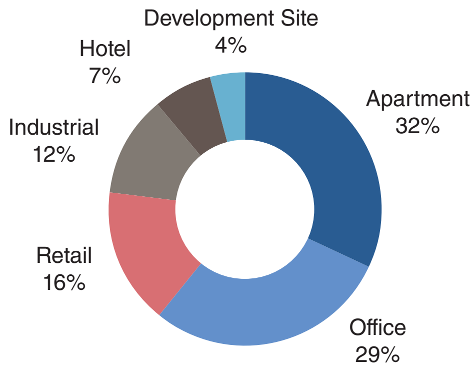


Source: Cushman

1 As valuation of properties under the capitalisation method is computed based on the income of such property divided by the capitalisation rate, as the capitalisation rate reduces, the valuation of the relevant property increases. Accordingly, a market where capitalisation rates are trending downwards would imply that the valuations in such markets are increasing.

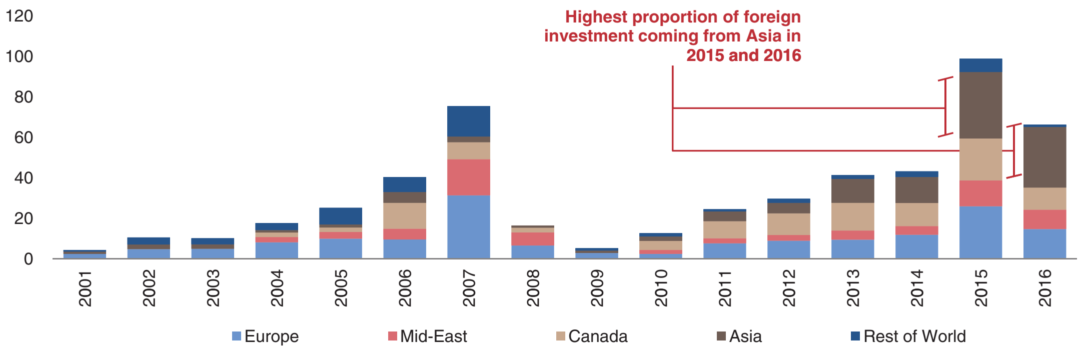
Real estate investments in the US totalled approximately US$494.1 billion in 2016, with approximately 29% involving office assets. Strong equity markets, fiscal and continued monetary stimulus, as well as the relative attractiveness of US assets are expected to promote healthy commercial real estate investment in the US. In addition, available capital for investment at closed-end funds focused on commercial real estate is at an all-time high, reflecting continued investor demand for commercial real estate, and supporting the outlook for continued robust deal activity in the sector.

US Real Estate Investments (2016)
(%, by Property Type)



The highest proportion of foreign investment in US real estate has come from Asia for 2015 and 2016. In 2016, 47.7% of the foreign investment was in the office sector, representing US$31.7 billion. Keppel-KBS US REIT offers Unitholders the strategic opportunity to gain exposure and benefit from the attractive US office real estate sector.

Foreign Investment in US Real Estate
(US$ billion)



Source: Cushman

2. Quality and Resilient Portfolio Located in Key Growth Markets in the US

The IPO Portfolio comprises Properties with the following key attributes:

(a) Strategically located assets in attractive office markets;

(b) Balanced portfolio with a mix of CBD and suburban office buildings;

(c) Stable lease expiry profile, providing stability of cash flows;

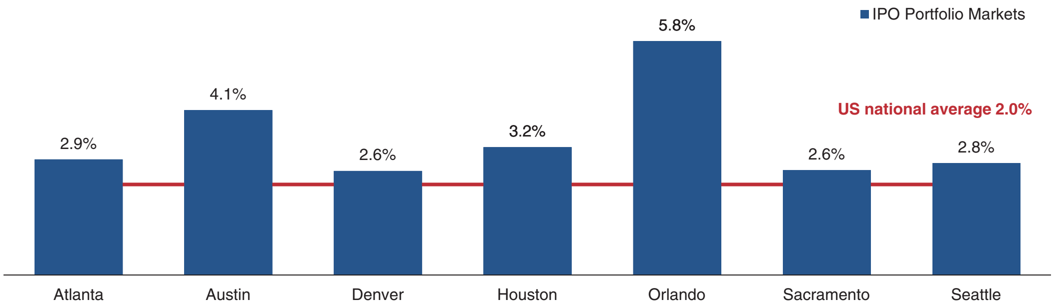
(d) Diversified tenant base with limited tenant concentration, led by tenants in growth and defensive sectors such as technology, finance and insurance, professional services as well as medical and healthcare; and

(e) High occupancy rates with strong performing Properties in their respective markets.

(a) Strategically located assets in attractive office markets

The IPO Portfolio assets are located in strategic key growth markets in the West Coast, Central Region, and East Coast of the US where economic growth has been outpacing and will continue to outpace the US national average.

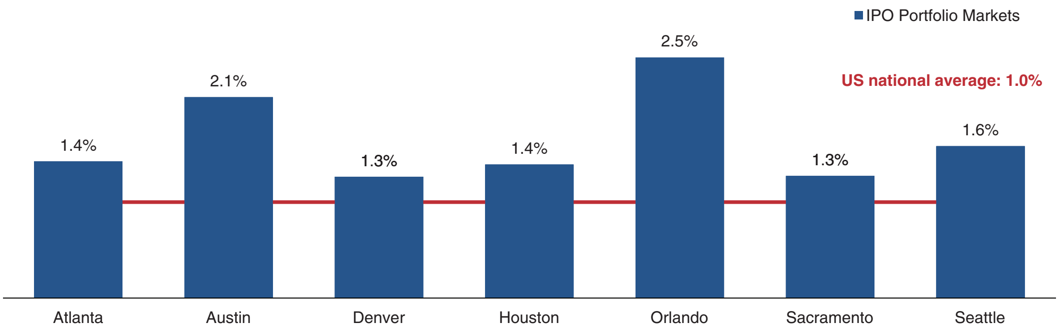
Gross Metropolitan Product ("GMP")[1]/GDP Growth Rates
(Average Forecast 2017-21F, %)



Source: Cushman

Driving the economies in these markets are fast-growing and defensive sectors such as the technology, government as well as medical and healthcare industries. Many of these markets, including Atlanta, Austin, Houston, Orlando and Seattle also serve as the national or regional headquarters of Fortune 500 companies.

Employment Growth Rates
(Average Forecast 2017-21F, %)

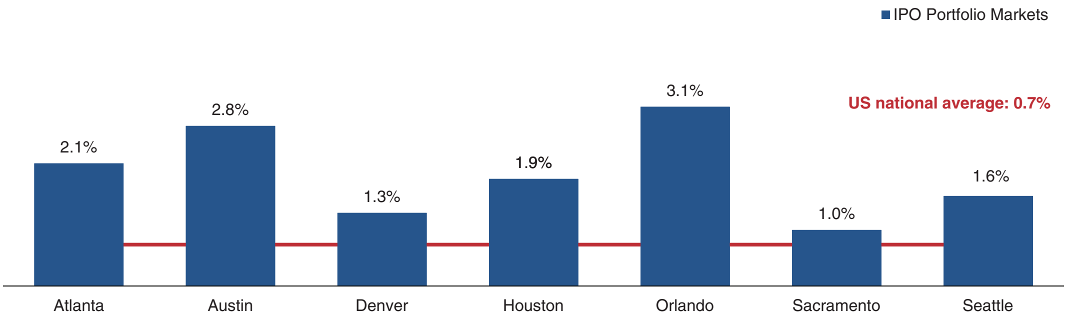


Source: Cushman

1 GMP is a monetary measure of the value of all final goods and services produced within a metropolitan statistical area during a specified period.

The strong employment opportunities in the IPO Portfolio markets are leading to increasing household incomes and a higher quality of life. These attract young and highly-educated workers as well as contribute to strong population growth momentum in these markets (including relocation from other markets), which will continue to support the underlying economic growth prospects.

Population Growth Rates
(Average Forecast 2017-21F, %)



Source: Cushman

The higher levels of economic, employment and population growth are positive demand drivers for office space and are expected to support a positive office outlook in these markets. In particular, most of the Properties within the IPO Portfolio are located in markets which are undergoing a property upcycle and where rental growth is rising. In addition, the IPO Portfolio has two assets located in Houston, which remains one of the largest office markets in the US with strong investor appeal notwithstanding that is still recovering from the challenges faced in the oil industry. Further, these two assets in Houston, 1800 West Loop South and West Loop I & II, have low exposure to the energy sector (approximately 9.1% by Cash Rental Income[1] and approximately 8.1% by occupied NLA for both Properties combined).

(b) Balanced IPO Portfolio with a mix of CBD and suburban office buildings

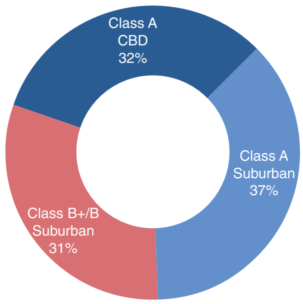
The IPO Portfolio comprises a balanced and resilient mix of Class A and B office buildings in the CBD and suburban areas, well-served by key transportation nodes and supporting amenities.

The balanced mix offers income diversification while providing resiliency in riding out the different economic and property cycles across various locations. No single Property contributes more than 19.0% and 20.0% by NLA and Cash Rental Income respectively to the IPO Portfolio.

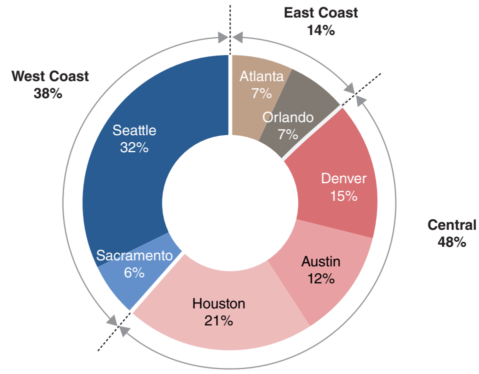
1 "**Cash Rental Income**" is defined as rental income and recoveries income without straight-line adjustments and amortisation of tenant improvement allowance, leasing commissions and free rent incentives.

IPO Portfolio Composition

Office Class Composition by Cash Rental Income (%)



Geographical Composition by Cash Rental Income (%)



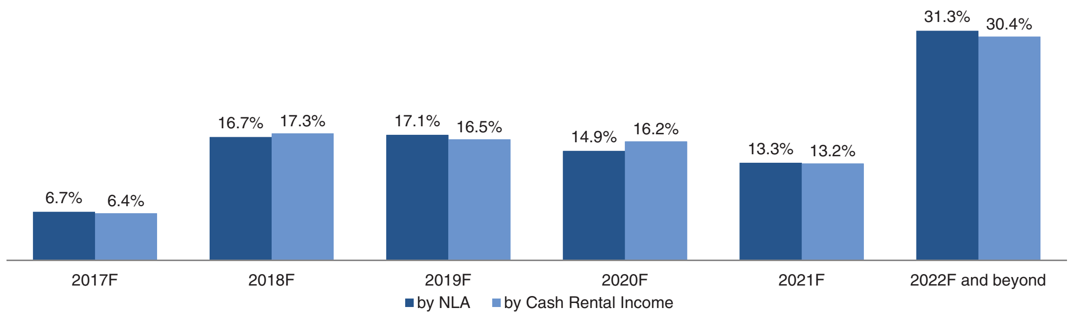
Note: As at 30 June 2017.

(c) Stable lease expiry profile, providing stability of cash flows

The IPO Portfolio's lease expiries are not concentrated in any particular year, ensuring stability of cash flows in the long term. In addition, the IPO Portfolio has a stable weighted average lease expiry ("**WALE**") by NLA as at 30 June 2017 of 3.7 years. No single year has more than 20% of total leases expiring.

Lease Expiry Profile

(%)



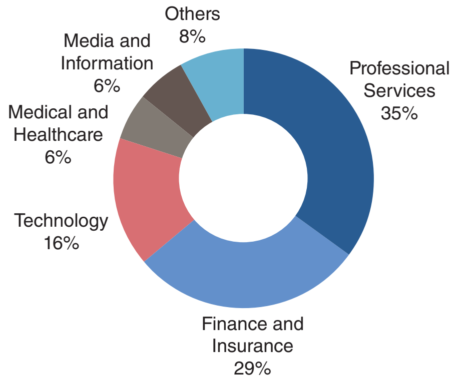
Note: As at 30 June 2017.

(d) Diversified tenant base with limited tenant concentration, led by tenants in growth and defensive sectors such as technology, finance and insurance, professional services as well as medical and healthcare

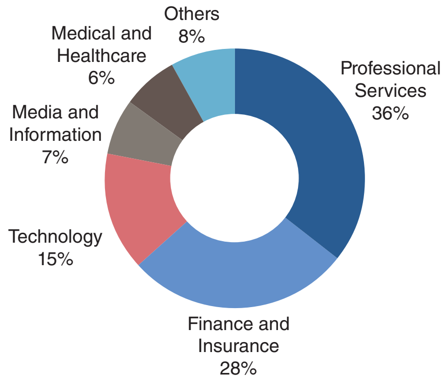
The IPO Portfolio offers a well-diversified tenant base with a significant number of companies from growth and defensive industries that are driving employment growth in the key markets where the Properties are located. These include the technology, finance and insurance, professional services, as well as medical and healthcare sectors, which offer stable employment growth.

Trade Sector Contribution

By Cash Rental Income
(%)



By NLA
(%)

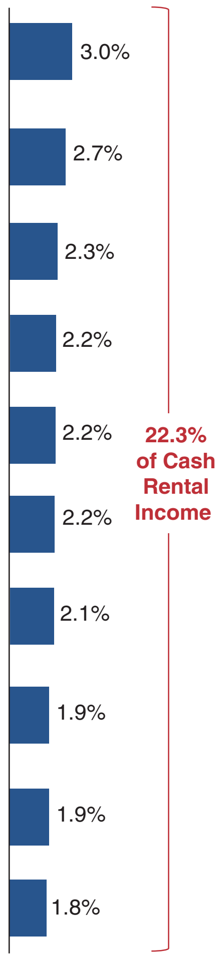


Note: Data as of 30 June 2017.

The top 10 tenants of the IPO Portfolio contribute not more than 22.3% by Cash Rental Income. In addition, the top 10 tenants have a WALE of 5.2 years.

Top 10 Tenants Contribution by Percentage of Cash Rental Income[1]

Tenant	Overview	Property	Market
Zimmer Biomet Spine, Inc.	Technology	Westmoor Center	Westminster, Denver
Unigard Insurance Company[1, 2]	Finance and Insurance	Bellevue Technology Center	Bellevue, Seattle
ServiceLink Field Services LLC	Finance and Insurance	Westmoor Center	Westminster, Denver
Ball Aerospace & Tech Corp	Professional Services	Westmoor Center	Westminster, Denver
Reed Group, Ltd.	Finance and Insurance	Westmoor Center	Westminster, Denver
US Bank National Association	Finance and Insurance	The Plaza Buildings	Bellevue, Seattle
Oracle America, Inc.	Professional Services	Westmoor Center	Westminster, Denver
Regus PLC	Professional Services	Bellevue Technology Center	Bellevue, Seattle
Blucora, Inc.	Technology	The Plaza Buildings	Bellevue, Seattle
Health Care Service Corp	Finance and Insurance	1800 West Loop South	Houston



Notes:

(1) Data as of 30 June 2017.

(2) Unigard Insurance Company is a division of QBE Insurance Group

Tenant	Overview[1]
Zimmer Biomet Spine, Inc.	• Global leader in musculoskeletal healthcare • Designs, manufactures and markets products related to knee surgeries, hip surgeries, spine and Craniomaxillofacial and Thoracic (CMF) surgeries, surgical, sports medicine, biologics, extremities and trauma products and dental products
Unigard Insurance Company	• A division of QBE Insurance Group, and is a property and casuality insurance company
ServiceLink Field Services LLC	• Mortgage services company that provides loan transaction services to the mortgage industry, including home valuation, title and closing flood services
Ball Aerospace & Tech Corp	• Manufacturer of spacecraft, components, and instruments for national defense, civil space and commercial space applications
Reed Group, Ltd.	• Technology company that provides clinical content, absence management outsourcing services and data analytics to employers, insurers and healthcare organisations
US Bank National Association	• US BanCorp, parent company of US Bank, is the fifth largest commercial bank in the US; publicly traded on NYSE with market capitalisation of US$87 billion
Oracle America, Inc.	• A subsidiary of Oracle Corporation, which focuses on designing, manufacturing, marketing and servicing network computing infrastructure solutions
Regus PLC	• Serviced office provider which offers flexible workspace solutions
Blucora, Inc.	• Technology-enabled financial solutions company which provides technology solutions in tax preparation and wealth advisory services
Health Care Service Corp	• Not-for-profit corporation health insurance company • Serves nearly 15 million members across five states in the US and employs more than 21,000 people in 60 offices

Note:

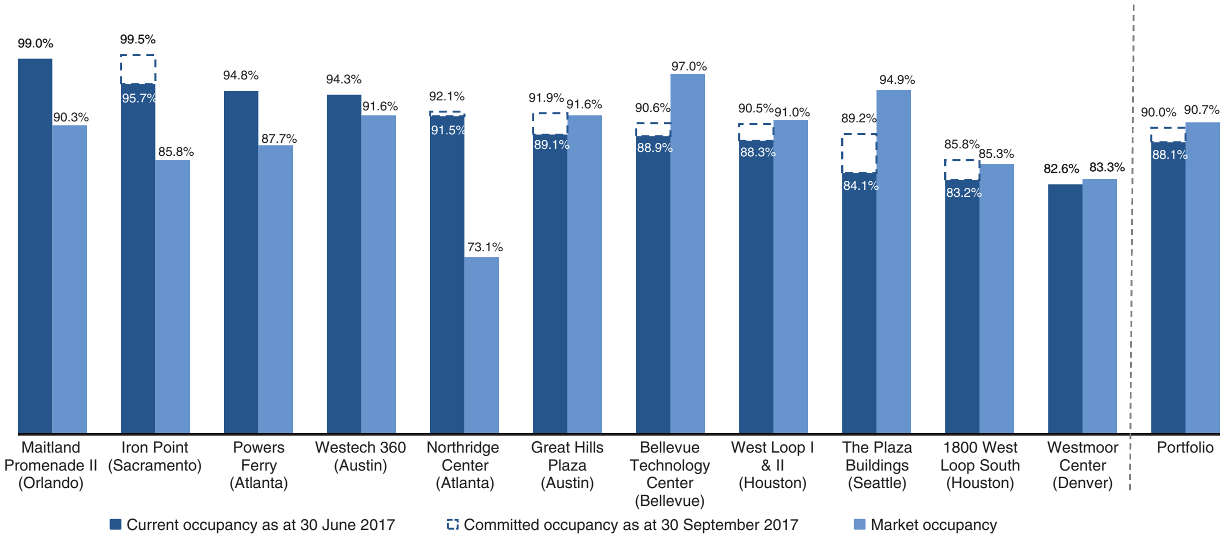
(1) Data as of 30 June 2017.

(e) High occupancy rates with strong performing properties in their respective markets

As at 30 September 2017, the IPO Portfolio enjoys a high committed occupancy of approximately 90.0%, with most of the Properties within the IPO Portfolio experiencing occupancy rates above or in line with their respective markets.

In addition, Properties such as The Plaza Buildings and Bellevue Technology Center have the ability to lease up as the current occupancy rates of each of these Properties are below market average occupancy rates, and hence lead to potential growth in rental income. The Plaza Buildings and Bellevue Technology Center are currently at a lower occupancy as compared to the market average occupancy rate due to tenant turnovers in the ordinary course of business. The Manager has been actively working with the respective property and leasing managers to lease up this space. For example, the committed occupancy on The Plaza Buildings has increased from 84.1% (as at 30 June 2017) to 89.2% (as at 30 September 2017), due to recent leasing activity.

Current and Committed Occupancy/Market Occupancy
(%)



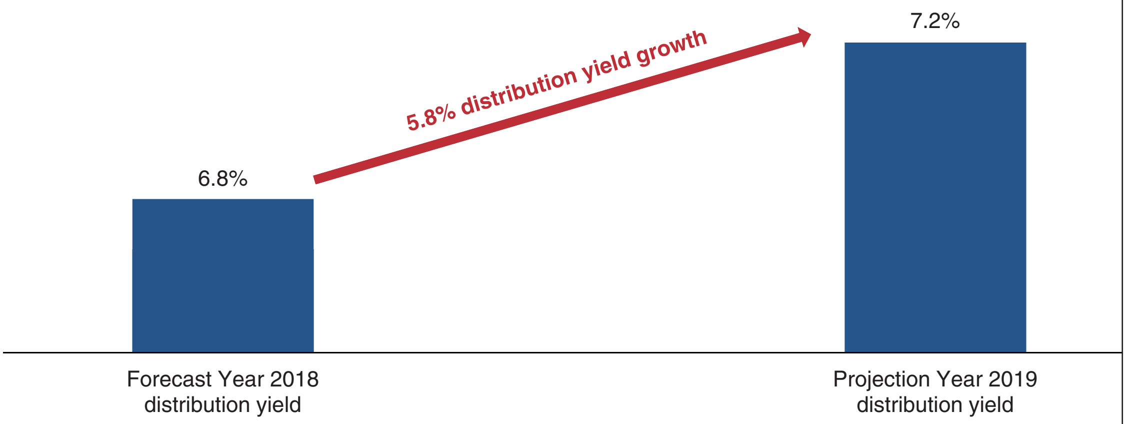
3. **Attractive Distributions with Visible Organic Growth Potential**

(a) **Attractive distribution yield and strong total return**

Keppel-KBS US REIT offers an attractive distribution yield and total return – the distribution yield for Forecast Year 2018 of 6.8%, with expected distribution yield growth of 5.8% in Projection Year 2019, reflecting a total return of 12.6%[1].

Approximately 79.5% and 75.2% of Cash Rental Income for Forecast Year 2018 and Projection Year 2019 is derived from existing leases, respectively. Furthermore, at least 75% of interest expense will be hedged.

Distribution yield
(%)



The distribution yield growth from Forecast Year 2018 to Projection Year 2019 of 5.8% is underpinned by built-in rental escalations, positive rental reversion opportunities and potential increase in IPO Portfolio occupancy level.

(b) **Organic growth driven by (i) built-in rental escalations (ii) positive rental reversion opportunities and (iii) lease up opportunities**

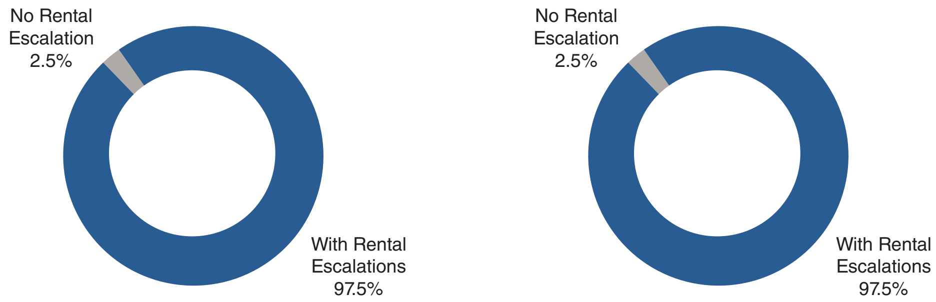
(i) **Built-in rental escalations**: Approximately 97.5% of existing leases[2] by Cash Rental Income and 97.5% of existing leases by NLA have built-in rental escalations. The rental escalations generally range from 2.0% to 3.0%.

1 Total return is calculated as sum of the Forecast Year 2018 distribution yield and the distribution yield growth from Forecast Year 2018 to Projection Year 2019.

2 Existing leases of the IPO Portfolio as at 30 June 2017.

IPO Portfolio Rental Escalation

(By Cash Rental Income, %) (By NLA, %)

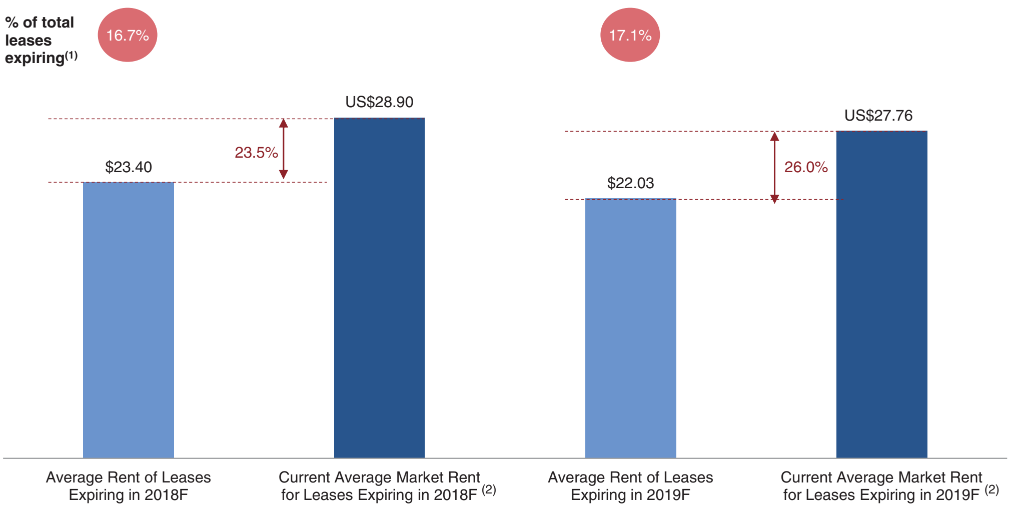


Note: As at 30 June 2017.

(ii) **Positive rental reversion opportunities**: The IPO Portfolio has a WALE by NLA as at 30 June 2017 of 3.7 years, with below market average rents for expiring leases. This offers the opportunity to lease expiring space at potentially higher market rent rates.

Annual average rent of leases expiring

(US$ per sq ft)



Notes:

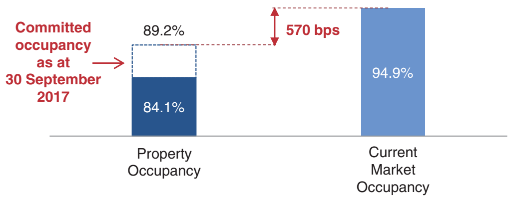
(1) By NLA.

(2) Calculated from average of current market rent weighted by proportion of NLA of leases expiring.

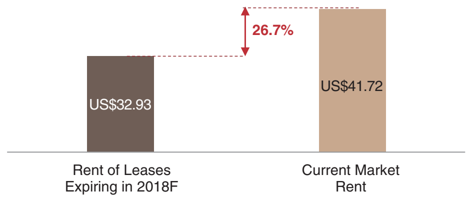
(iii) **Lease up opportunities**: Several of the Properties have the ability to lease up, given that their current occupancy rates are below the market average, and hence lead to potential growth in rental income. For example, the committed occupancy on The Plaza Buildings has increased from 84.1% (as at 30 June 2017) to 89.2% (as at 30 September 2017), due to recent leasing activity. There is also potential similar lease up opportunity for Bellevue Technology Center.

Opportunity to Lease Up and Potentially Increase Rental Income in The Plaza Buildings:

Occupancy (%)



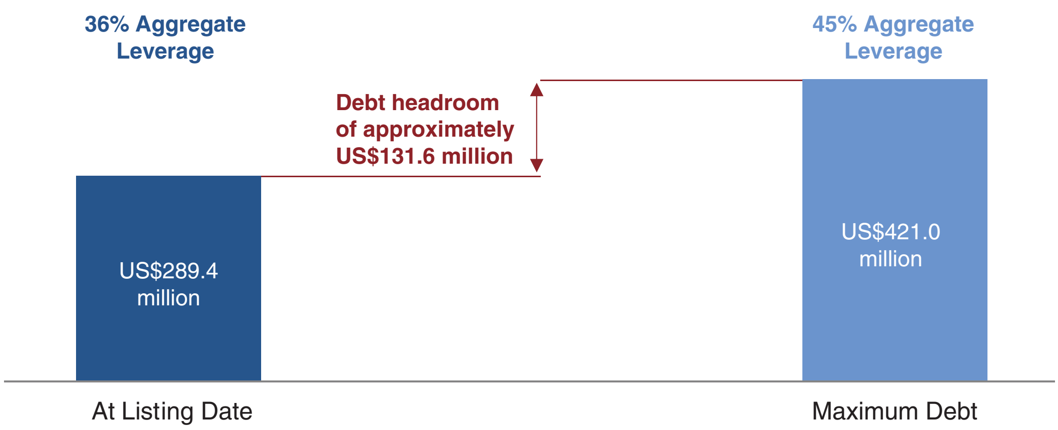
Rent (US$ per sq ft)



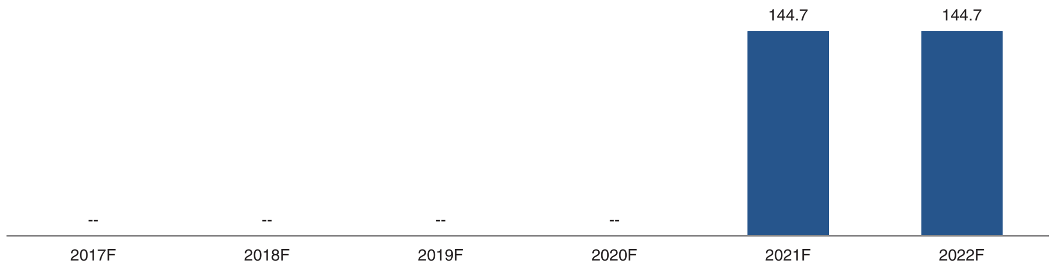
(c) **Healthy balance sheet and an active capital management approach**

As at the Listing Date, Keppel-KBS US REIT will have total borrowings of US$289.4 million, 100.0% of which is unsecured. This translates to an Aggregate Leverage (as defined herein) of approximately 36.0%, providing an adequate debt headroom of approximately US$131.6 million to fund Keppel-KBS US REIT's future growth.

Adequate Debt Headroom
(US$ million)



Debt Maturity Profile
(US$ million)



Keppel-KBS US REIT has an average debt tenure of 4.5 years. All of Keppel-KBS US REIT's borrowings are denominated in US dollars, which matches the currency of the income received by Keppel-KBS US REIT. This provides a natural hedge for Keppel-KBS US REIT, and mitigates any potential foreign currency fluctuation risks. The Manager will enter into interest rate derivative hedging instruments to hedge a substantial amount of its borrowings for the acquisition of the IPO Portfolio, to mitigate the risk of exposure to interest rate volatility. The average effective interest rate is approximately 3.35% per annum.

4. Reputable Sponsors and US Asset Manager with Strong Track Record

The Manager is jointly owned by KC and KBS Pacific Advisors Pte. Ltd. ("**KPA**"), both of which are also the sponsors of Keppel-KBS US REIT (the "**Sponsors**"). The shareholders of KPA 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 1/3 stake of KBS. KBS performs the role of manager of KBS SOR, which is in turn the vendor of the Properties forming the IPO Portfolio. In addition, KBS is appointed as the US Asset Manager (as defined herein).

(See the "Strategy – Key Strategies – Ability to Leverage the Sponsors' Real Estate Investment and Management Expertise – Details of KBS Conflicts Structure" for the structure chart setting out the relationship between the various KBS entities.)

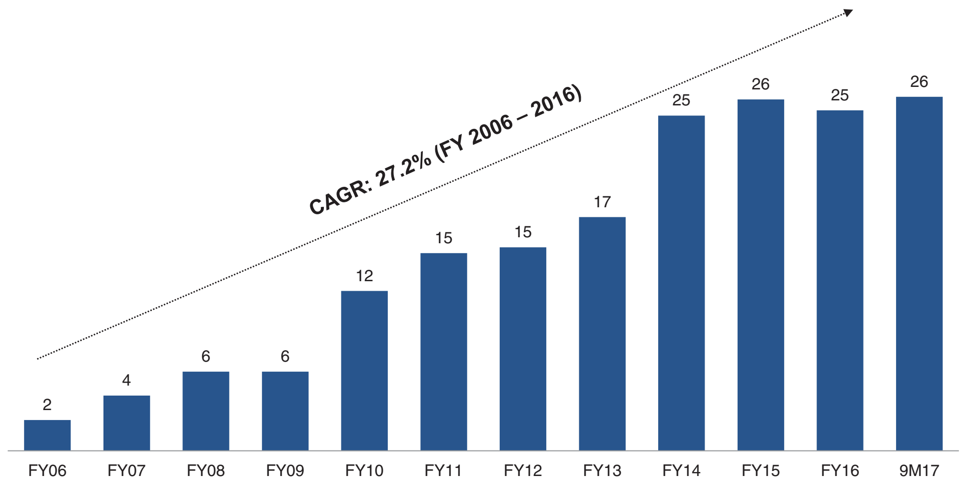
Through the association with KC and KBS, the Manager is able to harness synergies and draw competencies from two best-in-class management platforms in the following ways.

(a) Expertise in office real estate and funds management

KC

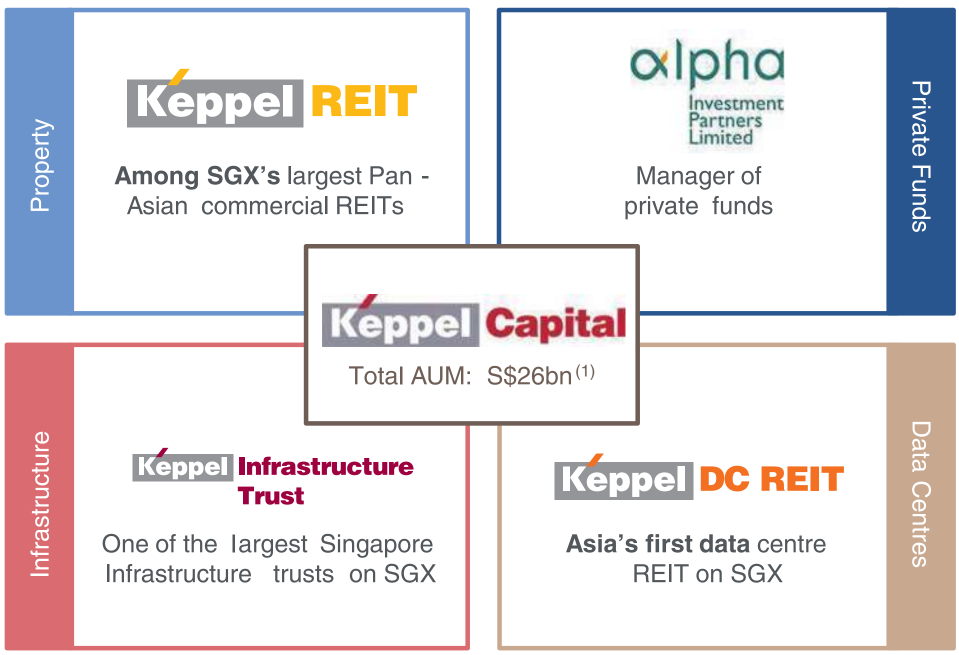
KC is the asset management arm of Keppel Corporation Limited. A premier manager of real assets in Asia, KC has a diversified portfolio of real estate, infrastructure and data centre assets in over 20 cities globally. Assets Under Management ("**AUM**") of the REITs, trusts and funds under KC grew from approximately S$2 billion in 2006 to S$26 billion as at 30 September 2017. KC's AUM comprises Real Estate (72.9%), Infrastructure (15.6%) and Data Centres (11.5%).

Fund and Trust AUM
(S$ billion)



Source: Keppel Capital

Managed by an experienced team of over 200 professionals, KC's asset managers include Keppel REIT Management Limited, the manager of one of Asia's largest commercial REITs; Keppel DC REIT Management Pte. Ltd., the manager of Asia's first pure-play data centre REIT; Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of one of the largest Singapore infrastructure-focused business trusts; and Alpha Investment Partners Limited ("**Alpha**"), the manager of several private equity funds.



Source: Keppel Capital

Note:

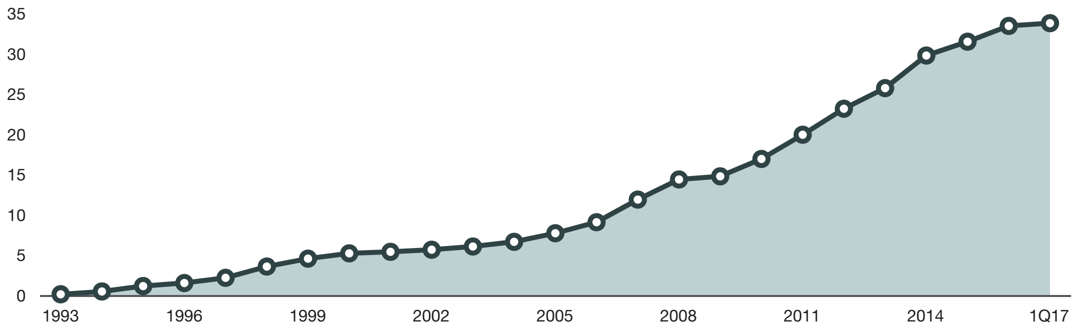
(1) As at 30 September 2017.

KC has established a strong growth track record in the fund management business over the years – in particular through Keppel REIT Management Limited and Alpha. In the real estate sector, Keppel REIT is one of the largest REITs listed on the SGX-ST with an AUM over S$8 billion. Keppel REIT has premium office towers strategically located in the central business district of Singapore and key Australian cities. Alpha is a real estate investment advisory firm with the gross value of its AUM amounting to over S$12 billion when fully invested.

KBS

KBS is one of the premier commercial real estate investment managers in the US, with over US$33 billion of transactional volume completed since its inception in 1992. Ranked the eleventh largest US owner of office properties globally[1], KBS currently manages an AUM of more than US$11.4 billion in 16 funds (seven public REITs and nine private funds) across 30 markets in the US. Its portfolio comprises more than 41.8 million sq ft of NLA and a diversified clientele of over 3,000 tenants.

Cumulative transactional volume since inception
(US$ billion)



KBS has built strong expertise and track record in funds management, having launched over 30 different institutional investment funds including multiple commingled funds, separate accounts and seven publicly registered non-traded REITs. Through its vertically integrated platform in commercial real estate and in-depth knowledge of the US real estate market, KBS is an established asset manager with the capability to optimise portfolio performance for yield maximisation. Funds under management cover core, core-plus, value-add and opportunistic strategies.

1 Source: National Real Estate Investor, 31 December 2016. National Real Estate Investor has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA), to the inclusion of the ranking information quoted above in this Prospectus and therefore is not liable for such information under Sections 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the ranking information from the above published by National Real Estate Investor is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager, the Joint Bookrunners nor 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.

KBS Strategic Opportunity REIT

- Acquired a US$1.6 billion portfolio
- Invested in opportunistic and value-add assets and loans in 22 markets across the United States

KBS Strategic Opportunity REIT II

- Employs the same "Buy, Improve, Sell" strategy as KBS SOR to identify value opportunities and drive total return through improvements and lease-up after acquisition
- Made its first investment in September 2014 and has acquired a US$470 million portfolio to-date

Headquartered in California, the KBS team of more than 180 experienced and dedicated specialists across the US is focused on acquiring best-in-class assets that meet the demands of today's tenants and generate sustainable returns for investors.

#: Number of KBS managed properties (excludes KBS Legal Partners Apartment REIT)

▲: IPO Portfolio markets

(b) Proven ability to create value and elevate portfolio performance

KC

As part of the Keppel Group (as defined herein), KC is able to leverage and draw on the Keppel Group's extensive network and expertise to create, operate and manage different asset classes.

KC currently manages two SGX-listed REITs and one SGX-listed business trust, which have generated sustainable risk-adjusted returns to Unitholders over the years. Its first REIT – Keppel REIT – was listed in April 2006 and has grown from just over S$600 million in AUM to over S$8 billion as at 30 September 2017, with quality assets in Singapore and key Australian cities. In 2015, Keppel Infrastructure Trust combined with Cityspring Infrastructure Trust to become one of the largest Singapore infrastructure-focused business trusts with total assets of over S$4 billion. KC's newest listed vehicle, Keppel DC REIT, is the first data centre REIT listed in Asia in December 2014 and has delivered strong portfolio growth from S$1.0 billion to S$1.4 billion as at 30 September 2017.

KC's private fund management arm, Alpha, is focused on achieving the best risk-adjusted returns for its investors through its disciplined investment approach and focus on value creation. Since 2004, Alpha has successfully launched eight private funds and invested in assets in key gateway cities globally. Its AUM has grown from S$1.8 billion in 2006 to over S$12.0 billion as at 30 September 2017.

Leveraging the extensive track record and deep operational insights of its various vehicles, KC is well-positioned to harness synergies from the expanded platform, create value for investors and deliver long-term sustainable returns.

<u>**KBS**</u>

KBS has demonstrated its ability to elevate its product offerings to meet the evolving demands of tenants and enhance their experiences over the years. Dedicated to creating fresh and inviting work environments, KBS incorporates modern amenities and tailor-made work spaces to provide its building occupants with highly amenitised live-work-play environments that help today's employers attract the best talent.

KBS' active asset management and innovative leasing programmes underpin KBS' healthy portfolio occupancy and above-market retention.

The two IPO Portfolio Properties below showcase KBS' asset management and leasing capabilities:

– **Bellevue Technology Center**: The asset was previously the US headquarters of an Australian insurance company. Following the acquisition, the Property was renamed Bellevue Technology Center to better reflect its position as a technology campus given its proximity to Microsoft and other tech companies. Through proactive and innovative asset management efforts as well as rigorous tenant engagement efforts, the occupancy of Bellevue Technology Center increased 27% from 62% when KBS SOR acquired the asset in 2012 to 88.9% as at 30 June 2017. Extensive upgrades were undertaken to reposition Bellevue Technology Center as a coveted office campus with diverse functionalities that is well-suited for institutional-quality tenants; and

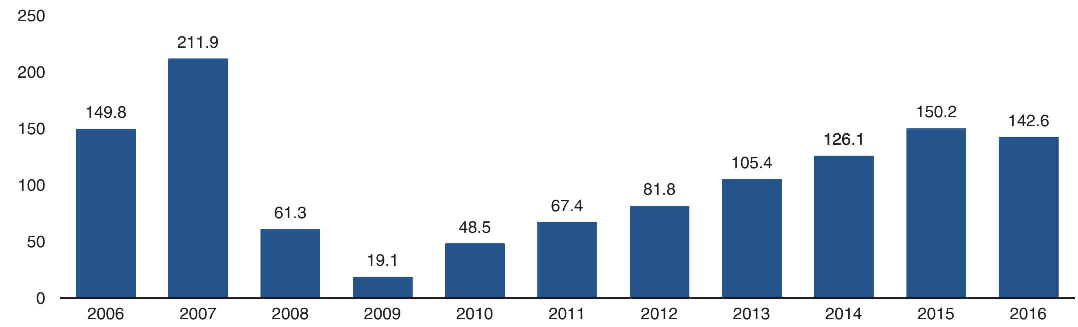
– **Iron Point**: KBS SOR acquired Iron Point in 2011 when occupancy levels were at only 38%. The previous owner had stopped investing capital during the US economic downturn, resulting in the huge drop in occupancy levels, before KBS SOR bought the mortgage, foreclosed and turned the asset around. Occupancy at Iron Point has increased 2.5 times to 95.7% as at 30 June 2017.

(c) Strong pipeline of potential acquisition opportunities

The association with KC and KBS offers various growth avenues for Keppel-KBS US REIT.

With their established origination and analysis capabilities, KC and KBS have built up a pipeline of potential acquisition opportunities from third party vendors. Through its relationship with the Sponsors, Keppel-KBS US REIT will be able to benefit from such pipeline of potential acquisition opportunities, as well as the established origination capabilities of the Sponsors and their affiliates in the US real estate market.

Significant investment opportunities in the US Office market (US$ billion)



5. Experienced Management Team

Keppel-KBS US REIT will be managed by an experienced management team with deep core expertise.

REIT Management

David Snyder
Chief Executive Officer / Chief Investment Officer

- Over 20 years of experience in portfolio management, accounting and finance
- Previously consultant to KBS where he managed a portfolio of 867 properties
- Previously CFO of KBS and of its then six public non-traded REITs

Andy Gwee
Chief Financial Officer

- Over 16 years of experience in accounting, finance and audit
- Previously Head of Finance at Keppel DC REIT Management Pte. Ltd. and Senior Finance Manager at Keppel Corporation Limited
- Spent 12 years at PWC in an audit function

Grace Chia
Head of Investor Relations

- 16 years of experience in investor relations and corporate communications

Chris Cheo
Finance Manager

- 9 years of experience in finance and audit

Tai Wai Kit
Senior Investment Analyst

- 4 years of experience in acquisitions, asset management and portfolio management

KEY STRATEGIES

The Manager intends to achieve Keppel-KBS US REIT's key objectives through the following strategies:

- **Proactive asset management and optimisation strategy** – The Manager will actively manage Keppel-KBS US REIT's property portfolio with the objective of achieving growth in Gross Revenue[1] and Net Property Income[2] while enhancing long-term sustainability of business. The Manager will also look to drive organic growth, foster relationships with existing and prospective tenants and facilitate asset enhancement opportunities.

- **Investments and acquisition growth strategy** – The Manager will seek to achieve portfolio growth by acquiring quality income-producing properties that complement Keppel-KBS US REIT's property portfolio, enhance the return to Unitholders as well as provide opportunities for future income and capital growth.

- **Capital management strategy** – The Manager will endeavour to employ an appropriate mix of debt and equity in financing acquisitions, and adopt financing policies to optimise risk-adjusted returns to Unitholders.

1 "**Gross Revenue**" refers to Rental Income (as defined herein) and other income attributable to the operation of the Properties and a service charge collected to offset the recoverable expenses.

2 "**Net Property Income**" means Gross Revenue less property operating expenses.

CERTAIN INFORMATION ON THE PROPERTIES

The table below sets out certain information on the IPO Portfolio as at 30 June 2017, unless otherwise stated.

	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	Northridge Center	Maitland Promenade II	Total/ Average
Location	Seattle, Washington	Seattle, Washington	Sacramento, California	Denver, Colorado	Austin, Texas	Austin, Texas	Houston, Texas	Houston, Texas	Atlanta, Georgia	Atlanta, Georgia	Orlando, Florida	–
Land Tenure	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	–
Year of Completion	1978 – 1983	1973, 1980 and 2000	1999 and 2001	1999 – 2000	1985	1986	1982	1980	1985	1985 – 1989	2001	–
Year of Refurbishment	2014 – 2015	2013 – 2014	2013 – 2016	2014 – 2016	2014	2014	2013 – 2014	2013 – 2014	2013	2013	2013 – 2016	Average of 3.3(1) years from last refurbishment
NLA (sq ft)	490,994	330,508	211,887	607,755	139,252	173,058	398,490	313,873	146,352	186,580	226,990	3,225,739
Parking Stalls	1,254	1,320	1,351	2,809	471	628	1,024	1,044	569	724	1,052	12,246
Occupancy as at 30 June 2017	84.1%	88.9%	95.7%	82.6%	89.1%	94.3%	83.2%	88.3%	94.8%	91.5%	99.0%	88.1%
Committed Occupancy as at 30 September 2017	89.2%	90.6%	99.5%	82.6%	91.9%	94.3%	85.8%	90.5%	94.8%	92.1%	99.0%	90.0%
Number of tenants as at 30 June 2017(2)	66	15	31	21	15	31	54	54	22	27	12	340
WALE by NLA as at 30 June 2017 (years)	3.0	4.1	2.3	4.7	4.4	2.8	2.8	4.5	3.8	2.6	5.1	3.7
Annualised Average Rent per sq ft (US$) as at month of June 2017	38.74	30.51	23.36	23.88	31.09	33.52	29.57	26.31	18.68	18.74	23.77	28.01

	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	Northridge Center	Maitland Promenade II	Total/ Average
Valuation by JLL as at June 2017 (US$ million)	236.1(4)	129.3(5)	38.2	118.2	33.3	43.8	82.0	50.7	18.3	20.5	37.0	807.4
Valuation by Cushman as at June 2017 (US$ million)(3)	243.9(4)	133.0(5)	35.2	121.4	33.0	39.8	75.1	41.9	19.2	20.2	43.4	806.1
Appraised Value as at June 2017 based on the higher of the two valuations (US$ million)(3)	243.9	133.0	38.2	121.4	33.3	43.8	82.0	50.7	19.2	20.5	43.4	829.4
Purchase Consideration (US$ million)	240.0	131.2	36.7	117.1	33.1	41.8	78.6	46.3	18.7	20.3	40.2	804.0

Notes:

(1) As at 30 June 2017 and calculated assuming the refurbishment took place on 1 January of each year (or the later year where there is a range).

(2) The total number of tenants indicated is lower than the sum of the number of tenants for the individual Property as there are tenants sitting across multiple Properties within the IPO Portfolio.

(3) The valuations of Iron Point, Great Hills Plaza and Westech 360 were carried out on 31 May 2017.

(4) The valuation of The Plaza Buildings takes into account the value of the development air rights which may be utilised.

(5) The valuation of the Bellevue Technology Center takes into account the value of the excess parcels which may be developed as the Property has unutilised plot ratio.

STRUCTURE OF KEPPEL-KBS US REIT

Keppel-KBS US REIT

Keppel-KBS US REIT was constituted on 22 September 2017. It is principally regulated by the SFA, the Code on Collective Investment Schemes issued by the MAS ("**CIS Code**"), including Appendix 6 of the CIS Code (the "**Property Funds Appendix**"), other relevant regulations and the Trust Deed.

Keppel Capital Holdings Pte. Ltd. and KBS Pacific Advisors Pte. Ltd. are the sponsors of Keppel-KBS US REIT. (See "The Sponsors" for further details.)

The Manager: Keppel-KBS US REIT Management Pte. Ltd.

Keppel-KBS US REIT Management Pte. Ltd. is the manager of Keppel-KBS US REIT. The Manager was incorporated in Singapore under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") on 13 July 2017. It has an issued and paid-up capital of US$1,000,002 comprising of 1,000,000 ordinary shares and 2 non-voting convertible preferential shares. Its principal place of business is located at 230 Victoria Street, #05-08 Bugis Junction Towers, Singapore 188024.

The Manager has been issued a capital markets services licence ("**CMS Licence**") for REIT management pursuant to the SFA on 23 October 2017.

The Manager has general powers of management over the assets of Keppel-KBS US REIT. The Manager's main responsibility is to manage Keppel-KBS US REIT's assets and liabilities for the benefit of Unitholders. The Manager will set the strategic direction of Keppel-KBS US REIT and give recommendations to the Trustee on the acquisition, divestment, development and/or enhancement of assets of Keppel-KBS US REIT in accordance with its stated investment strategy.

The Manager will provide, among others, the following services to Keppel-KBS US REIT:

- **Investment:** Formulating Keppel-KBS US REIT's investment strategy, including determining the location, sub-sector type and other characteristics of Keppel-KBS US REIT's property portfolio. Overseeing the negotiations and providing the supervision in relation to investments of Keppel-KBS US REIT and making final recommendations to the Trustee.

- **Asset management:** Formulating Keppel-KBS US REIT's asset management strategy, including determining the tenant mix, asset enhancement works and rationalising operation costs. Providing the supervision in relation to asset management of Keppel-KBS US REIT and making final recommendations to the Trustee on material matters.

- **Capital management:** Formulating the plans for equity and debt financing for Keppel-KBS US REIT's property acquisitions, distribution payments, expense payments and property maintenance payments. Executing the capital management plans, negotiating with financiers and underwriters and making final recommendations to the Trustee.

- **Accounting:** Preparing accounts, financial reports and annual reports for Keppel-KBS US REIT on a consolidated basis.

- **Compliance:** Making all regulatory filings on behalf of Keppel-KBS US REIT, and using its commercially reasonable best efforts to assist Keppel-KBS US REIT in complying with the applicable provisions of the relevant legislation pertaining to the location and operations of Keppel-KBS US REIT, the Listing Manual of the SGX-ST (the "**Listing Manual**"), the SFA, the CIS Code (including the Property Funds Appendix), the Singapore Code on Take-overs and Mergers (the "**Take-Over Code**"), the Trust Deed, any tax ruling and all relevant contracts.

- **Investor relations:** Communicating and liaising with investors, analysts and the investment community.

The Manager is a joint venture held between the Sponsors, being KC and KPA, in equal share. The shareholders of KPA 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 1/3 stake of KBS. KBS performs the role of manager of KBS SOR, which is in turn the vendor of the properties forming the IPO Portfolio.

KBS Management Agreement

The Manager, Keppel-KBS US REIT Management Inc. (a wholly-owned subsidiary of the Manager incorporated in the United States (the "**Manager US Sub**")), GKP Holding LLC ("**GKP**") (a holder of a one-third interest in KBS), KBS (as the US Asset Manager (as defined herein)), the Trustee, the Parent US-REIT and the Sub-US REITs will, prior to the Listing Date, enter into an arrangement pursuant to which certain asset management functions of the Manager and the Manager US Sub, including those relating to asset management, investments, property-level finance/financing and compliance, have been outsourced to GKP, which in turn has procured KBS (as the US Asset Manager) to provide such services to the Parent US-REIT and the Sub-US REITs (the "**KBS Management Agreement**").

Notwithstanding that KBS is not contracted by the Manager directly to provide the asset management services to it, but indirectly through GKP, the services provided pursuant to the KBS Management Agreement shall be provided by KBS (as the US Asset Manager) directly to the Parent US-REIT and the Sub-US REITs, through allocating its manpower to the projects and tasks requested by the Manager, through the Manager US Sub, under the direction and supervision of the board of directors of the Parent US-REIT and the relevant Sub-US REIT (the "**US Subsidiary Boards**"), and any direct instructions by the US Subsidiary Boards to either GKP or KBS (as the US Asset Manager) being deemed to be instructions by the Manager and the Manager US Sub for purposes of the KBS Management Agreement. Each US Subsidiary Board will comprise Mr David Snyder and Mr Andy Gwee, the CEO/CIO and Chief Financial Officer of the Manager respectively. The day-to-day provision of services to the Parent US-REIT and the Sub-US REITs is no different in the case where KBS is directly engaged by the Manager to provide the services. However, the sub-contracting nature of KBS' engagement would mean that KBS (as the US Asset Manager) will not be directly liable to the Manager in the event of any breach of its obligations under the KBS Management Agreement. Instead, any breach by KBS (as the US Asset Manager) would constitute a breach by GKP, and any recourse the Manager may have would be against GKP. This arrangement however, has no impact to the recourse available to Keppel-KBS US REIT, the Parent US-REIT and/or the Sub-US REITs against the Manager. The Manager remains solely responsible for the provision of the related functions to Keppel-KBS US REIT as a whole, and nothing in the outsourcing arrangement with GKP and/or KBS under the KBS Management Agreement would absolve any of its responsibilities or liabilities to Keppel-KBS US REIT under the Trust Deed, notwithstanding that the US Subsidiary Boards have the power to direct, supervise or instruct GKP and KBS (as the US Asset Manager) under the KBS Management Agreement. Further, notwithstanding the arrangement with GKP, the Manager would still provide oversight over the entire outstanding arrangement including monitoring the performance by KBS.

The reason for the above arrangement is to ensure that the provision of the services by KBS through GKP to the Manager and the Manager US Sub is in line with the separate reporting lines of the Core Strategy Team (as defined herein) and the SOR Team (as defined herein) within KBS. Peter McMillan III and Keith D. Hall operate the SOR Team which would be the team in KBS providing the services to the Manager and the Manager US Sub. These services will be provided through GKP as it is wholly-owned by Peter McMillan III and Keith D. Hall and holds a one-third stake of KBS. The Core Strategy Team in KBS is managed by the other two owners of KBS being Peter M. Bren and Charles J. Schreiber Jr.. Accordingly, the engagement of KBS through GKP effectively makes Peter McMillan III and Keith D. Hall responsible to the Manager for the services provided by the SOR Team in KBS, rather than all four partners which would expose the other two partners who will not be involved in the management of Keppel-KBS US REIT's assets. (See "Strategy – Key Strategies – Ability to Leverage the Sponsors' Real Estate Investment and Management Expertise – Details of the KBS Conflicts Structure" for the structure chart depicting the relationship between GKP and KBS.) To the Manager's knowledge, the same type of structure is also employed by other funds managed by KBS where the partners involved in the management of the funds do not comprise all four partners. This arrangement is consistent with the separate teams and separate reporting lines structure within KBS and also consistent with KBS' internal cost-allocation policy whereby costs are allocated commensurate with the exposure of KBS, hence in the case of Keppel-KBS US REIT, costs incurred by the SOR Team in undertaking the management activities with regard to Keppel-KBS US REIT would be charged to GKP.

The Trustee and the Parent US REIT and the Sub-US REITs are parties to the KBS Management Agreement for certain US tax purposes, including the US tax requirement (i) that US REITs be managed by their relevant board of directors, and (ii) to establish clearly that the management fees paid by Keppel-KBS US REIT to the Manager are for services rendered to the Parent US REIT and Sub-US REITs and at the direction of the US Subsidiary Boards, in order to reduce the risk of the Keppel-KBS US REIT being deemed to be engaged in a US trade or business.

GKP is an investment holding entity which sole purpose is to hold the shareholdings of Peter McMillan III and Keith D. Hall in KBS, being an aggregate of one-third of KBS.

It should be noted that the KBS Management Agreement is ultimately still an outsourcing agreement of the Manager and that:

(i) the outsourcing of certain services by the Manager and the Manager US Sub to GKP to be provided by KBS does not relieve the Manager of its obligations and duties under the Trust Deed, and the Manager remains solely responsible for the provision of the management services to Keppel-KBS US REIT, and any losses arising from any direction or instruction by the Parent US-REIT and/or the Sub-US REITs to GKP or KBS does not absolve the Manager's responsibilities or liabilities under the Trust Deed or any other relevant agreements. For the avoidance of doubt, the Manager while still being responsible for the provision of management services to Keppel-KBS US REIT may, if it so decides, make a claim against GKP for any losses which it may suffer as a result of its liabilities to Keppel-KBS US REIT, the Parent US-REIT and/or the Sub-US REITs due to any breach by GKP and/or KBS in the provision of the services pursuant to the KBS Management Agreement, to the extent such actions are caused by (or arise from) KBS's (as the US Asset Manager) gross negligence or wilful misconduct;

(ii) the Manager remains responsible for payment of all the fees under the KBS Management Agreement and that GKP has no recourse against the Trustee, Keppel-KBS US REIT, the Parent US-REIT and the Sub-US REITs for any non-payment of fees by the Manager. For the avoidance of doubt, Keppel-KBS US REIT will not pay any fees pursuant to the KBS Management Agreement; and

(iii) notwithstanding that the Trustee, the Parent US-REIT and the Sub-US REITs are parties to the KBS Management Agreement, there are no obligations or liability imposed on the Trustee, Keppel-KBS US REIT, the Parent US-REIT and the Sub-US REITs, whether to the Manager, GKP, KBS or otherwise under the KBS Management Agreement.

Manager US Services Agreement

The Manager has incorporated the Manager US Sub so that to the extent activities of the Manager, including under the KBS Management Agreement, would be required to be performed within the US, those activities will be delegated to the Manager US Sub. Such services in the US will be provided by the Manager US Sub pursuant to a services agreement between the Trustee, the Manager, the Manager US Sub, the Parent US-REIT and the Sub-US REITs (the "**Manager US Services Agreement**").

Similar to the KBS Management Agreement, the Trustee, the Manager, the Manager US Sub, the Parent US REIT and the Sub-US REITs have entered into the Manager US Services Agreement for certain US tax purposes, including the US tax requirement (i) that US REITs be managed by their relevant board of directors, and (ii) to establish clearly that the management fees paid by Keppel-KBS US REIT to the Manager are for services rendered to the Parent US REIT and Sub-US REITs and at the direction of the US Subsidiary Boards, to minimise any risk that Keppel-KBS US REIT and/or the Manager is engaged in US trade or business. As such, the Manager US Services Agreement is a subcontract from the Manager to the Manager US Sub with respect to all of the services that are undertaken in the US and are not otherwise covered in the KBS Management Agreement and for certain additional United States services, such as strategic planning services (together, the "**Manager US Services**").

The Manager US Sub will appoint one or more executives, who will be employed solely by the Manager US Sub while they are in the United States under a secondment, and/or employment or similar arrangement, to provide the Manager US Services to the Parent US REIT and/or the Sub-US REITs as set forth in the Manager US Services Agreement.

The Manager US Services Agreement will generally be on the same terms (other than terms relating to how the service fee is determined) as the KBS Management Agreement to the Parent US-REIT and the Sub-US REITs (under the direction of their respective US Subsidiary Boards), except that the services are provided by the Manager US Sub instead of KBS and GKP is not a party to the Manager US Services Agreement.

Similar to the KBS Management Agreement, the Trustee, Keppel-KBS US REIT, the Parent US-REIT and the Sub-US REITs will have no obligations or liabilities under the Manager US Services Agreement.

The Manager remains solely responsible for the provision of the related functions to Keppel-KBS US REIT as a whole, and nothing in the Manager US Services Agreement would absolve any of its responsibilities or liabilities to Keppel-KBS US REIT under the Trust Deed, notwithstanding that the US Subsidiary Boards have the power to direct, supervise and instruct Manager US Sub under the Manager US Services Agreement.

Keppel Management Agreement

The Manager has entered into an outsourcing arrangement with Keppel Capital International Pte. Ltd. ("**KCI**") (which is a wholly-owned subsidiary of KC) for its investor relations, financial reporting, capital management, human resource, legal, corporate secretarial and compliance support in Singapore (the "**Keppel Management Agreement**").

The above outsourcing arrangements support the Manager in discharging its overall responsibility to manage Keppel-KBS US REIT's assets and liabilities for the benefit of Unitholders. The Manager retains ultimate oversight over these functions, and will work with GKP and KCI, as the case may be, to supervise the outsourced activities as well as make all key decisions in respect of the management of Keppel-KBS US REIT.

The Trustee: Perpetual (Asia) Limited

The trustee of Keppel-KBS US REIT is Perpetual (Asia) Limited. It is a company incorporated in Singapore on 30 December 2005 with a paid-up capital of S$9,024,811. It is an indirect wholly-owned subsidiary of The Trust Company Limited, which is ultimately owned by Perpetual Limited, one of the largest trustees in Australia and is listed on the Australian Securities Exchange. The Trustee is licensed as a trust company under the Trust Companies Act, Chapter 336 of Singapore (the "**Trust Companies Act**"). It is approved to act as a trustee for authorised collective investment schemes under Section 289(1) of the SFA and is regulated by the MAS. It also holds a capital markets services licence for the provision of custodial services for securities. The Trustee acts as trustee to Singapore-listed REITs and several unit trusts, custodian to several private pension funds and private equity funds and bond trustee to institutional and retail bond issues.

(See "The Formation and Structure of Keppel-KBS US REIT – The Trustee" for further details.)

The Property Managers

Each Lower Tier Sub-US REIT (as defined herein), and the property managers of each Property (collectively, the "**Property Managers**") will enter into separate property management agreements in relation to such property (collectively, the "**Property Management Agreements**"):

(a) in relation to Bellevue Technology Center, a property management agreement will be entered into between Transwestern Commercial Services Washington, L.L.C. d/b/a Transwestern, a Delaware limited liability company, and Keppel-KBS Bellevue Technology Center, Inc., a Delaware corporation;

(b) in relation to The Plaza Buildings, a property management agreement will be entered into between Transwestern Commercial Services Washington, L.L.C. d/b/a Transwestern, a Delaware limited liability company, and Keppel-KBS Plaza Buildings, Inc., a Delaware corporation;

(c) in relation to Iron Point, a property management agreement will be entered into between CBRE, Inc., a Delaware corporation, and Keppel-KBS Iron Point, Inc., a Delaware corporation;

(d) in relation to Westmoor Center, a property management agreement will be entered into between CBRE, Inc., a Delaware corporation, and Keppel-KBS Westmoor Center, Inc., a Delaware corporation;

(e) in relation to Great Hills Plaza, a property management agreement will be entered into between Transwestern Property Company SW GP, L.L.C. dba Transwestern, and Keppel-KBS Great Hills Plaza, Inc., a Delaware corporation;

(f) in relation to Westech 360, a property management agreement will be entered into between Transwestern Property Company SW GP, L.L.C. dba Transwestern, and Keppel-KBS Westech 360, Inc., a Delaware corporation;

(g) in relation to 1800 West Loop South, a property management agreement will be entered into between Transwestern Property Company SW GP, L.L.C. dba Transwestern and Keppel-KBS 1800 West Loop, Inc., a Delaware corporation;

(h) in relation to West Loop I & II, a property management agreement will be entered into between PM Realty Group, L.P., a Delaware limited liability partnership, and Keppel-KBS West Loop I and II, Inc., a Delaware corporation;

(i) in relation to Powers Ferry, a property management agreement will be entered into between PM Realty Group, L.P., a Delaware limited liability partnership, and Keppel-KBS Powers Ferry Landing, Inc., a Delaware corporation;

(j) in relation to Northridge Center, a property management agreement will be entered into between PM Realty Group, L.P., a Delaware limited liability partnership, and Keppel-KBS Northridge Center, Inc., a Delaware corporation; and

(k) in relation to Maitland Promenade II, a property management agreement will be entered into between PM Realty Group, L.P., a Delaware limited liability partnership, and Keppel-KBS Maitland Promenade, Inc., a Delaware corporation.

Under the Property Management Agreements, subject to the approved annual budget and available funds of the Lower Tier Sub-US REITs, the Property Managers are responsible for the day-to-day management, operation, maintenance and servicing of the Properties, including negotiation, administration and enforcement of leases, collection of rents, preparation and submission of proposed annual operating and capital expense budgets for review and approval, maintenance and repair of the Properties, negotiation of contracts, obtaining required insurance, maintenance of records and accounts, obtaining required licenses for the Properties and compliance by the Properties with applicable laws. The Property Managers will act within the approved annual budget for a Property, subject to certain permitted variances and guidelines. (See "The Manager and Corporate Governance – The Property Managers" for further details and "Certain Agreements Relating to Keppel-KBS US REIT and the Properties – Property Management Agreements".)

The Leasing Agents

Each Lower Tier Sub-US REIT and the leasing agent of each property (collectively, the "**Leasing Agents**") will enter into separate leasing services agreements in relation to such property (collectively, the "**Leasing Services Agreements**"):

(a) in relation to Bellevue Technology Center, a leasing services agreement will be entered into between Jones Lang LaSalle, Inc., a Washington corporation, and Keppel-KBS Bellevue Technology Center, Inc., a Delaware corporation;

(b) in relation to The Plaza Buildings, a leasing services agreement will be entered into between CBRE, Inc., and Keppel-KBS Plaza Buildings, Inc., a Delaware corporation;

(c) in relation to Iron Point, a leasing services agreement will be entered into between Cushman & Wakefield of California, Inc., and Keppel-KBS Iron Point, Inc., a Delaware corporation;

(d) in relation to Westmoor Center, a leasing services agreement will be entered into between CBRE, Inc., a Delaware corporation, and Keppel-KBS Westmoor Center, Inc., a Delaware corporation;

(e) in relation to Great Hills Plaza, a leasing services agreement will be entered into between Transwestern Property Company SW GP, L.L.C. dba Transwestern, and Keppel-KBS Great Hills Plaza, Inc., a Delaware corporation;

(f) in relation to Westech 360, a leasing services agreement will be entered into between Transwestern Property Company SW GP, L.L.C. dba Transwestern, and Keppel-KBS Westech 360, Inc., a Delaware corporation;

(g) in relation to 1800 West Loop South, a leasing services agreement will be entered into between Transwestern Property Company SW GP, L.L.C. d/b/a Transwestern and Keppel-KBS 1800 West Loop, Inc., a Delaware corporation;

(h) in relation to West Loop I & II, a leasing services agreement will be entered into between PM Realty Group, L.P., a Delaware limited partnership, and Keppel-KBS West Loop I and II, Inc., a Delaware corporation;

(i) in relation to Powers Ferry, a leasing services agreement will be entered into between PM Realty Group, L.P., a Delaware limited partnership, and Keppel-KBS Powers Ferry Landing, Inc., a Delaware corporation;

(j) in relation to Northridge Center, a leasing services agreement will be entered into between PM Realty Group, L.P., a Delaware limited partnership, and Keppel-KBS Northridge Center, Inc., a Delaware corporation; and

(k) in relation to Maitland Promenade II, a leasing services agreement will be entered into between Tavistock Realty Inc., and Keppel-KBS Maitland Promenade, Inc., a Delaware corporation.

Under the Leasing Services Agreements, the Leasing Agents are responsible for procuring tenants for the relevant Properties, subject to the terms of the relevant leasing services agreement (See “Certain Agreements Relating to Keppel-KBS US REIT and the Properties – Leasing Services Agreements”.)

The US Asset Manager: KBS Capital Advisors LLC

Pursuant to the KBS Management Agreement between the Manager, the Manager US Sub, GKP, KBS (as the US Asset Manager), the Trustee, the Parent US-REIT and the Sub-US REITs will engage GKP, which will in the same agreement engage KBS (in such capacity, the “**US Asset Manager**”) to perform certain operational duties in respect of the Parent US REIT and the Sub-US REITs, in each case subject to the duties and responsibilities of the respective US Subsidiary Board. The US Asset Manager is registered as an investment adviser with the US Securities and Exchange Commission.

Under the KBS Management Agreement, GKP through the US Asset Manager will provide, among others, the following services:

- **Investment:** Supporting the execution, through the Parent US REIT and the Sub-US REITs, of Keppel-KBS US REIT’s investment strategy in accordance with the strategy formulated by the Manager and the guidelines issued by the Manager which include requirements relating to the location, sub-sector type and other characteristics of Keppel-KBS US REIT’s property portfolio.

- **Asset management:** Working with the Property Managers to execute, through the Parent US REIT and the Sub-US REITs, Keppel-KBS US REIT’s asset management strategy in accordance with the decisions made by and the strategy formulated by the Manager and the guidelines issued by the Manager which include requirements relating to the tenant mix, asset enhancement works and rationalising operation costs.

- **Capital management:** Supporting the execution of debt financing plans for any debt taken up by the Parent US REIT and/or the Sub-US REITs.

- **Accounting:** Preparing accounts, financial reports and annual reports, as may be required, for the Parent US REIT and/or the Sub-US REITs.

- **Compliance:** Making all regulatory filings on behalf of the Parent US REIT and the Sub-US REITs, and using its commercially reasonable best efforts to assist the Parent US REIT and the Sub-US REITs in complying with applicable provisions of the relevant tax laws and regulations in the United States, including meeting the requirements for qualification and taxation as US REITs, and all relevant contracts.

(See "The Manager and Corporate Governance – The US Asset Manager" for further details.)

The Keppel Management Support: KCI

Pursuant to the Keppel Management Agreement between the Manager and KCI, the Manager has engaged KCI to provide, among others, the following services:

- **Investor relations:** Supporting the Manager's investor relations activities, including preparation for investor presentations, result briefings and other engagement activities with investors, managing investor queries and supporting the development of the investor relations strategy.

- **Financial reporting:** Providing support for the financial reporting of Keppel-KBS US REIT on a consolidated basis, including assisting with the preparation of the consolidated financial statements, budgets and tax returns and meeting other reporting requirements.

- **Capital management:** Supporting the execution of the Manager's plans for equity and debt financing for Keppel-KBS US REIT including assisting in the negotiations and documentation with financiers and underwriters and other treasury matters such as hedging activities and cash and liquidity management.

- **Human resources:** Providing human resource and office administrative support to the Manager including recruitment, succession planning, payroll services and performance management.

- **Legal and corporate secretarial:** Providing legal and corporate secretarial support to the Manager including advising on the laws and regulations applicable to the Manager and Keppel-KBS US REIT, supporting corporate actions such as acquisitions, divestments and financing matters, and providing secretarial support for the Board of directors of the Manager ("**Board**").

- **Singapore compliance:** Making all regulatory filings on behalf of Keppel-KBS US REIT, and assisting Keppel-KBS US REIT in complying with the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Trust Deed, any tax ruling and all relevant contracts.

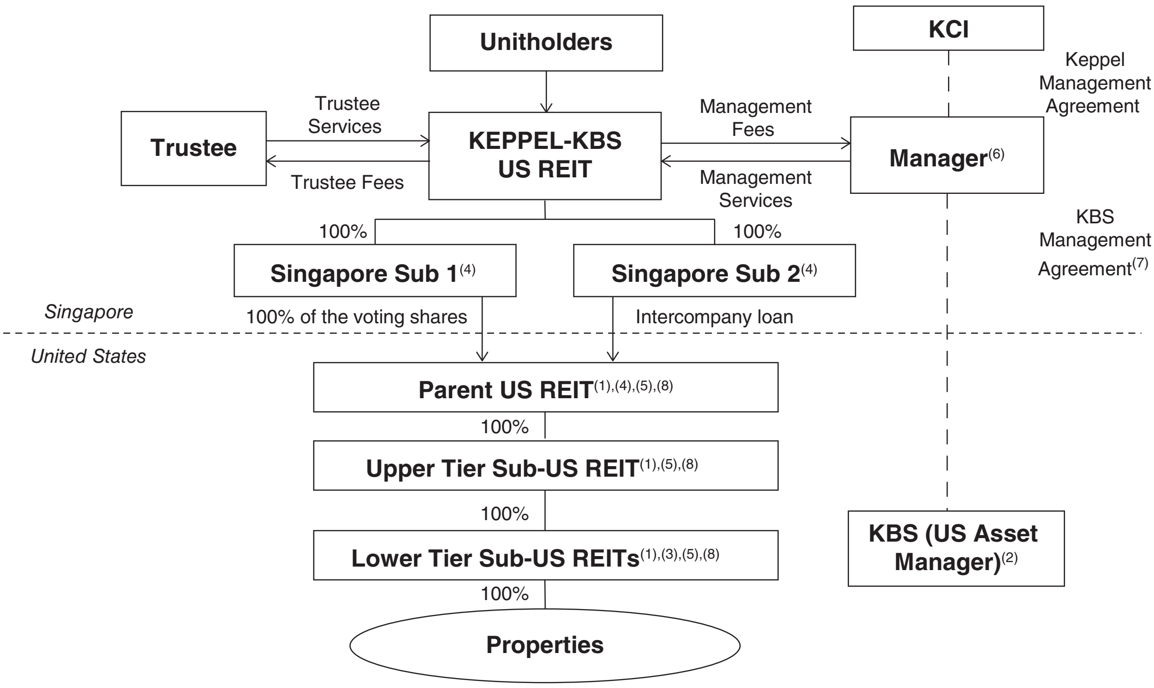
KCI will act subject to the overall discretion and direction of the Manager and within guidelines issued by the Manager and in accordance with the approved annual business plan and budget. (See "The Manager and Corporate Governance – The Keppel Management Support" for further details.)

Overview of US REIT Structure

Keppel-KBS US REIT will be investing in the Properties in the United States through special purpose vehicles ("**SPVs**") that are indirect controlled subsidiaries of the Parent US REIT and organised so as to qualify as US REITs. US REITs are generally permitted to deduct dividends paid to their shareholders from their US federal (and in most instances, state) taxable income. It is intended that each Property will be acquired and held in a separate US REIT. If Keppel-KBS US REIT desires to dispose of any one of the Properties, the exit can be structured as a sale of the shares of the US REIT which owns the Property rather than a sale of the underlying real property, with the goal of simplifying legal transfer and eliminating any otherwise applicable US branch profits tax on the transaction. In addition, the Property-holding US REITs may form one or more taxable REIT subsidiaries (as such term is defined in Section 856(1) of the IRC) (each, a "**TRS**"). TRSs are subsidiaries of US REITs that are generally permitted to undertake activities that the US REIT rules might prohibit a US REIT from performing directly. Such TRSs will enable the Property-holding US REITs to provide non-customary services to their tenants without jeopardising their US REIT statuses. (See "Taxation – US Federal Income Tax Overview – US Federal Income Taxation of the Parent US REIT and the Sub-US REITs – Income Tests" for further details.)

In the case of Keppel-KBS US REIT, the Parent US REIT and Sub US REITs will hold approximately equal shares in the Keppel-KBS TRS, LLC, being a TRS.

The following diagram illustrates the relationship, among others, between Keppel-KBS US REIT, the Manager, the Trustee, the US Asset Manager and the Unitholders as at the Listing Date:



Notes:

(1) Approximately 125 preferred shares are proposed to be issued by the Parent US REIT and each Sub-US REIT with a coupon of 12.5%. The preferred shares will be non-voting, non-participating and redeemable at the option of the Parent US REIT and each Sub-US REIT. The terms of the preferred shares are in accordance with customary terms offered to other accommodation shareholders for US REITs in the United States. The Certificate of Incorporation for the Parent US REIT and each Sub-US REIT contains provisions that ensure that this 100 shareholder requirement is continuously met at all times required under US tax rules applicable to US REITs. (See "Taxation – US Federal Income Tax Overview – US Federal Income Taxation of the Parent US REIT and the Sub-US REITs – Organisation Requirements" for further details.)

(2) The US asset manager is KBS (the "**US Asset Manager**"). For the avoidance of doubt, KBS is not a subsidiary of the Manager.

(3) The Lower Tier Sub-US REITs will own equity in or Keppel-KBS US TRS, LLC, the taxable REIT subsidiary (the "**Keppel-KBS TRS**") that will provide certain services in order to allow such Sub-US REIT to qualify as a US REIT. Specific services have not been identified as at the date of this Prospectus. However, if non-customary services (such as maid service (as compared to ordinary janitorial services)) are to be rendered in the future, such services would likely be provided through Keppel-KBS TRS. (See "Taxation – US Federal Income Tax Overview – US Federal Income Taxation of the Parent US REIT and the Sub-US REITs – Income Tests" for further details.) Each Lower Tier Sub-US REIT will enter into a Property Management Agreement with the Property Manager and a Leasing Services Agreement with the Leasing Agent.

(4) As at the Listing Date, Keppel-KBS US REIT wholly-owns Keppel-KBS US REIT S1 Pte. Ltd. ("**Singapore Sub 1**") and Keppel-KBS US REIT S2 Pte. Ltd. ("**Singapore Sub 2**"); Singapore Sub 1 wholly-owns Parent US REIT which in turn wholly-owns each of the Sub-US REITs.

(5) The Parent US REIT, Upper Tier Sub-US REIT and each of the Lower Tier Sub-US REITs will each own a portion of the equity in Keppel-KBS TRS.

(6) The Manager wholly-owns the Manager US Sub. The Manager has incorporated the Manager US Sub so that to the extent activities of the Manager, including under the KBS Management Agreement, would be required to be performed within the US, those activities will be delegated to the Manager US Sub.

(7) An agreement which will be entered into prior to the Listing Date between the Manager, the Manager US Sub, GKP Holding LLC (a holder of a one-third interest in KBS), KBS (as the US Asset Manager), the Trustee, the Parent US-REIT and the Sub-US REITs. (See "Overview – Structure of Keppel-KBS US REIT – The Manager: Keppel-KBS US REIT Management Pte. Ltd. – KBS Management Agreement".)

(8) The boards of directors of each of the Parent US REIT and Sub-US REITs will comprise Mr David Snyder and Mr Andy Gwee, the CEO/CIO and Chief Financial Officer of the Manager respectively.

CERTAIN FEES AND CHARGES

The following is a summary of the amount of certain fees and charges payable by the Unitholders in connection with the subscription for or trading of the Units (so long as the Units are listed):

	Payable by the Unitholders directly	Amount payable
(a)	Subscription fee or preliminary charge	N.A.[1]
(b)	Realisation fee	N.A.[1]
(c)	Switching fee	N.A.[1]
(d)	Any other fee	Investors in the Placement Tranche may be required to pay brokerage of up to 1.0% of the Offering Price. For trading of the Units, investors will pay prevailing brokerage commissions (if applicable) and a clearing fee for trading of the Units on the SGX-ST at the rate of 0.0325% of the transaction value, subject to Goods and Services Tax ("**GST**") chargeable thereon. An administration fee is payable for each application made through automated teller machines ("**ATM**") and the internet banking websites of the Participating Banks (as defined herein).

Note:

(1) As the Units will be listed and traded on the SGX-ST, and Unitholders will have no right to request that the Manager redeem their Units while the Units are listed, no subscription fee, preliminary charge, realisation fee or switching fee is payable in respect of the Units.

The following is a summary of certain fees and charges payable by Keppel-KBS US REIT (or subsidiaries where specifically noted) in connection with the establishment and on-going management and operation of Keppel-KBS US REIT and its subsidiaries:

<table>
<tr><th></th><th>Payable by Keppel-KBS US REIT</th><th>Amount payable</th></tr>
<tr><td>(a)</td><td>Management Fee (payable to the Manager)[1]</td><td>Base Fee

Pursuant to Clause 15.1.1 of the Trust Deed, 10.0% per annum of Keppel-KBS US REIT's Annual Distributable Income (as defined in the Trust Deed and calculated before accounting for the Base Fee and the Performance Fee).

Performance Fee

Pursuant to Clause 15.1.1 of the Trust Deed, 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

The Performance Fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year where the Performance Fee is payable may be less than the DPU in any preceding financial year[2].

For the avoidance of doubt, where the DPU in a financial year is less than the DPU in any preceding financial year, the Manager shall not be required to return any Performance Fee paid to it in any preceding financial year.

For illustrative purposes only, the following sets out an example of the computation of the Performance Fee based on an assumed DPU of 5.0 cents for Year 1 and 6.0 cents for Year 2 and a weighted average number of Units of 1,000,000,000:

<table>
<tr><th></th><th>Year 1</th><th>Year 2</th></tr>
<tr><td>DPU (US$ cents)(1)</td><td>5.0</td><td>6.0</td></tr>
<tr><td>Weighted average number of Units (million)</td><td>–</td><td>1,000</td></tr>
<tr><td>Performance Fee (US$ million)</td><td>–</td><td>2.5(2)</td></tr>
</table>
</td></tr>
</table>

1 Fees payable to the US Asset Manager under the KBS Management Agreement and KCI under the Keppel Management Agreement will be paid by the Manager.

2 As an illustration, if the DPU is 5.0 cents in Year 1, 4.0 cents in Year 2 and 4.5 cents in Year 3, the Performance Fee is payable in relation to Year 3 as the DPU for Year 3 exceeds Year 2, notwithstanding that the DPU for Year 3 is less than the DPU for Year 1.

	Payable by Keppel-KBS US REIT	Amount payable
		Notes: (1) Calculated before accounting for the Performance Fee in the financial year. (2) The Performance Fee is calculated based on the following computation: (6.0 – 5.0) x 1,000,000,000 x 25.0%. For the purpose of the computation of the Performance Fee only, the DPU shall be calculated based on all income of Keppel-KBS US REIT arising from the operations of Keppel-KBS US REIT, such as, but not limited to, rentals, interest, dividends, divestment gains (to the extent it is distributed to Unitholders) and other similar payments or income arising from the Authorised Investments (as defined herein) of Keppel-KBS US REIT. For each of Forecast Year 2018 and Projection Year 2019, the difference in DPU shall be the difference in actual DPU in such financial year with the projected DPU. (See "Profit Forecast and Profit Projection" for further details.) **Management Fee to be paid in cash or Units** The Base Fee and Performance Fee (together, the "**Management Fee**") are payable to the Manager in the form of cash and/or Units (as the Manager may elect), in such proportions as may be determined by the Manager. For Forecast Year 2018, the Manager has elected to receive 100% of the Management Fee in the form of Units. For Projection Year 2019, the Manager has elected to receive at least 75% of the Management Fee in the form of Units.
(b)	Trustee's Fee	Pursuant to Clause 15.4 of the Trust Deed, the Trustee's fee shall be charged on a scaled basis of up to 0.015% per annum of the value of the Deposited Property, subject to a minimum amount of S$14,000 per month, excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the Trustee from time to time.
(c)	Any other substantial fee or charge (*i.e.* 0.1% or more of Keppel-KBS US REIT's asset value)	

	Payable by Keppel-KBS US REIT	Amount payable
	Payable to the Manager or its nominee	
	(i) Acquisition Fee	Pursuant to Clause 15.2.1 of the Trust Deed, 1.0% (or such lower percentage as may be determined by the Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double-counting): • the acquisition price of any real estate purchased, whether directly or indirectly through one or more SPVs, by Keppel-KBS US REIT (plus any other payments[1] in addition to the acquisition price made by Keppel-KBS US REIT or its SPVs to the vendor in connection with the purchase of the real estate) (pro-rated, if applicable, to the proportion of Keppel-KBS US REIT's interest); • the underlying value[2] of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased by Keppel-KBS US REIT, whether directly or indirectly through one or more SPVs (plus any additional payments made by Keppel-KBS US REIT or its SPVs to the vendor in connection with the purchase of such equity interests) (pro-rated, if applicable, to the proportion of Keppel-KBS US REIT's interest); or • the acquisition price of any investment purchased by Keppel-KBS US REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate, (the "**Acquisition Fee**"). For the avoidance of doubt, the acquisition price, or as the case may be, the acquisition value, shall take into account any completion or other price or value adjustment to be made post-completion.

1 "**Other payments**" refer to additional payments to the vendor of the asset, for example, where the vendor has already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

2 For example, if Keppel-KBS US REIT acquires an SPV which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity paid by Keppel-KBS US REIT as the purchase price and any debt of the SPV.

	Payable by Keppel-KBS US REIT	Amount payable
		For the purpose of the Acquisition Fee, equity interests include all classes and types of equity securities relating to real estate which shall, for the avoidance of doubt, exclude any investment in debt securities of any property corporation or other SPV owning or acquiring real estate. The Acquisition Fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect), in such proportions as may be determined by the Manager. Under the Property Funds Appendix, in respect of any acquisition of real estate assets from interested parties, such a fee will be in the form of Units issued by Keppel-KBS US REIT at prevailing market price(s). Such Units may not be sold within one year from the date of their issuance. No Acquisition Fee is payable for the acquisition of the Properties in the IPO Portfolio. Any payment to third party agents or brokers in connection with the acquisition of any assets of Keppel-KBS US REIT (other than to the US Asset Manager) shall be paid to such persons out of the Deposited Property of Keppel-KBS US REIT or the assets of the relevant SPV, and not out of the Acquisition Fee received or to be received by the Manager.
	(ii) Divestment Fee	Pursuant to Clause 15.2.1 of the Trust Deed, 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double-counting): • the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by Keppel-KBS US REIT (plus any other payment[1] in addition to the sale price received by Keppel-KBS US REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated, if applicable, to the proportion of Keppel-KBS US REIT's interest);

1 "**Other payments**" refer to additional payments to Keppel-KBS US REIT or its SPVs for the sale of the asset, for example, where Keppel-KBS US REIT or its SPVs have already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

	Payable by Keppel-KBS US REIT	Amount payable
		• the underlying value[1] of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested, whether directly or indirectly through one or more SPVs, by Keppel-KBS US REIT (plus any additional payments received by Keppel-KBS US REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests) (pro-rated, if applicable, to the proportion of Keppel-KBS US REIT's interest); or • the sale price of any investment sold or divested by Keppel-KBS US REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate, (the "**Divestment Fee**"). For the avoidance of doubt, the Divestment Fee is payable in respect of any divestment of real estate assets to both third parties and interested parties. For the avoidance of doubt, the sale price, or as the case may be, the sale value, shall take into account any completion or other price or value adjustment to be made post-completion. For the purpose of this Divestment Fee, equity interests include all classes and types of equity securities relating to real estate which shall, for the avoidance of doubt, exclude any investment in debt securities of any property corporation or other SPV owning or acquiring real estate. The Divestment Fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect), in such proportions as may be determined by the Manager. Under the Property Funds Appendix, in respect of any sale or divestment of real estate assets to interested parties, such a fee will be in the form of Units issued by Keppel-KBS US REIT at prevailing market price(s). Such Units may not be sold within one year from date of their issuance.

1 For example, if Keppel-KBS US REIT sells or divests an SPV which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity ascribed to the asset which will be paid to Keppel-KBS US REIT as the sale price and any debt of the SPV.

	Payable by Keppel-KBS US REIT	Amount payable
		Any payment to third party agents or brokers in connection with the disposal of any assets of Keppel-KBS US REIT (other than to the US Asset Manager) shall be paid to such persons out of the Deposited Property of Keppel-KBS US REIT or the assets of the relevant SPV, and not out of the Divestment Fee received or to be received by the Manager.
	(iii) Development Management Fee	Pursuant to Clause 15.3 of the Trust Deed, the Manager is entitled to receive a development management fee equivalent to 3.0% of the Total Project Costs (as defined herein) incurred in a Development Project (as defined herein) undertaken by the Manager on behalf of Keppel-KBS US REIT. Keppel-KBS US REIT will only undertake development activities within the limits of the Property Funds Appendix (which currently allows a REIT to commit no more than 10.0% of its deposited property to development and investment in uncompleted property developments). The total contract value of property development activities may exceed 10.0% of Keppel-KBS US REIT's deposited property (subject to maximum of 25.0% of Keppel-KBS US REIT's deposited property) only if: (i) the additional allowance of up to 15.0% of Keppel-KBS US REIT's deposited property is utilised solely for the redevelopment of an existing property that has been held by Keppel-KBS US REIT for at least three years and which Keppel-KBS US REIT will continue to hold for at least three years after the completion of the redevelopment; and (ii) Keppel-KBS US REIT obtains the specific approval of Unitholders at a general meeting for the redevelopment of the property. "**Total Project Costs**" means the sum of the following: • construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor; • principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager; • the cost of obtaining all approvals for the project; • site staff costs;

	Payable by Keppel-KBS US REIT	Amount payable
		• interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with the International Financial Reporting Standards; and • any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with the International Financial Reporting Standards, but for the avoidance of doubt, shall not include land costs (including but not limited to the acquisition price or underlying value of such land). "**Development Project**" means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Keppel-KBS US REIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations. When the estimated Total Project Costs are above US$100 million, the Manager will be entitled to receive a development management fee equivalent to 3.0% for the first US$100 million. For the remaining Total Project Costs in excess of US$100 million (the "**Remaining Total Project Costs**"), the Independent Directors will first review and approve the quantum of development management fee payable in relation to the Remaining Total Project Costs (the "**Remaining Development Management Fee**"), whereupon the Manager may be directed by its independent Directors to reduce the Remaining Development Management Fee. For the avoidance of doubt, in respect of a Development Project, there will be no double counting of fees and the Manager will not be entitled to concurrently receive both the development management fee as well as the acquisition fee. As land costs will not be included in the computation of Total Project Costs, the Manager shall be entitled to receive an Acquisition Fee on the land costs.

	Payable by Keppel-KBS US REIT	Amount payable
	Payable to the Property Managers[1]	
	(i) Property Management Fee	Each Property Manager is entitled to a monthly property management fee equal to a certain percentage of rent or gross revenues, as more specifically defined in each Property Management Agreement. All the Property Managers are unrelated to the Sponsors. Property management fees are assessed on a monthly basis and payable in arrears. The property management fees for the IPO Portfolio is charged based on gross revenue income and ranges from 1.5% to 3.0% of the gross revenue income. The specific percentages of the property management fees are set out in each of the Property Management Agreements. Notwithstanding that under the Property Management Agreements the property management fee is payable in cash and not Units, Clause 15.7 of the Trust Deed allows for the payment of property management fee in the form of cash and/or Units. Keppel-KBS US REIT may, in the future, enter into new property management agreements that provide for the payment of property management fee in Units.
	(ii) Construction Supervision Fee	The Property Managers are entitled to construction supervision fees in connection with providing construction management services for certain construction projects with respect to the Property managed by the Property Manager. All the Property Managers are unrelated to the Sponsors. Construction supervision fees are assessed as a percentage of the total cost of the applicable construction project with respect to the Properties, as more specifically set forth in each Property Management Agreement or construction management addendum to the Property Management Agreement, with the applicable percentage decreasing as the total cost of a construction project increases. With respect to 1800 West Loop South, the percentages can range from 5.0% of the portion of the total cost of a construction project for amounts between US$10,000 and US$50,000, 4.0% for amounts between US$50,001 and US$150,000, 3.0% for amounts between US$150,001 and US$500,000 and 2.0% for amounts over US$500,000.

1 The fees payable to the Property Managers, being the Property Management Fee and the Construction Supervision Fee, will be paid by each Lower Tier Sub-US REIT.

	Payable by Keppel-KBS US REIT	Amount payable
		With respect to Maitland Promenade II, Iron Point, Northridge Center, Powers Ferry and Westmoor Center, the percentages can range from 5.0% of the cost of a construction project for amounts up to US$200,000, 4.0% for amounts between US$200,001 and US$400,000, 3.0% for amounts between US$400,001 and US$600,000, and 2.0% for amounts over US$600,000. With respect to Great Hills Plaza and Westech 360, the percentages can range from 3.5% of the cost of a construction project for amounts between US$10,001 and US$50,000, 2.8% for amounts between US$50,001 and US$100,000, 2.1% for amounts between US$100,001 and US$250,000, and amounts above US$250,000 are subject to negotiation. With respect to The Plaza Buildings and Bellevue Technology Center, the percentages can range from 5.0% of the cost of a construction project for amounts up to US$500,000, 4.0% for amounts between US$500,001 and US$1.0 million, 3.0% for amounts between US$1,000,001 and US$1.5 million, and 2.0% for amounts over US$1,500,001. With respect to West Loop I & II, the percentages can range from 5.0% of the cost of a construction project for amounts up to US$100,000, 3.5% for amounts between US$100,001 and US$500,000 and 2.0% for amounts over US$500,000.
	Payable to the Leasing Agents	
	Leasing Services Commissions	Under the Leasing Services Agreements, the Leasing Agents are entitled to leasing services commissions, which are payable in cash. **Leasing services commissions for procuring leases with new tenants** The Leasing Agents are entitled to certain leasing services commissions for procuring leases with new tenants. In relation to The Plaza Buildings, Westmoor Center and Bellevue Technology Center, each of the Leasing Agent's commission can range from US$0.75 to US$1.00 per square foot per year of the lease term for years 1 to 5 of the initial lease term and US$0.25 to US$0.50 per square foot per year for years 6 to 10 of the lease term for the initial lease term.

	Payable by Keppel-KBS US REIT	Amount payable
		In relation to Powers Ferry and Northridge I & II, each of the Leasing Agent's commission can range from 2% to 4% of the base rental rate for the initial lease term. The Leasing Agent is also entitled to a procurement fee (which is part of the leasing services commission payable to the Leasing Agent on leases with new tenants) equal to one half or one month's full base rental. In relation to West Loop I & II, Maitland Promenade II and Iron Point each of the Leasing Agent's commission can range from 2% to 4% of the base rental rate for the initial lease term. In relation to Westech 360, Great Hills Plaza and 1800 West Loop South, each of the Leasing Agent's commission can range from 2% to 4% of the base rental rate (including additional rent) for the initial lease term. No leasing services commission is payable to the Leasing Agent for a lease term in excess of ten years. **Leasing services commissions for procuring lease renewals** The Leasing Agents are entitled to certain leasing services commissions for procuring leases renewals. In relation to Powers Ferry, West Loop I & II, Great Hills Plaza, Westech 360 and 1800 West Loop South, each of the Leasing Agent's commission can range from 2% to 4% of the base rental rate (including additional rent) for the initial lease term. In relation to Iron Point and Northridge I & II, each of the Leasing Agent's commission can range from 1.25% to 2.5% of the base rental rate for the initial lease term. In relation to Westmoor Center, Bellevue Technology Center and The Plaza Buildings, each of the Leasing Agent's commission is US$0.50 per square foot per year of the lease term for years 1 to 5 of the initial lease term and can range from US$0.25 to US$0.50 per square foot per year for years 6 to 10 of the lease term for the initial lease term. In relation to Maitland Promenade II, the Leasing Agent's commission on lease renewals is computed based upon the rate then prevalent in the applicable market for comparable transactions as reasonably determined by the parties. The Leasing Agent's commission for lease renewals will be benchmarked to third party brokers' commissions for new leases, which would be approximately 2% to 4% of the base rental rate of the lease.

	Payable by Keppel-KBS US REIT	Amount payable
		Leasing services commissions for procuring lease expansions Save for The Plaza Buildings and Bellevue Technology Center, the Leasing Agents are entitled to certain leasing services commissions for procuring lease expansions, which can range from 2% to 4% of the base rental rate for the initial lease term, or in the case of Westmoor Center, from US$0.25 to US$0.50 per square feet per year of the lease term for the initial lease term.

The rationale for each of the fees payable by Keppel-KBS US REIT or its subsidiaries to the Manager in connection with the establishment and on-going management and operation of Keppel-KBS US REIT and its subsidiaries are as follows:

- **Management Fee (payable to the Manager)** – The Manager's Management Fee comprises the Base Fee and the Performance Fee which make up a substantial portion of the Manager's total remuneration for the provision of on-going management services to Keppel-KBS US REIT, covering functions such as investment management, asset management, capital management, accounting, compliance and investor relations, rendered by a professional licensed REIT manager on a full time and dedicated basis.

  - **Base Fee** – The Base Fee, which is based on the value of Annual Distributable Income, is recurring and enables the Manager to cover operational and administrative overhead incurred in the management of the portfolio. The Base Fee is based on a fixed percentage of the Annual Distributable Income which is commensurate with the complexity and efforts required of the Manager in managing Keppel-KBS US REIT.

  - **Performance Fee** – The Performance Fee, which is based on and linked to DPU, is a measure of the Manager's continuing efforts to retain existing tenants and attract new tenants to its Properties, with the aim of maintaining income stability and a stable lease expiry profile. This takes into account the long term interest of Unitholders as the Manager is motivated and incentivised to achieve income stability by ensuring the long-term sustainability of the assets through proactive asset management strategies, asset enhancement initiatives and acquisitions of quality assets with strong fundamentals. As such, to achieve income sustainability, the Manager will not take on excessive short-term risks, and will strive to manage Keppel-KBS US REIT in a balanced manner.

- **Acquisition Fee and Divestment Fee (payable to the Manager)** – The Acquisition Fee and Divestment Fee payable to the Manager seek to motivate and compensate the Manager for the time, effort and cost spent by the management team of the Manager (in the case of the Acquisition Fee) in sourcing, evaluating and executing new investments to grow Keppel-KBS US REIT or, (in the case of the Divestment Fee) in rebalancing and unlocking the underlying value of existing properties where they have reached a stage which offers limited scope for further growth. The Manager provides these services over and above the provision of on-going management services with the aim of enhancing long-term returns and achieving the investment objectives of Keppel-KBS US REIT.

The Divestment Fee is lower than the Acquisition Fee because there is generally less work required to be undertaken in terms of sourcing, evaluating and conducting due diligence for a disposal. As the Divestment Fee for all disposals is the same, the Manager will also be incentivised to sell a Property at the best price.

- **Development Management Fee (payable to the Manager)** – The development management fee allows the Manager to recover the cost of providing resources to manage the development projects, which is outside the scope of the usual operations of the Manager. This serves to incentivise the Manager to undertake development projects that will enhance returns for Unitholders, thereby aligning the Manager's interests with the interests of Unitholders.

THE OFFERING

Keppel-KBS US REIT	A REIT established in Singapore and constituted by the Trust Deed.
The Manager	Keppel-KBS US REIT Management Pte. Ltd., in its capacity as manager of Keppel-KBS US REIT.
The Sponsors	Keppel Capital Holdings Pte. Ltd. and KBS Pacific Advisors Pte. Ltd.
The Trustee	Perpetual (Asia) Limited, in its capacity as trustee of Keppel-KBS US REIT.
The Offering	262,772,400 Units offered under the Placement Tranche and the Public Offer, subject to the Over-Allotment Option.
The Placement Tranche	228,681,800 Units offered by way of an international placement to investors, other than the Relevant Entities and the Cornerstone Investors, pursuant to the Offering. The Units have not been and will not be registered under the Securities Act and, accordingly, may not be offered or sold within the United States except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. The Units are being offered and sold in offshore transactions as defined in and in reliance on Regulation S.
The Public Offer	34,090,600 Units offered by way of a public offer in Singapore.
Clawback and Re-allocation	The Units may be re-allocated between the Placement Tranche and the Public Offer at the discretion of the Joint Bookrunners (in consultation with the Manager), subject to the minimum unitholding and distribution requirements of the SGX-ST, in the event of an excess of applications in one and a deficit in the other.
Subscription by the Relevant Entities	Concurrently with, but separate from the Offering, KCIH and KBS SORP LLC have each entered into a Relevant Entities Subscription Agreement to subscribe for an aggregate of 119,427,199 Units, conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the date and time on which the Units are issued as settlement under the Offering (the "**Settlement Date**").

Subscription by the Cornerstone Investors	Concurrently with, but separate from the Offering, each of Affin Hwang Asset Management Bhd, Credit Suisse AG, Singapore Branch and Credit Suisse AG, Hong Kong Branch (on behalf of certain of their private banking clients), DBS Bank Ltd. and DBS Bank Ltd. (on behalf of certain private banking clients) and Hillsboro Capital, Ltd. (collectively, the "**Cornerstone Investors**") has entered into a separate subscription agreement to subscribe for an aggregate of 246,365,400 Units at the Offering Price, conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date. In the event that any one or more of the Cornerstone Investors fails to subscribe for and pay for the Cornerstone Units which they have committed to subscribe, the Offering may still proceed and subscribers of the Units to be issued under the Offering will still be required to pay for and complete their subscriptions pursuant to the Offering. (See "Ownership of the Units – Subscription By the Cornerstone Investors – Information on the Cornerstone Investors" for further details.)
Offering Price	US$0.88 per Unit
Subscription for Units in the Public Offer	Investors applying for Units by way of Application Forms or Electronic Applications (both as referred to in Appendix G, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore") in the Public Offer will pay the Offering Price (such amount being US$0.88 based on the exchange rate of US$1.00 to S$1.3592, as determined by the Manager) on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case, without interest or any share of revenue or other benefit arising therefrom) where: (i) an application is rejected or accepted in part only; or (ii) the Offering does not proceed for any reason. For the purpose of illustration, an investor who applies for 1,000 Units by way of an Application Form or an Electronic Application under the Public Offer will have to pay S$1,190.61 (such amount being US$880.00 based on the exchange rate of US$1.00 to S$1.3592, as determined by the Manager), which is subject to a refund of the full amount or the balance thereof (without interest or any share of revenue or other benefit arising therefrom), as the case may be, upon the occurrence of any of the foregoing events. **The minimum initial subscription is for 1,000 Units. An applicant may subscribe for a larger number of Units in integral multiples of 100.**

	Subscriptions under the Public Offer must be paid for in Singapore dollars (based on the exchange rate of US$1.00 to S$1.3592). No fee is payable by applicants for the Units, save for an administration fee for each application made through ATM and the internet banking websites of the Participating Banks, and the mobile banking interface of DBS Bank Ltd.
Unit Lenders	KCIH and KBS SORP LLC, an indirect wholly-owned subsidiary of KBS SOR.
Over-Allotment Option	In connection with the Offering, the Joint Bookrunners have been granted the Over-Allotment Option by the Unit Lenders, exercisable by the Stabilising Manager (or any of its affiliates or other persons acting on its behalf), in consultation with the other Joint Bookrunners, in full or in part, on one or more occasions, to acquire from the Unit Lenders, in any proportion between them as may be determined by the Stabilising Manager in consultation with the other Joint Bookrunners, up to an aggregate of 31,428,200 Units at the Offering Price, representing not more than 12.0% of the total number of Units in the Offering Solely to cover the over-allotment of Units (if any) made in connection with the Offering. The Over-Allotment Option is exercisable from the Listing Date but no later than the earliest of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought, on the SGX-ST, an aggregate of 31,428,200 Units, representing 12.0% of the total number of Units in the Offering, to undertake stabilising actions to purchase up to an aggregate of 31,428,200 Units (representing 12.0% of the total number of Units in the Offering), at the Offering Price. Unless indicated otherwise, all information in this document assumes that the Over-Allotment Option is not exercised. (See "Plan of Distribution" for further details.) The total number of Units in issue immediately after the close of the Offering will be 628,565,000 Units. The exercise of the Over-Allotment Option will not increase this total number of Units in issue. The total number of Units subject to the Over-Allotment Option will not exceed 12.0% of the total number of Units under the Placement Tranche and the Public Offer.

Lock-ups	Each of KCIH, KC, KBS SOR (BVI) Holdings Ltd ("**KBS BVI**"), KBS Strategic Opportunity Limited Partnership ("**KBS SOLP**"), KBS SOR and KBS SORP LLC has agreed to (i) a lock-up arrangement during the the period commencing from the date of issuance of the Units until the date falling 6 months after the Listing Date (both dates inclusive) (the "**First Lock-up Period**") in respect of all their direct and indirect effective interest in the Units subject to the lock-up arrangement (comprising the Units held by KCIH and subject to the lock-up arrangement (the "**KCIH Lock-up Units**") and the Units held by KBS SORP LLC and subject to the lock-up arrangement (the "**KBS SORP LLC Lock-up Units**"), as the case may be, (collectively the "**Lock-up Units**") and (ii) a lock-up arrangement during the period immediately following the First Lock-up Period until the date falling 12 months after the Listing Date (the "**Second Lock-up Period**") in respect of all their direct and indirect effective interest in 50.0% of the relevant Lock-up Units, subject to certain exceptions. Save for DBS Bank Ltd. in respect of its own investment, the Cornerstone Investors are not subject to any lock-up restrictions in respect of their Unitholdings. DBS Bank Ltd. has agreed to a lock-up arrangement during the First Lock-Up Period in respect of its interest in the DBS Cornerstone Units (as defined herein) held by it, subject to certain exceptions. For the avoidance of doubt, the Units held by DBS Bank Ltd. (on behalf of certain private banking clients) will not be subject to any lock-up restrictions. The Manager has also undertaken not to offer, issue or contract to issue any Units, and to not make any announcements in connection with any of the foregoing transactions, during the First Lock-up Period, subject to certain exceptions. (See "Plan of Distribution – Lock-up Arrangements" for further details.)
Capitalisation	US$553.1 million (see "Capitalisation and Indebtedness" for further details.)
Use of Proceeds	See "Use of Proceeds" and "Certain Agreements Relating to Keppel-KBS US REIT and the Properties – Portfolio Purchase and Sale Agreement" for further details.

Listing and Trading	Prior to the Offering, there was no market for the Units. Application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST: • all the Units comprised in the Offering; • all the Relevant Entities Units; • all the Cornerstone Units; and • all the Units which may be issued to the Manager from time to time in full or part payment of the Manager's fees (see "The Manager and Corporate Governance – The Manager of Keppel-KBS US REIT – Fees Payable to the Manager" for further details). Such permission will be granted when Keppel-KBS US REIT is admitted to the Official List of the SGX-ST. The Units will, upon their issue, be listed and quoted on the SGX-ST and will be traded in US dollars under the book-entry (scripless) settlement system of CDP. The Units will be traded in board lot sizes of 100 Units.
Stabilisation	In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) may, in consultation with the other Joint Bookrunners and at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations (including the SFA and any regulations thereunder). Such transactions may commence on or after the date of commencement of trading in the Units on the SGX-ST and, if commenced, may be discontinued at any time and shall not be effected after the earliest of (i) the date falling 30 days from the Listing Date or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an aggregate of 31,428,200 Units representing not more than 12.0% of the total number of Units in the Offering, to undertake stabilising actions to purchase up to an aggregate of 31,428,200 Units (representing not more than 12.0% of the total number of Units in the Offering), at the Offering Price. (See "Plan of Distribution – Over-Allotment and Stabilisation" for further details.)

No Redemption by Unitholders	Unitholders have no right to request the Manager to redeem their Units while the Units are listed. Unitholders may only deal in their listed Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.
Distribution Policy and Distribution Currency	Distributions from Keppel-KBS US REIT to Unitholders will be computed based on 100.0% of Keppel-KBS US REIT's Annual Distributable Income for the period from the Listing Date to the end of Projection Year 2019. Thereafter, Keppel-KBS US REIT will distribute at least 90.0% of its Annual Distributable Income on a semi-annual basis. The first distribution, which will be in respect of the period from the Listing Date to 30 June 2018 ("**First Distribution**"), will be paid by the Manager on or before 30 September 2018. Distributions will be declared in US dollars. Each Unitholder will receive his distribution in Singapore dollars equivalent of the US dollar distribution declared, unless he elects to receive the relevant distribution in US dollars by submitting a "Distribution Election Notice" by the relevant cut-off date. For the portion of the distributions to be paid in Singapore dollars, the Manager will make the necessary arrangements to convert the distributions in US dollars into Singapore dollars, at such exchange rate as the Manager may determine, taking into consideration any premium or discount that may be relevant to the cost of exchange. CDP, the Manager, the Trustee or Keppel-KBS US REIT shall not be liable for any loss arising from the conversion of distributions payable to Unitholders from US dollars into Singapore dollars. Save for approved depository agents (acting as nominees of their customers), each Unitholder may elect to receive his entire distribution in Singapore dollars or US dollars and shall not be able to elect to receive distributions in a combination of Singapore dollars and US dollars. (See "Distributions" for further details.)
Singapore Tax Considerations	Keppel-KBS US REIT has obtained the Tax Rulings (as defined herein) in relation to certain Singapore income tax treatment of the income of Singapore Sub 1 (as defined herein), each Loan Subsidiary (as defined herein) and Keppel-KBS US REIT. The Tax Rulings are subject to certain terms and conditions. (See "Taxation" for further details.)

Termination of Keppel-KBS US REIT	Keppel-KBS US REIT can be terminated by either an Extraordinary Resolution (as defined herein) at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed or by the Manager or the Trustee under certain circumstances specified in the Trust Deed, for example, if Keppel-KBS US REIT is delisted permanently from the SGX-ST. (See "The Formation and Structure of Keppel-KBS US REIT – Termination of Keppel-KBS US REIT" for further details.)
Governing Law	The Trust Deed is governed by Singapore law.
Commission Payable by Keppel-KBS US REIT to the Joint Bookrunners	Maximum of 2.2% of the total proceeds of the Offering and the proceeds raised from the issuance of the Cornerstone Units (the "**Underwriting, Selling and Management Commission**"). (See "Plan of Distribution – Issue Expenses" for further details.)
Risk Factors	**Prospective investors should carefully consider certain risks connected with an investment in the Units, as discussed under "Risk Factors".**

INDICATIVE TIMETABLE

An indicative timetable for the Offering is set out below for the reference of applicants for the Units:

Date and time		Event
2 November 2017, 8.00 p.m.	:	Opening date and time for the Public Offer.
7 November 2017, 12 noon	:	Closing date and time for the Public Offer.
8 November 2017	:	Balloting of applications under the Public Offer, if necessary. Commence returning or refunding of application monies to unsuccessful or partially successful applicants and commence returning or refunding of application monies to successful applicants for the amount paid in excess of the Offering Price, if necessary.
9 November 2017 before 2.00 p.m.	:	Completion of the acquisition of the Properties.
9 November 2017, 2.00 p.m.	:	Commence trading on a "ready" basis.
14 November 2017	:	Settlement date for all trades done on a "ready" basis on 9 November 2017.

The above timetable is indicative only and is subject to change. It assumes:

- that the closing of the application list relating to the Public Offer (the "**Application List**") is 7 November 2017;
- that the Listing Date is 9 November 2017;
- compliance with the SGX-ST's unitholding spread requirement; and
- that the Units will be issued and fully paid up prior to 2.00 p.m. on 9 November 2017.

All dates and times referred to above are Singapore dates and times.

Trading in the Units through the SGX-ST on a "ready" basis will commence at 2.00 p.m. on 9 November 2017 (subject to the SGX-ST being satisfied that all conditions necessary for the commencement of trading in the Units through the SGX-ST on a "ready" basis have been fulfilled). The completion of the acquisition of the Properties is expected to take place before 2.00 p.m. on 9 November 2017 (see "Certain Agreements Relating to Keppel-KBS US REIT and the Properties – Portfolio Purchase and Sale Agreement" for further details).

If Keppel-KBS US REIT is terminated by the Manager or the Trustee under the circumstances specified in the Trust Deed prior to, or the acquisition of the Properties is not completed by, 2.00 p.m. on 9 November 2017 (being the time and date of commencement of trading in the Units through the SGX-ST), the Offering will not proceed and the application monies will be returned in full (without interest or any share of revenue or other benefit arising therefrom and at each applicant's own risk and without any right or claim against Keppel-KBS US REIT, the Manager, the Trustee, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners or the Sponsors).

In the event of any early or extended closure of the Application List or the shortening or extension of the time period during which the Offering is open, the Manager will publicly announce the same:

- via SGXNET, with the announcement to be posted on the internet at the SGX-ST website: http://www.sgx.com; and

- in one or more major Singapore newspapers, such as *The Straits Times* and *The Business Times*.

For the date on which trading on a "ready" basis will commence, investors should monitor SGXNET, the major Singapore newspapers, or check with their brokers.

The Manager will provide details and results of the Public Offer through SGXNET and in one or more major Singapore newspapers, such as *The Straits Times* and *The Business Times*.

The Manager reserves the right to reject or accept, in whole or in part, or to scale down or ballot any application for Units, without assigning any reason, and no enquiry and/or correspondence on the decision of the Manager will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

Where an application is accepted or rejected in part only or if the Offering does not proceed for any reason, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, and without any right or claim against Keppel-KBS US REIT, the Manager, the Trustee, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners or the Sponsors.

Where an application is not successful, the refund of the full amount of the application monies (without interest or any share of revenue or other benefit arising therefrom) to the applicant, is expected to be completed, at his own risk within 24 hours after balloting (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix G, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore").

Where an application is accepted in full or in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 days on which the SGX-ST is open for trading in securities ("**Market Days**") after the close of the Offering (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix G, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore").

Where the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will, within three Market Days after the Offering is discontinued, be returned to the applicants at their own risk (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix G, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore").

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The Unaudited Pro Forma Consolidated Financial Information has been prepared for illustrative purposes only and on the basis of the assumptions and accounting policies set out in Appendix B "Reporting Auditor's Report on the Unaudited Pro Forma Consolidated Financial Information", and hence, may not give a true picture of the actual profit or loss and financial position of Keppel-KBS US REIT. The Unaudited Pro Forma Consolidated Financial Information should be read together with these assumptions and accounting policies.

Unaudited Pro Forma Consolidated Statement of Financial Position(1)

	As at 31 December 2016 US$'000	As at 30 June 2017 US$'000
Current Assets:		
Cash and cash equivalents	28,995	28,995
Prepaid expenses and other assets	460	460
Total current assets	29,455	29,455
Non-Current Assets:		
Investment properties	804,000	804,000
Total non-current assets	804,000	804,000
Total assets	833,455	833,455
Current Liabilities:		
Accounts payable and accrued liabilities	12,381	12,381
Other liabilities	3,913	3,913
Total current liabilities	16,294	16,294
Non-current Liabilities:		
Loans and Borrowings	286,546	286,546
Rental security deposits	3,161	3,161
Preferred shares	1,625	1,625
Total non-current liabilities	291,332	291,332
Total liabilities	307,626	307,626
Net assets attributable to Unitholders	525,829	525,829
Units in issue ('000)	628,565	628,565
Net asset value per Unit (US$)	0.84	0.84

Note:

(1) Based on the Offering Price of US$0.88 per Unit (equivalent to S$1.1961 per Unit).

Unaudited Pro Forma Consolidated Statements of Comprehensive Income

	Year ended 31 December 2014 US$'000	Year ended 31 December 2015 US$'000	Year ended 31 December 2016 US$'000	Period ended 30 June 2016 US$'000	Period ended 30 June 2017 US$'000
Revenue:					
Rental income	54,369	58,208	62,694	30,489	32,139
Recoveries income	12,111	13,750	14,159	6,986	8,269
Other operating income	2,464	3,117	3,220	1,511	1,891
Gross Revenue	68,944	75,075	80,073	38,986	42,299
Expenses:					
Operating, maintenance and management	(22,288)	(24,168)	(25,274)	(12,295)	(12,254)
Real estate taxes and insurance	(9,938)	(9,871)	(10,206)	(5,091)	(5,803)
Property expenses	(32,226)	(34,039)	(35,480)	(17,386)	(18,057)
Net Property Income	36,718	41,036	44,593	21,600	24,242
Manager's Base Fee	(1,681)	(2,381)	(2,893)	(1,403)	(1,767)
Manager's Performance Fee	–	(1,603)	(1,247)	(624)	(782)
Trustee's fee	(168)	(168)	(168)	(84)	(84)
General and administrative expenses	(2,596)	(2,726)	(2,862)	(1,431)	(1,503)
Finance expenses	(10,627)	(11,258)	(11,781)	(5,809)	(6,091)
Net income before tax, fair value change in investment properties and other non-operating income	21,646	22,900	25,642	12,249	14,015
Finance income	15	12	3	1	7
Fair value change in investment properties	(10,729)	(3,830)	(1,604)	(624)	729
Tax expense	(5,390)	(5,587)	(5,739)	(2,848)	(2,924)
Net income after tax and fair value change in investment properties	**5,542**	**13,495**	**18,302**	**8,778**	**11,827**

Unaudited Pro Forma Consolidated Statement of Cash Flows

	Year ended 31 December 2016 US$'000	Period ended 30 June 2017 US$'000
Cash flows from operating activities:		
Net income before tax	23,301	15,585
Adjustments for:		
Straight-line rent and amortisation of lease incentives	(3,208)	(286)
Manager's fee paid/payable in Units	3,055	1,906
Finance expenses[(1)]	9,848	5,116
Amortisation of lease commissions	244	362
Fair value change in investment properties	6,409	(76)
Amortisation of debt related transaction costs	579	289
Changes in working capital:		
Rent and other receivables	(808)	(735)
Prepaid expenses and other assets	(11)	15
Accounts payable and accrued liabilities	(31)	(860)
Other liabilities	(183)	(2,883)
Net cash flows generated from operating activities	39,195	18,433
Cash flows from investing activities:		
Acquisition of investment properties and related assets and liabilities	(785,005)	–
Additions to investment properties	(20,160)	(10,241)
Payments of capital expenditures payable assumed at acquisition	(5,800)	–
Acquisition costs	(3,445)	–
Cash flows used in investing activities	(814,410)	(10,241)
Cash flows from financing activities:		
Proceeds from issuance of units	553,137	–
Payments of costs related to issuance of units	(23,863)	–
Proceeds from debt financings	289,440	–
Increase in borrowings for capital expenditures	20,160	10,241
Payment of debt related transaction costs	(2,894)	–
Proceeds from preferred shares	1,625	–
Financing expense paid on loans and borrowings	(8,840)	(4,991)
Financing expense paid on preferred shares	(203)	(102)
Distribution to unitholders	(15,274)	(15,274)
Cash flows generated from/(used in) financing activities	813,288	(10,126)
Net increase/(decrease) in cash and cash equivalents	38,073	(1,934)
Cash and cash equivalents at beginning of the year/period	–	38,073
Cash and cash equivalents at end of the year/period	38,073	36,139

Note:

(1) Comprises finance expenses incurred on borrowings, dividends on preferred shares and amortisation of debt-related transaction costs and commitment fees.

PROFIT FORECAST AND PROFIT PROJECTION

Statements contained in the Profit Forecast and Profit Projection section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section of the Prospectus and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast and projected. 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 any of Keppel-KBS US REIT, the Sole Financial Adviser and Issue Manager, Joint Bookrunners and Underwriters, the Trustee, the Sponsors or any other person, or that these results will be achieved or are likely to be achieved. (See "Forward-looking Statements" and "Risk Factors" for further details.) Investors in the Units are cautioned not to place undue reliance on these forward-looking statements which are made only as of the date of this Prospectus.

None of Keppel-KBS US REIT, the Sole Financial Adviser and Issue Manager, Joint Bookrunners and Underwriters, the Trustee, or the Sponsors guarantees the performance of Keppel-KBS US REIT, the repayment of capital or the payment of any distributions, or any particular return on the Units. The forecast and projected yields stated in the following table are calculated based on:

- ***the Offering Price; and***

- ***the assumption that the Listing Date is 1 January 2018.***

Such yields will vary accordingly if the Listing Date is not 1 January 2018, or for investors who purchase Units in the secondary market at a market price that differs from the Offering Price.

The following table shows Keppel-KBS US REIT's forecast and projected Consolidated Statements of Comprehensive Income and Distribution for Forecast Year 2018 and Projection Year 2019. The financial year end of Keppel-KBS US REIT is 31 December. The Profit Forecast and Profit Projection may be different to the extent that the actual date of issuance of Units is other than 1 January 2018, being the assumed date of the issuance of Units for the Offering. The Profit Forecast and Profit Projection are based on the assumptions set out below and have been examined by the Reporting Auditor, being Ernst & Young LLP, and should be read together with the report "Reporting Auditor's Report on the Profit Forecast and Profit Projection" set out in Appendix A, as well as the assumptions and the sensitivity analysis set out in this section of the Prospectus.

Forecast and Projected Consolidated Statements of Comprehensive Income and Distribution

The forecast and projected Consolidated Statements of Comprehensive Income and Distribution are as follows:

	Forecast Year 2018 (Full year from 1 January 2018 to 31 December 2018) (US$'000)	Projection Year 2019 (Full year from 1 January 2019 to 31 December 2019) (US$'000)
Gross Revenue	92,510	96,401
Property expenses	(38,142)	(40,149)
Net Property Income	**54,368**	**56,252**
Manager's Base Fee	(3,778)	(4,125)
Trustee's fee	(168)	(168)
Finance expenses(1)	(10,339)	(10,905)
Other trust expenses	(2,596)	(2,726)
Net Income before tax and fair value change in investment properties	**37,487**	**38,328**
Fair value change in investment properties	(7,571)	(1,562)
Net Income before tax	**29,916**	**36,766**
Tax expense	(5,544)	(5,926)
Net Income after tax and fair value change in investment properties	**24,372**	**30,840**
Distribution adjustments(2)	13,413	9,378
Income available for distribution to Unitholders	**37,785**	**40,218**
Number of Units issued and issuable at the end of the period/year ('000)	632,859	636,374
Distribution per Unit		
– US$ cents	5.97	6.32
– S$ cents(3)	8.07	8.51
Distribution Payout Ratio (%)	100.0%	100.0%
Offering Price (US$)	0.88	0.88
Distribution Yield	6.8%	7.2%

Notes:

(1) Finance expenses comprise interest expense on loans and borrowings, dividends on preferred shares, amortisation of debt-related transaction costs and commitment fees.

(2) "**Distribution adjustments**" includes expenses relating to the Manager's Fees to be paid in Units, amortisation of debt transaction costs, leasing commissions and free rent incentives, straight-line adjustments, fair value changes in investment properties, deferred tax expense, Trustee's Fees and other adjustments related to non-cash items or timing differences in income and expenses.

(3) Based on the exchange rate assumption of US$1.00 to S$1.3519 for Forecast Year 2018 and US$1.00 to S$1.3462 for Projection Year 2019.

RISK FACTORS

An investment in the Units involves risk. Prospective investors should consider carefully, together with all other information contained in this Prospectus, the factors described below before deciding to invest in the Units. The risks described below are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Manager or which may not be material now but could turn out to be material in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on Keppel-KBS US REIT and impair the business operations of Keppel-KBS US REIT. The business, financial condition, results of operations and prospects of Keppel-KBS US REIT could be materially and adversely affected by any of these risks, which may reduce the ability of Keppel-KBS US REIT to make distributions to Unitholders.

This Prospectus also contains forward-looking statements (including a profit forecast and profit projection) that involve risks, uncertainties and assumptions. The actual results of Keppel-KBS US REIT could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by Keppel-KBS US REIT as described below and elsewhere in this Prospectus.

As an investment in a REIT is meant to produce returns over the long-term, investors should not expect to obtain short-term gains.

Investors should be aware that the price of Units, and the income from them, may fall or rise. Investors should note that they may not get back their original investment.

Before deciding to invest in the Units, prospective investors should seek professional advice from their relevant advisers about their particular circumstances.

RISKS RELATING TO THE STRUCTURE OF 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 and the Sub-US REITs maintain their status as US REITs. 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 the Parent US REIT's or a Sub-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 which forfeited the Excess Units 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.

Changes in US tax laws may have adverse consequences.

US federal income tax laws governing US REITs and other US taxpayers and the administrative interpretations of those laws may be amended at any time, potentially with retroactive effect, and in a manner that is adverse to Keppel-KBS US REIT, the Parent US REIT and the Sub-US REITs and/or Unitholders.

According to publicly released statements, a top legislative priority of the current United States administration is to enact significant reform of the IRC in 2017. Such reform may include potentially reducing, modifying or even eliminating the deductibility of interest expense (among other potential changes to the taxation of business entities). Any such changes could materially and negatively affect Keppel-KBS US REIT, the Parent US REIT and the Sub-US REITs and/or Unitholders. By way of example, in the event of changes to the deductibility of interest payments, the interest payments made on the loan from Singapore Sub 2 to Parent US REIT might be impacted, potentially with adverse effects on the overall tax-efficiency of the US REIT operating structure of Keppel-KBS US REIT, the Parent US REIT and the Sub-US REITs. This in turn would potentially have an adverse impact on distributions to be paid to Unitholders.

Changes to the IRC are likely in the current environment because the US Presidency and the US Congress are controlled by the same political party. Although there is currently a substantial lack of clarity around the final details of any such tax reform and the impact of any such potential tax changes on Keppel-KBS US REIT, the Parent US REIT and the Sub-US REITs and/or Unitholders, it is expected that Congress will initially release proposed legislation shortly after the date of this Prospectus, with both houses of Congress working to create unified legislation for the President to sign, potentially as early as the last week in November 2017.

The Manager cannot predict when the proposed legislation will be released or when it might eventually be enacted as law. The Manager also cannot predict whether any proposed legislation will be, in substance, the same or similar to what is eventually passed and signed into law by the President. Accordingly, the Manager is unable to assess any short or long-term impact of the proposed legislation on Keppel-KBS US REIT, the Parent US REIT and the Sub-US REITs and/or the Unitholders. In addition, future legislation, new regulations, administrative interpretations or court decisions could adversely affect a US REIT's ability to qualify as a US REIT or adversely affect its interest holders, including Keppel-KBS US REIT and/or its Unitholders.

The Parent US REIT and the Sub-US REITs may lose their statuses as US REITs.

Qualification 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 or the Sub-US REITs continue to qualify as US REITs requires ongoing satisfaction of certain tests concerning, among other things, the nature of their assets, the sources of their income, and the amounts they distribute to their shareholders. While the Manager has taken and will continue to take measures to ensure that the Parent US REIT and the Sub-US REITs qualify as US REITs, some matters may not be totally within its control. For example, US REITs 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. The Manager believes that none of the rent received by the Sub-US REITs will be treated as based on the income or profits of any person, including tenants' payments of pass-through charges, such as the cost of utilities, property taxes and similar items that may be calculated by reference to net expense of avoided expense of the Sub-US REIT, but the IRS or a court may disagree.

Further, amounts otherwise qualifying as such rents will not qualify if the tenant is related to the US REIT. The Manager believes that the measures it will take 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 (or otherwise cause the US REITs to be deemed to own tenants of the Properties due to the application of the US constructive ownership rules). (See "Taxation – US Federal Income Tax Overview – US Federal Income Taxation of the Parent US REIT and the Sub-US REITs – Income Tests" for further details of when a tenant is considered to be related to a US REIT and other income test limitations.)

Technical or inadvertent breaches may jeopardise the US REIT status of the Parent US REIT and the Sub-US REITs. 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 or the Sub-US REITs to remain qualified as US REITs. In the event of loss of US REIT status, the Parent US REIT and the Sub-US REITs will be subject to US federal and state income tax at regular corporate rates, currently 35% (and any applicable state tax law). 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 or the Sub-US REITs fail to qualify as US REITs, they 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 or a Sub-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. (See "Taxation – US Federal Income Tax Overview – US Federal Income Taxation of the Parent US REIT and the Sub-US REITs" for further details.)

US REITs are required to distribute at least 90.0% 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 US REITs, the Parent US REIT and the Sub-US REITs are generally required to distribute at least 90.0% of their 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, they will be subject to a 4.0% non-deductible excise tax if the actual amount that they distribute in a calendar year is less than a minimum amount specified under US federal tax laws. Accordingly, they generally may not be able to retain sufficient cash from operations to repay debts, invest in properties or fund acquisitions. Their business and growth strategies depend, in part, upon the ability to raise additional capital at reasonable costs to repay their 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 and the Sub-US REITs may be unable to retain their qualification for taxation as US REITs.

Even if the Parent US REIT and the Sub-US REITs qualify and remain qualified as a US REIT, they may face other tax liabilities that reduce cash flow.

Even if the Parent US REIT and the Sub-US REITs qualify and remain qualified for taxation as US REITs, they may be subject to certain US federal, state and local taxes on their income and assets, including but not limited to, 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 Keppel-KBS US REIT and its subsidiaries (the "**Keppel-KBS US REIT 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.

Interest payments from the Parent US REIT to the Loan Subsidiaries (as defined herein) may be subject to US withholding.

Interest payments from the Parent US REIT to the Loan Subsidiaries attributable to the loans from the Loan Subsidiaries 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 and the certificates set forth in Appendix I. (See "Taxation – US Federal Income Tax Considerations – US Federal Income Taxation of Interest Payments from the Parent US REIT to the Loan Subsidiaries – Considerations Affecting Unitholders" and Appendix I for further details.) 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. (See "Distributions – Distributions will be reduced if Unitholder does not submit required US Tax Forms" for further details.)

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 IPO Portfolio is, and future Properties will be, located in the United States. As a result, Keppel-KBS US REIT's Gross 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 the 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 are entered 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, being unable to honour their commitments to Keppel-KBS US REIT.

While the US economy grew modestly in 2016, it is uncertain 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 currently no exchange control restrictions or limitations on foreign investment for 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 IPO Portfolio is, 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 each of The Plaza Buildings, Iron Point, Westmoor Center and 1800 West Loop South is expiring in 2018 and 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 any 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 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 to be acquired by Keppel-KBS US REIT 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.

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.

Keppel-KBS US REIT will be bound by existing restrictions and conditions in favour of the tenants.

A number of the tenancies in certain Properties contain restrictions and conditions from the existing landlord to the tenant which Keppel-KBS US REIT or its related entities would be required to honour or comply.

For example, Bellevue Technology Center, which consists of nine buildings built upon six lots of land, is governed by a Declaration of Restrictive Covenants, Conditions, Restrictions, Reservations and Easements for Unigard Park (the "**CC&Rs**"). The CC&Rs provide for generally standard restrictions and conditions for Bellevue Technology Center which include among others, restrictions on the use of Bellevue Technology Center by any other insurance company other than Unigard Insurance Company so long as Unigard Insurance Company owns any lot of land or is a lessee of any portion of a lot of land.

As at the date of this Prospectus, Unigard Insurance Company is a tenant of Bellevue Technology Center occupying Suite 100 of Building E and as such, in accordance with the CC&Rs, no other insurance company can be a tenant of Bellevue Technology Center.

As the CC&Rs restrict insurance companies as part of the pool of potential tenants for Bellevue Technology Center, this may adversely affect Keppel-KBS US REIT's revenue and results of operations. Other similar restrictions and conditions in existing tenancies may likewise adversely affect Keppel-KBS US REIT's revenue and results of operations.

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".)

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 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 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 at 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 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 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 issue 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 they may be required to incur 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 IPO Portfolio. 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 programs. 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, require or cause Keppel-KBS US REIT to make material investments in its properties which could materially and adversely affect Keppel-KBS US REIT's financial condition and results of operations.

Some of the Properties may be exposed to potential liability arising from their non-compliance with the relevant local zoning regulations in the US.

It is customary for institutional buyers of commercial real estate in the US to procure a third-party company to prepare a zoning report to determine whether a property is in compliance with local zoning standards. In connection therewith, the Manager has engaged a third-party consultant that specialises in zoning due diligence to prepare the zoning reports. Based on the zoning reports received for the Properties, some of the Properties do not comply with the relevant local zoning regulations with regards to matters including, among others, building set-back lines, building height limitations, floor area ratio and parking stall formula. For example, the Northridge Center is non-confirming as to parking set-backs, with approximately 35 parking stalls constructed too close to the property boundary. The city of Sandy Springs has confirmed that it currently has no plans to enforce the set-back requirements or to require that the encroaching spaces be removed. However, these parking stalls would likely need to be removed if the city of Sandy Springs chooses to enforce the set-back requirements in the future. The Property would still be in compliance with zoning requirements if such parking stalls were removed. Due to changes in local zoning requirements, Powers Ferry, West Loop I & II and The Plaza Buildings, which were built in compliance with then-applicable zoning requirements, do not comply with the current relevant local zoning regulations. If such Properties sustain a casualty and the cost of repair does not exceed a specified threshold, the relevant building can be rebuilt as-is. However, if the cost of repair exceeds the specified threshold, Keppel-KBS US REIT would need to rebuild the building in conformance with the then-existing zoning requirements, or seek a variance from the relevant zoning authority to rebuild the building as-is. If such variance is not granted, the building would need to be rebuilt in compliance with current zoning regulations. (See "Overview of Relevant Laws and Regulations in the US – Relevant Laws and Regulations in the United States – Land Use (Zoning) and Building Controls".) As of the date of this Prospectus, the Manager believes that the non-confirming status of each of Northridge Center I & II, Powers Ferry, West Loop I & II and The Plaza Buildings would not have a significant adverse impact on Keppel-KBS US REIT.

Notwithstanding that the zoning reports do not recommend Keppel-KBS US REIT to take any remedial action to rectify the non-compliance, there is no assurance that the relevant authorities will not require Keppel-KBS US REIT to remedy the situation. In the event that Keppel-KBS US REIT is required to ensure Properties comply with the relevant local zoning regulations, additional expenses might be incurred and this may have an adverse effect on the business, financial condition, results of operations and/or prospects of Keppel-KBS US REIT and its ability to make distributions to the Unitholders.

Consistent with commercial real estate practices in the United States, Keppel-KBS US REIT will obtain a title insurance policy for each property in the IPO Portfolio which will insure Keppel-KBS US REIT against certain risks related to title of the properties (and against violations of certain zoning requirements applicable to the Properties, for example issuing an endorsement providing coverage regarding (i) the zoning classification of the Property and (ii) the types of uses allowed under such classification, save for Properties located in Texas, as such zoning endorsements are unavailable in Texas) for 100% of the relevant Property's purchase price. (See "Overview of Relevant Laws and Regulations in the United States – Relevant Laws and Regulations in the United States – Recording and Title Insurance".) However, Keppel-KBS US REIT may not have recourse under the title insurance policies for all losses or liabilities which it might suffer or incur in connection with the Properties. (See "Risk Factors – Risks relating to the Properties – The representations, warranties and indemnities granted in favour of Keppel-KBS US REIT by the vendors of the Properties are subject to limitations as to their scope, amount and timing of claims which can be made thereunder".)

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 be in the future 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 revenue and the value of its Properties could decline materially.

Physical damage to the Properties resulting from fire, earthquakes, floods 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 representations, warranties and indemnities granted in favour of Keppel-KBS US REIT by the vendors of the Properties are subject to limitations as to their scope, amount and timing of claims which can be made thereunder.

Consistent with commercial real estate practices in the United States, the representations, warranties and indemnities granted in favour of Keppel-KBS US REIT in the Portfolio Purchase and Sale Agreement are subject to limitations as to the scope, amount and the timing of claims which can be made thereunder. (See "Certain Agreements Relating to Keppel-KBS US REIT and the Properties – Portfolio Purchase and Sale Agreement" for further details of such limitations.) Also consistent with commercial real estate practices in the United States, Keppel-KBS US REIT will obtain a title insurance policy for each Property in the IPO Portfolio which will insure Keppel-KBS US REIT against certain risks related to title to the Properties (and against violations of certain zoning requirements applicable to the Properties) for 100.0% of the relevant property's purchase price. (See "Overview of Relevant Laws and Regulations in the United States – Relevant Laws and Regulations in the United States – Recording and Title Insurance".)

Keppel-KBS US REIT may not have recourse under the Portfolio Purchase and Sale Agreement or the title insurance policies for all losses or liabilities which it might suffer or incur in connection with the Properties and it will need to rely on its own due diligence in addition to the indemnities provided by the vendors and the title insurance provided by the title insurance companies to help mitigate against the risk of such losses and liabilities. While the Manager believes that reasonable due diligence has been, and will be, performed with respect to the Properties and that the due diligence conducted has not raised any material adverse findings in relation to the Properties, there can be no assurance that there will not be any losses or liabilities suffered by Keppel-KBS US REIT in connection with the Properties beyond the limits of the recourse under the indemnities and title insurance. In the event that Keppel-KBS US REIT suffers losses or liabilities in connection with the Properties which it has no recourse or only limited recourse to under the Portfolio Purchase and Sale Agreement or the title insurance policies, its financial condition, business, results of operations and/or prospects may be materially adversely affected. (See "Certain Agreements Relating to Keppel-KBS US REIT and the Properties – Portfolio Purchase and Sale Agreement".)

The due diligence exercise on the Properties, tenancies, buildings 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 IPO Portfolio were, and with respect to future acquisitions will be, conducted prior to their acquisition. However, there is no assurance that Properties will not have defects or deficiencies requiring repair, maintenance or replacement (including design, construction or other latent property or equipment defects in Properties which may require additional capital expenditures, special repair, maintenance expenses, the payment of damages or 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 office 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.

The Properties may face increased competition from other properties.

The current 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 or 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, after the Offering, 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 currently owned and subsequently acquired could be reduced, and the ability of Keppel-KBS US REIT to make regular distributions to its Unitholders may be adversely affected. (See "Business and Properties – The Plaza Buildings – Competition", "Business and Properties – Bellevue Technology Center – Competition", "Business and Properties – Iron Point – Competition", "Business and Properties – Westmoor Center – Competition", "Business and Properties – Great Hills Plaza – Competition", "Business and Properties – Westech 360 – Competition", "Business and Properties – West Loop I & II – Competition", "Business and Properties – 1800 West Loop South – Competition", "Business and Properties – Powers Ferry – Competition", "Business and Properties – Northridge Center – Competition" and "Business and Properties – Maitland Promenade II – Competition" for further details.)

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.

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 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.

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 may be adversely affected. Even if Keppel-KBS US REIT were able to successfully acquire 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 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 the 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. (See "Certain Agreements relating to Keppel-KBS US REIT and the Properties – Keppel Management Agreement" for further details on the services provided by KCI to the Manager). There can be no assurance that there will not be any disagreements between the Manager and KCI. While the Manager and KCI are obliged to work 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 Sub-US REITs, including supporting the execution, through the Parent US REIT and/or the Sub-US REITs 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 Sub-US REITs, in each case subject to the duties and responsibilities of the respective boards of directors of the Parent US REIT and the Sub-US REITs. (See "Certain Agreements Relating to Keppel-KBS US REIT and the Properties – KBS Management Agreement" for further details.) There can be no assurance that there will not be any disagreements between the Manager and the US Asset Manager. 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 at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units). As at the Listing Date, Keppel-KBS US REIT is expected to have gross borrowings of US$289.4 million, with total borrowings and deferred payments (if any) as a percentage of the Deposited Property (the "**Aggregate Leverage**") of approximately 36.0% based on the Offering Price. (See "Capitalisation and Indebtedness – Indebtedness" for further details.)

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 and the Facilities (as defined herein) and the debt covenants could limit or affect Keppel-KBS US REIT's operations.

As at the Listing Date, Keppel-KBS US REIT will have in place debt facilities (the "**Facilities**") obtained from Bank of America, Singapore Branch and Citibank N.A., Singapore Branch (together, the "**Lenders**"). Keppel-KBS US REIT is subject to risks associated with debt financing, including the risk that its cash flows will be insufficient to meet the required payments of principal and interest under such financing, and therefore to make distributions to Unitholders.

Distributions from Keppel-KBS US REIT to Unitholders will be computed based on at least 90.0% of Distributable Income. As a result of this distribution policy, Keppel-KBS US REIT may not be able to meet all of its obligations to repay any future borrowings through its cash on hand. 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 Keppel-KBS US REIT defaults under the Facilities, the Lenders may be able to declare a default and initiate enforcement proceedings in respect of any security provided, and/or call upon any guarantees provided.

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 may be subject to the risk that the terms of any refinancing undertaken (which may arise from a change of control provision) will be less favourable than the terms of the original borrowings. While Keppel-KBS US REIT is not subject to covenants that may limit or otherwise adversely affect its operations and its ability to make distributions to Unitholders as at the Latest Practicable Date, the terms of any refinancing undertaken in the future may contain such covenants and other covenants which may also restrict Keppel-KBS US REIT's ability to acquire properties or undertake other capital expenditure and may require it to set aside funds for maintenance or require Keppel-KBS US REIT to maintain certain financial ratios (e.g. loan to value ratios). The triggering of any of such covenants may have an adverse impact on Keppel-KBS US REIT's financial condition.

Keppel-KBS US REIT's level of borrowings may represent a higher level of gearing as compared to certain other types of unit trusts, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments. If prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial property loans) result in higher interest rates, the interest expenses relating to such refinanced indebtedness would increase, thereby adversely affecting Keppel-KBS US REIT's cash flows and the amount of funds available for distribution to the Unitholders.

The Facilities also contain certain change of control events (See "Capitalisation and Indebtedness" for details of the change of control events under the terms of the Facilities), which if triggered, may constitute events of default and/or mandatory prepayment events under the Facilities and the Lenders may be able to initiate enforcement proceedings in respect of any security provided, and/or call upon any guarantees provided.

Neither Keppel-KBS US REIT nor the Manager has a long established operating history.

Keppel-KBS US REIT was constituted on 22 September 2017, and the Manager was incorporated on 13 July 2017. Neither Keppel-KBS US REIT (as a REIT) nor the Manager (as the manager of Keppel-KBS US REIT) has sufficient operating histories by which their past performance may be judged. The lack of a long established operating history will make it more difficult for investors to assess Keppel-KBS US REIT's future performance. There is no assurance that Keppel-KBS US REIT will be able to generate sufficient revenue from operations to make distributions or that such distributions will be in line with those set out in "Profit Forecast and Profit Projection".

If the Manager's 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 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 cause it 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. (See "The Manager and Corporate Governance – The Manager of Keppel-KBS US REIT – Executive Officers of the Manager" for details of the executive officers of the Manager.) These key personnel may leave the employment of the Manager, the US Asset Manager each of 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.

While, to the Manager's knowledge, there have been no past material legal suits involving the Properties, legal proceedings against Keppel-KBS US REIT and/or its subsidiaries relating to property management and disputes over tenancies 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.

Possible change of investment strategies may adversely affect Unitholders' investments in Keppel-KBS US REIT.

The Manager may from time to time amend the investment strategies of Keppel-KBS US REIT if it determines that such change is in the best interests of Keppel-KBS US REIT and its Unitholders without seeking Unitholders' approval. In the event of a change of investment strategies, the Manager may, subject to the relevant laws, regulations and rules (including the Listing Manual), alter such investment strategies upon the expiry of three years from the Listing Date, provided that it has given not less than 30 days' prior notice of the change to the Trustee and Unitholders by way of an announcement on the SGX-ST. The methods of implementing Keppel-KBS US REIT's investment strategies may vary as new investment and financing techniques are developed or otherwise used. Such changes may adversely affect Unitholders' investments in Keppel-KBS US REIT.

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 Subsidiary REITs, 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 associated with a concentration of investments 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 may not be able to control or exercise any influence over entities in which it has minority interests.

Keppel-KBS US REIT may, in the course of acquisitions, acquire minority interests in real estate-related investment entities. There is no assurance that Keppel-KBS US REIT will be able to exercise active control over such entities and the management of such entities may make decisions which could adversely affect the operations of Keppel-KBS US REIT 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.

OTHER 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. Significant fluctuations in the exchange rates between such currencies will also, among others, affect the NAV of the Units and the foreign currency value of the proceeds which a Unitholder would receive upon sale of the Units in Singapore. In addition, the forecast and projected yields and yield growth of Keppel-KBS US REIT are calculated based on assumed exchange rates as set out in this Prospectus. As such, there can be no guarantee that Keppel-KBS US REIT will achieve such forecast and projected yields and yield growth should there be differences between the actual and assumed exchange rates. (See "Distributions" and "Exchange Rate Information – Exchange Controls" for further details.)

Keppel-KBS US REIT faces risks associated with their 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, one possible consequence is that the contract would be blocked thus prohibiting all transactions including payment of rent. Keppel-KBS US REIT would be required to obtain a licence from OFAC to terminate the lease or other agreement. While, to the Manager's knowledge, there have not been any past incidents arising from the OFAC Requirements that materially affected the Properties, any such termination could result in a loss of revenue or a damage claim by the other party that the termination was wrongful.

Leasing the Properties to US government tenants increases compliance risks.

Certain tenants of the Properties are federal government agencies. 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), may acquire real estate in connection with the exercise of the power of eminent domain. A compulsory acquisition of 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. (See "Overview of Relevant Laws and Regulations in the United States – Relevant Laws and Regulations in the United States – Condemnation" for further details.)

RISKS RELATING TO AN INVESTMENT IN THE UNITS

Sale or possible sale of a substantial number of Units by the Sponsors and/or their subsidiaries (following the lapse of any applicable lock-up arrangements), or the Cornerstone Investors in the public market could adversely affect the price of the Units.

Following the Offering, Keppel-KBS US REIT will have 628,565,000 issued Units, of which 119,427,200 Units will be held collectively by KC and KBS SORP LLC, being the wholly-owned subsidiaries of Relevant Entities, assuming the Over-allotment Option is not exercised and 246,365,400 Units will be held by the Cornerstone Investors. If any of the Relevant Entities and/or any of their transferees of the Units (following the lapse of the relevant respective lock-up arrangement, or pursuant to any applicable waivers) or any of the Cornerstone Investors sells or is perceived as intending to sell a substantial amount of its Units, or if a secondary offering of the Units is undertaken in connection with an additional listing on another securities exchange, the market price for the Units could be adversely affected (see "Plan of Distribution – Lock-up Arrangements" and "Ownership of the Units" for further details).

Keppel-KBS US REIT's ability to make distributions is dependent on the financial position of the Parent US REIT, the Sub-US REITs, 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 Sub-US REITs, 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 Sub-US REITs, 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 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 Sub-US REITs, 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.

Market and economic conditions may affect the market price and demand for the Units.

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of, and demand for, the Units.

An increase in market interest rates may have an adverse impact on the market price of the Units if the annual yield on the price paid for the Units gives investors a lower return as compared to other investments.

The NAV per Unit may be diluted if further issues are priced below the then current NAV per Unit.

The Trust Deed contemplates new issues of Units, the offering price for which may be above, at or below the then current NAV per Unit. The DPU may be diluted if new Units are issued and the use of proceeds from such issue of Units generates insufficient cash flow to cover the dilution. Where new Units, including Units which may be issued to the Manager in payment of the Manager's Management Fee, Acquisition Fee and/or Divestment Fee, are issued at less than the NAV per Unit, the then current NAV of each existing Unit may be diluted.

The rate of increase in rentals (if any) of the Properties and/or rental escalation in the lease agreements (if any) may be less than the inflation rate.

The rate of increase in rentals (if any) of the Properties and/or rental escalation in the lease agreements (if any) may be less than the inflation rate and therefore an investment in Keppel-KBS US REIT may not provide an effective hedge against inflation.

The laws and regulations in Singapore and/or the United States and the International Financial Reporting Standards ("IFRS") may change.

Keppel-KBS US REIT is a REIT constituted in Singapore and the Properties are located in the United States. The laws, regulations (including tax laws and regulations in Singapore and/or the United States) and the IFRS are subject to change. New laws and regulations may also be introduced in these jurisdictions. As a result, the financial statements of Keppel-KBS US REIT may be affected by these changes. The extent and timing of these changes in accounting standards are currently unknown and subject to confirmation by the relevant authorities. The Manager has not quantified the effects of these proposed changes and there can be no assurance that these changes will not have a significant impact on the presentation of Keppel-KBS US REIT's financial statements or on Keppel-KBS US REIT's results of operations. In addition, such changes may adversely affect the ability of Keppel-KBS US REIT to make distributions to Unitholders. There can be no assurance that any such changes to laws, regulations and accounting standards will not materially and adversely affect the business, financial condition and results of operations of Keppel-KBS US REIT.

Keppel-KBS US REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting REITs.

Keppel-KBS US REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting REITs. There is no assurance that new or revised legislation, regulations, guidelines or directives will not adversely affect REITs in general or Keppel-KBS US REIT specifically.

The Units will be listed and quoted on the SGX-ST and traded in US dollars and Unitholders who purchase Units may be subject to risks associated with exchange rate fluctuations.

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 the US dollar 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.

Entities operating in Singapore and the United States are subject to a variety of taxes and changes in legislation or the rules relating to such tax regimes could materially and adversely affect Keppel-KBS US REIT's business, prospects and results of operations.

The governments of each of Singapore or the United States may in the future amend the tax legislation or rules, regulations, guidelines and practice relating to taxation with either prospective or retroactive effect and this may affect the overall tax liabilities of the Singapore or US entities, respectively, in Keppel-KBS US REIT Group and result in significant additional taxes becoming payable by such entities. Such additional tax exposure could have a material adverse effect on Keppel-KBS US REIT Group's business, financial condition, cash flows and results of operations and consequentially may have a material adverse impact on distributions to be made by Keppel-KBS US REIT.

Keppel-KBS US REIT may not be able to comply with the terms of the Tax Rulings, or the Tax Rulings may be revoked or amended.

The Sponsors have obtained the Tax Rulings from the IRAS in relation to certain Singapore income tax treatment of the income of Singapore Sub 1, each Loan Subsidiary 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 each Loan Subsidiary and its transaction to be undertaken remain as represented to the IRAS and there are no other changes made to each Loan Subsidiary or its activities.

The Tax Rulings were made based on facts presented to the IRAS and IRAS' current interpretation and application of the existing tax law and the Tax Rulings will 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.

In addition, where a provision of the SITA is repealed or amended, the Tax Rulings shall automatically not apply from the date of the repeal or amendment to the extent that the repeal or the amendment changes the way the provision applies in the Tax Rulings. Further, the IRAS may at any time withdraw the Tax Rulings from such date specified, by notifying the Sponsors in writing of the withdrawal and the reasons therefor.

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 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.

Foreign Unitholders may not be permitted to participate in future rights issues or entitlements offerings by Keppel-KBS US REIT.

The Trust Deed provides that the Manager may, in its absolute discretion, elect not to extend an offer of Units under a rights issue to those Unitholders whose addresses, as registered with CDP, are outside Singapore. The rights or entitlements to the Units to which such Unitholders would have been entitled will be offered for sale and sold in such manner, at such price and on such other terms and conditions as the Manager may determine, subject to such other terms and conditions as the Trustee may impose. The proceeds of any such sale will be paid to the Unitholders whose rights or entitlements have been so sold, provided that where such proceeds payable to the relevant Unitholders are less than S$10.00, the Manager is entitled to retain such proceeds as part of the Deposited Property. The holding of the relevant holder of the Units may be diluted as a result of such sale.

The actual performance of Keppel-KBS US REIT and the Properties could differ materially from the forward-looking statements in this Prospectus.

This Prospectus contains forward-looking statements regarding, among others, forecast and projected distribution levels for the period from Forecast Year 2018 to Projection Year 2019. These forward-looking statements are based on a number of assumptions which are subject to uncertainties and contingencies that are outside of the Manager's control (see "Profit Forecast and Profit Projection – Assumptions" for further details).

Keppel-KBS US REIT's revenue is dependent on a number of factors, including the receipt of rental income from the Properties. This may adversely affect Keppel-KBS US REIT's ability to achieve the forecast and projected distributions as events and circumstances assumed may not occur as expected, or events and circumstances may arise which are not anticipated.

No assurance is given that the assumptions will be realised and the actual distributions will be as forecast and projected.

Property yield on real estate to be held by Keppel-KBS US REIT is not equivalent to distribution yield on the Units.

Generally, property yield depends on Net Property Income and is calculated as the amount of revenue generated by the properties, less the expenses incurred in maintaining, operating, managing and leasing the properties compared against the current value of the properties.

Distribution yield on the Units, however, depends on the distributions payable on the Units, after taking into account other expenses including (i) taxes, (ii) interest cost for the debt facilities, (iii) REIT management fees and trustee's fees and (iv) other operating costs including administrative fees of Keppel-KBS US REIT, as compared with the purchase price of the Units.

The Unaudited Pro Forma Consolidated Financial Information contained in this Prospectus is not necessarily indicative of the future performance of Keppel-KBS US REIT.

The Unaudited Pro Forma Consolidated Financial Information contained in this Prospectus is not necessarily indicative of the future performance of Keppel-KBS US REIT. (See "Unaudited Pro Forma Consolidated Financial Information" for further details.)

There is no assurance that the Properties will be able to generate sufficient revenue for Keppel-KBS US REIT to make distributions to Unitholders or that such distributions will be in line with those set out in "Profit Forecast and Profit Projection".

The Manager is not obliged to redeem Units.

Unitholders have no right to request that the Manager redeem their Units while the Units are listed on the SGX-ST. Unitholders may only deal in their listed Units through trading on the SGX-ST. Accordingly, apart from selling their Units through trading on the SGX-ST, Unitholders may not be able to realise their investments in Units.

If the Units are de-listed from the SGX-ST and are unlisted on any other recognised stock exchange, the Manager may, but is not obliged to, repurchase or cause the redemption of Units more than once a year in accordance with the Property Funds Appendix and a Unitholder has no right to request the repurchase or redemption of Units more than once a year.

The Units have never been publicly traded and the listing of the Units on the Main Board of the SGX-ST may not result in an active or liquid market for the Units.

There is no public market for the Units prior to the Offering and an active public market for the Units may not develop or be sustained after the Offering. The Manager has received a letter of eligibility from the SGX-ST to have the Units listed and quoted on the Main Board of the SGX-ST. However, listing and quotation does not guarantee that a trading market for the Units will develop or, if a market does develop, the liquidity of that market for the Units. Prospective Unitholders must be prepared to hold their Units for an indefinite length of time.

There is no assurance that the Units will remain listed on the SGX-ST.

Although it is intended that the Units will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Units. Among other factors, Keppel-KBS US REIT may not continue to satisfy the listing requirements. Accordingly, Unitholders will not be able to sell their Units through trading on the SGX-ST if the Units are no longer listed on the SGX-ST.

Certain provisions of the Take-over Code could have the effect of discouraging, delaying or preventing a merger or acquisition which could adversely affect the market price of the Units.

Under the Take-over Code, an entity is required to make a mandatory offer for all the Units not already held by it and/or parties acting in concert with it (as defined by the Take-over Code) in the event that an increase in the aggregate Unitholdings of it and/or parties acting in concert with it results in the aggregate Unitholdings crossing certain specified thresholds.

While the Take-over Code seeks to ensure an equality of treatment among Unitholders, its provisions could substantially impede the ability of Unitholders to benefit from a change in control and, as a result, may adversely affect the market price of the Units and the ability to realise any potential change of control premium.

The price of the Units may decline after the Offering.

The Offering Price of the Units is determined by agreement between the Manager and the Joint Bookrunners. The Offering Price may not be indicative of the market price for the Units upon completion of the Offering. The trading price of the Units will depend on many factors, including, but not limited to:

- the perceived prospects of Keppel-KBS US REIT's business and investments and the US market for properties used for commercial purposes or real estate-related assets;
- differences between Keppel-KBS US REIT's actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or projections;
- changes in general economic or market conditions;
- the market value of Keppel-KBS US REIT's assets;
- the perceived attractiveness of the Units against those of other equity or debt securities, including those not in the real estate sector;
- the balance of buyers and sellers of the Units;
- the size and liquidity of the Singapore REIT market from time to time;
- any changes from time to time to the regulatory system, including the tax system, both generally and specifically in relation to Singapore REITs;
- the ability on the Manager's part to successfully implement its investment and growth strategies;
- foreign exchange rates; and
- broad market fluctuations, including increases in interest rates and weakness of the equity and debt markets.

Units may trade at prices that are higher or lower than the NAV per Unit. To the extent that Keppel-KBS US REIT retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of Keppel-KBS US REIT's underlying assets, may not correspondingly increase the market price of the Units. Any failure to meet market expectations with regards to future earnings and cash distributions may adversely affect the market price for the Units.

Where new Units are issued at less than the market price of Units, the value of an investment in Units may be affected. In addition, Unitholders who do not, or are not able to, participate in the new issuance of Units may experience a dilution of their interest in Keppel-KBS US REIT.

The Units are not capital-safe products. There is no guarantee that Unitholders can regain the amount invested. If Keppel-KBS US REIT is terminated or liquidated, investors may lose a part or all of their investment in the Units.

Third parties may be unable to recover in claims brought against the Manager as the Manager is not an entity with significant assets.

Third parties, in particular, Unitholders, may in future have claims against the Manager in connection with the carrying on of its duties as manager of Keppel-KBS US REIT (including in relation to the Offering and this Prospectus).

Under the terms of the Trust Deed, the Manager is indemnified from the Deposited Property against any actions, costs, claims, damages, expenses or demands to which it may be put as the manager of Keppel-KBS US REIT unless occasioned by the fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager. In the event of any such fraud, gross negligence, wilful default or breach, only the assets of the Manager itself and not the Deposited Property would be available to satisfy a claim.

USE OF PROCEEDS

ISSUE PROCEEDS

The Manager intends to raise gross proceeds of approximately US$553.1 million from the Offering and the issuance of the Relevant Entities Units and the Cornerstone Units.

The total cash proceeds raised from the Offering, the issuance of the Relevant Entities Units and the Cornerstone Units, the amount drawn down from the Facilities as well as the proceeds from the issuance of preferred shares for the Parent US REIT and each Sub-US REIT will be used towards the following:

- payment to the Vendors for the purchase price payable in relation to the acquisition of the Properties;
- payment of transaction costs incurred in relation to the Offering, the debt financing and the issuance of preferred shares; and
- working capital.

The following table, included for the purpose of illustration, sets out the intended sources and applications of the total proceeds from the Offering, and the issuance of the Relevant Entities Units and the Cornerstone Units, the amount drawn down from the Facilities as well as the proceeds from the issuance of preferred shares for the Parent US REIT and each Sub-US REIT.

Based on the Offering Price, assuming that the Over-Allotment Option is fully exercised:

Sources	**(US$'000)**	**Uses**	**(US$'000)**
Offering	258,896	Acquisition of the Properties(1)	804,000
Relevant Entities Units	77,439	Transaction costs(2)	30,251
Cornerstone Units	216,802	Working capital	9,951
Facilities	289,440		
Issuance of preferred shares(3)	1,625		
Total	844,202	**Total**	844,202

Notes:

(1) Part of the proceeds from the Offering allocated to the acquisition of the Properties will be used to repay the Joint Bookrunners who intend to prefund Keppel-KBS US REIT with part of the proceeds raised from the Offering and the Cornerstone Units, which together with the proceeds from the issuance of the Relevant Entities Units will be used by Keppel-KBS US REIT to partially finance the acquisition of the Properties. Due to the mechanisms for the settlement of the acquisition, the purchase consideration for such acquisition is expected to be released a few days prior to the settlement for the Vendors to be able to receive the purchase consideration on the date of completion of the acquisition.

(2) Transaction costs include expenses incurred in relation to the acquisition of the Properties, the Offering and the Facilities, where applicable. Transaction costs for the acquisition of the Properties include the real estate transfer tax. (See "Overview of Relevant Laws and Regulations in the United States – Relevant Laws and Regulations in the United States – Transfer Taxes" for further details.)

(3) Approximately 125 preferred shares are proposed to be issued by the Parent US REIT and each Sub-US REIT with a coupon of 12.5%. The preferred shares will be non-voting, non-participating and redeemable at the option of the Parent US REIT and each Sub-US REIT. The terms of the preferred shares are in accordance with customary terms offered to other accommodation shareholders for US REITs in the United States. The Certificate of Incorporation for the Parent US REIT and each Sub-US REIT contains provisions that ensure that this 100 shareholder requirement is continuously met at all times required under US tax rules applicable to US REITs. (See "Taxation – US Federal Income Tax Overview – US Federal Income Taxation of the Parent US REIT and the Sub-US REITs – Organisation Requirements" for further details.)

The Manager will make periodic announcements on the utilisation of the net proceeds from the Offering and the issuance of the Relevant Entities Units and Cornerstone Units via SGXNET as and when such funds are materially utilised. The actual use of such proceeds will be disclosed in the annual report of Keppel-KBS US REIT.

LIQUIDITY

As at the Listing Date, Keppel-KBS US REIT is expected to have working capital of approximately US$10.0 million. The Manager believes that this working capital, together with the cash flows expected to be generated from operations after the Listing Date, will be sufficient for Keppel-KBS US REIT's working capital requirements over the next 12 months following the Listing Date.

OWNERSHIP OF THE UNITS

EXISTING UNITS

On 22 September 2017, upon the constitution of Keppel-KBS US REIT, one Unit was issued to KCIH, a wholly-owned subsidiary of KC. The issue price of the Initial Unit was US$1.00 each. No other Units have been issued as at the date of this Prospectus.

PRINCIPAL UNITHOLDERS OF KEPPEL-KBS US REIT AND THEIR UNITHOLDINGS

The total number of Units in issue immediately after completion of the Offering will be 628,565,000 Units.

The following table sets out the principal Unitholders of Keppel-KBS US REIT and their Unitholdings immediately upon completion of the Offering and the issuance of the Relevant Entities Units and the Cornerstone Units:

	Units in issue immediately before the issue of the Offering Units		Units in issue after the Offering (assuming that the Over-Allotment Option is not exercised)		Units in issue after the Offering (assuming that the Over-Allotment Option is exercised in full)	
Relevant Entities	1	100.0%	119,427,200	19.0%	87,999,000	14.0%
KCIH	1	100.0%	59,713,600	9.5%	43,999,500	7.0%
KBS SORP LLC	–	–	59,713,600	9.5%	43,999,500	7.0%
Cornerstone Investors:						
(1) Affin Hwang Asset Management Bhd (2) Credit Suisse AG, Singapore Branch Credit Suisse AG, Hong Kong Branch (on behalf of certain of their private banking clients) (3) DBS Bank Ltd. (on behalf of certain private banking clients) (4) DBS Bank Ltd.[(1)]	–	–	189,547,200	30.2%	189,547,200	30.2%
(5) Hillsboro Capital, Ltd.	–	–	56,818,200	9.0%	56,818,200	9.0%
Public and institutional investors	–	–	262,772,400	41.8%	294,200,600	46.8%
TOTAL	1	100.0%	628,565,000	100.0%	628,565,000	100.0%

Note:

(1) Based on the separate subscription agreements entered into between each of Affin Hwang Asset Management Bhd, Credit Suisse AG, Singapore Branch, Credit Suisse AG, Hong Kong Branch (on behalf of certain of their private banking clients), DBS Bank Ltd. (on behalf of certain private banking clients) and DBS Bank Ltd. and the Manager, none of Affin Hwang Asset Management Bhd, Credit Suisse AG, Singapore Branch, Credit Suisse AG, Hong Kong Branch (on behalf of certain of their private banking clients), DBS Bank Ltd. (on behalf of certain private banking clients) and DBS Bank Ltd. will be a Substantial Unitholder immediately upon the completion of the Offering.

LOCK-UPS

Each of KCIH, KC, KBS BVI, KBS SOLP, KBS SOR and KBS SORP LLC, has agreed to (i) a lock-up arrangement during the First Lock-up Period in respect of its direct and indirect effective interest in the Lock-up Units, and (ii) a lock-up arrangement during the Second Lock-up Period in respect of its direct and indirect effective interest in 50.0% of the relevant Lock-up Units, subject to certain exceptions.

The Manager has also undertaken not to offer, issue, contract to issue any Units, or make any announcements in connection with any of the foregoing transactions, during the First Lock-up Period, subject to certain exceptions.

Save for DBS Bank Ltd. in respect of its own investment, the Cornerstone Investors are not subject to any lock-up restrictions in respect of their Unitholdings. DBS Bank Ltd. has agreed to a lock-up arrangement during the First Lock-Up Period in respect of its interest in the DBS Cornerstone Units (as defined herein) held by it, subject to certain exceptions. For the avoidance of doubt, the Units held by DBS Bank Ltd. (on behalf of certain private banking clients) will not be subject to any lock-up restrictions.

(See “Plan of Distribution – Lock-up Arrangements” for further details.)

SUBSCRIPTION BY THE RELEVANT ENTITIES

Concurrently with, but separate from the Offering, KCIH and KBS SORP LLC have each entered into a Relevant Entities Subscription Agreement to subscribe for 119,147,199 Units at the Offering Price, conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.

SUBSCRIPTION BY THE CORNERSTONE INVESTORS

In addition, concurrently with, but separate from the Offering, each of the Cornerstone Investors has entered into separate subscription agreements with the Manager to subscribe for an aggregate of 246,365,400 Units at the Offering Price, conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.

The Cornerstone Investors may subscribe for Units in the Offering.

In the event that any one or more of the Cornerstone Investors fails to subscribe for and pay for the Cornerstone Units which they have committed to subscribe, the Offering will still proceed and subscribers of the Units to be issued under the Offering will still be required to pay for and complete their subscriptions of Units pursuant to the Offering.

Information on the Cornerstone Investors

Affin Hwang Asset Management Bhd

Affin Hwang Asset Management Bhd (“**Affin Hwang AM**” or the “**Company**”) was incorporated in Malaysia on 2 May 1997 under the Companies Act 1965 and began its operations under the name Hwang-DBS Unit Trust Berhad in 2001. In early 2014, the Company was acquired by the Affin Banking Group (“**Affin**”) and hence, is now supported by a major home-grown financial services conglomerate. Affin has over 39 years of experience in the financial industry focusing on commercial, Islamic and investment banking services, money broking, fund management and underwriting of life and general insurance. Additionally, Affin Hwang AM is also 30% owned by Nikko Asset Management International Limited, a wholly-owned subsidiary of Tokyo-based Nikko Asset Management Co. Ltd, a leading independent Asian investment management franchise.

Affin Hwang AM’s core business is providing fund management services to corporates, institutions, pension funds, government linked companies, high net worth individuals and retail investors via its stable of institutional / wholesale funds, private mandates, cash management solutions, portfolio management services, unit trust funds and private retirement schemes. As at 30 September 2017, Affin Hwang AM manages over 600 private mandates (individuals and corporates) and has a stable of 76 funds (of which 39 are unit trust funds and 37 are wholesale funds) with over 58,000 clients. Additionally, the Company also offers five private retirement schemes funds to cater for individuals retirement needs. The Company offers a wide range of unit trust products and investment solutions comprising conventional equities, balanced, bond, money market, capital guaranteed, capital protected, global, structured and feeder funds, as well as Shariah-compliant equity, Islamic money market instruments and Islamic fixed income funds. Affin Hwang AM's Shariah investment solutions are made available through its wholly-owned subsidiary and Islamic investment arm, Asian Islamic Investment Management Sdn. Bhd..

Since its inception in 2001, Affin Hwang AM has achieved an exponential growth in its total assets under management. As at 30 September 2017, the total AUM, comprising in-house unit trust funds as well as corporate and discretionary portfolios stood at approximately RM41.3 billion.

Credit Suisse AG

Credit Suisse AG is domiciled in Switzerland and is a wholly owned subsidiary of Credit Suisse Group AG which is listed on the SIX Swiss Exchange (ISIN: CH0012138530). Credit Suisse AG's business consists of the two divisions of Private Banking & Wealth Management and Investment Banking. Credit Suisse AG's business builds on its core strengths: its position as a leading global wealth manager, its specialist investment banking capabilities and its strong presence in its home market of Switzerland. Credit Suisse AG seeks to follow a balanced approach to wealth management, aiming to capitalise on both the large pool of wealth within mature markets as well as the significant growth in wealth in Asia Pacific and other emerging markets, while also serving key developed markets with an emphasis on Switzerland. Credit Suisse AG has entered into the cornerstone subscription agreement to subscribe for Units, on behalf of certain clients of its Asia Pacific division.

DBS Bank Ltd.

DBS is a leading financial services group in Asia, with over 280 branches across 18 markets. Headquartered and listed in Singapore, DBS has a growing presence in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's "AA-" and "Aa1" credit ratings, is among the highest in the world. DBS is at the forefront of leveraging digital technology to shape the future of banking, and has been named "World's Best Digital Bank" by Euromoney. The bank has also been recognised for its leadership in the region, having been named "Asia's Best Bank" by several publications including The Banker, Global Finance, IFR Asia and Euromoney since 2012. In addition, the bank has been named "Safest Bank in Asia" by Global Finance for nine consecutive years from 2009 to 2017.

DBS Bank Ltd. (on behalf of certain private banking clients)

As of December 2016, the private banking business of DBS Bank Ltd. has total AUM of S$112 billion. DBS Bank is a leading financial services group in Asia, with over 280 branches across 18 markets. Headquartered and listed in Singapore, DBS has a growing presence in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's "AA-" and "Aa1" credit ratings, is among the highest in the world.

DBS is at the forefront of leveraging digital technology to shape the future of banking, and has been named "World's Best Digital Bank" by Euromoney. The bank has also been recognised for its leadership in the region, having been named "Asia's Best Bank" by several publications including The Banker, Global Finance, IFR Asia and Euromoney since 2012. In addition, the bank has been named "Safest Bank in Asia" by Global Finance for nine consecutive years from 2009 to 2017.

The bank has entered into the cornerstone subscription agreement, on behalf of certain of its private banking clients, to subscribe for the Units. The Units will be held in custody by DBS Nominees (Pte) Ltd, on behalf of such clients. DBS Nominees (Pte) Ltd acts as a custodian for these Units and neither DBS Nominees (Pte) Ltd nor DBS Bank Ltd. has any beneficial interest in the Units allotted under the cornerstone subscription agreement.

Hillsboro Capital, Ltd.

Hillsboro Capital, Ltd. is a private investment holding company of Dr Andrew L Tan and his family. Dr Tan is the Chairman and CEO of Alliance Global Group Inc. ("**AGI**"), one of the leading listed conglomerates in the Philippines with interests in property development, food and beverage manufacture and distribution, quick-service restaurants and integrated tourism development businesses. Through its subsidiaries and associates, AGI focuses on providing and developing products and services that cater to the needs, demands and aspirations of the country's middle-income sector and believes that it is well positioned to benefit from consumer demand driven by the expected growth of this sector.

SUBSCRIPTION BY THE DIRECTORS

The directors of the Manager (the "**Directors**", and each a "**Director**") may subscribe for Units under the Public Offer and/or the Placement Tranche. Save for the Manager's internal policy which prohibits the Directors from dealing in the Units at certain times, there is no restriction on the Directors disposing of or transferring all or any part of their Unitholdings. (See "The Manager and Corporate Governance – Corporate Governance of the Manager – Dealings in Units" for further details.)

RESTRICTIONS ON OWNERSHIP OF THE UNITS

The Trust Deed contains restrictions on the ownership and transfer of the Units that are intended to assist Keppel-KBS US REIT's subsidiaries and/or associates in qualifying as a US REIT. In particular, the Trust Deed prohibits any Unitholder or other person from directly or indirectly owning in excess of the Unit Ownership Limit, being 9.8% of the outstanding Units, subject to any increase or waiver pursuant to the terms of the Trust Deed and on the recommendation of the Manager. The Trust Deed provides that Units held directly or indirectly by any person in excess of the Unit Ownership Limit will be subject to 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 from whom the 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 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 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.

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 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, an IRS ruling and/or legal opinion to satisfy the Trustee and the Manager that Parent US REIT and each US REIT subsidiary of Parent US REIT's will continue to maintain their qualification as US REITs despite the potential investor's proposed ownership and (ii) an acknowledgement and consent to the loss of the US Portfolio Interest Exemption. The Trustee shall grant a waiver from Automatic Forfeiture upon application by an Exempted Offeror, without any recommendation from the Manager or any representations and undertakings being required, upon application for waiver from an Exempted 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 Parent US REIT's or any US REIT subsidiary of 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 or the Sub-US REITs. 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. (See "Important Notice Regarding the Ownership of Units – Restriction on ownership of Units in excess of 9.8% of the outstanding Units" and "The Formation and Structure of Keppel-KBS US REIT – The Trust Deed – Restriction on Ownership of the Units" for further details.)

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.

DISTRIBUTIONS

DISTRIBUTION POLICY

Keppel-KBS US REIT's distribution policy is to distribute 100.0% of Keppel-KBS US REIT's Annual Distributable Income for the period from the Listing Date to the end of Projection Year 2019. Thereafter, Keppel-KBS US REIT will distribute at least 90.0% of its Annual Distributable Income for each financial year. The actual level of distribution will be determined at the Manager's discretion. The actual proportion of Annual Distributable Income distributed to Unitholders beyond the end of Projection Year 2019 may be greater than 90.0% to the extent that the Manager believes it to be appropriate, having regard to Keppel-KBS US REIT's funding requirements, other capital management considerations and the overall stability of distributions. Each of the Parent US REIT and the Sub-US REITs intends to distribute at least 90.0% of its annual real estate investment trust taxable income (excluding capital gains).

For these purposes, and under the terms of the Trust Deed, the "**Annual Distributable Income**" for a financial year is the amount calculated by the Manager (based on the audited financial statements of Keppel-KBS US REIT for that financial year) as representing the consolidated net profit after tax of Keppel-KBS US REIT (which includes the net profits of the SPVs held by Keppel-KBS US REIT for the financial year, to be pro-rated where applicable to the portion of Keppel-KBS US REIT's interest in the relevant SPV) for the financial year, as adjusted to eliminate the effects of Adjustments. After eliminating the effects of these Adjustments, the Annual Distributable Income may be different from the net profit recorded for the relevant financial year.

"**Adjustments**" means adjustments which are charged or credited to the consolidated profit and loss account of Keppel-KBS US REIT for the relevant financial year or the relevant distribution period (as the case may be), including (i) differences between cash and accounting gross revenue; (ii) unrealised income or loss, including property revaluation gains or losses, and provision or reversals of impairment provisions; (iii) deferred tax charges/credits; (iv) negative goodwill; (v) differences between cash and accounting finance and other costs; (vi) realised gains or losses, including gains or losses on the disposal of properties and disposal/settlement of financial instruments/assets/liabilities; (vii) the portion of the Management Fee that is paid or payable in the form of Units; (viii) costs of any public or other offering of Units or convertible instruments that are expensed but are funded by proceeds from the issuance of such Units or convertible instruments; (ix) depreciation and amortisation in respect of the Properties and their ancillary machines, equipment and other fixed assets; (x) adjustment for amortisation of rental incentives; (xi) other non-cash or timing differences related to income or expenses; (xii) differences between the audited and unaudited financial statements for the previous financial year; (xiii) other charges or credits (in each case from (i) to (xiii) as deemed appropriate by the Manager); and (xiv) any other such adjustments as deemed appropriate by the Manager.

The Manager also has the discretion to distribute any additional amounts (including capital). In determining whether to distribute additional amounts (including capital), the Manager will consider a range of factors including but not limited to Keppel-KBS US REIT's funding requirements, its financial position, its growth strategy, compliance with relevant laws, regulations and covenant, other capital management considerations, the overall suitability of distributions and prevailing industry practice.

FREQUENCY OF DISTRIBUTIONS

After Keppel-KBS US REIT is admitted to the Main Board of the SGX-ST, it will make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. Keppel-KBS US REIT's First Distribution will be in respect of the period from the Listing Date to 30 June 2018, and will be paid by the Manager on or before 30 September 2018. Subsequent distributions will take place on a semi-annual basis. The Manager will endeavour to pay distributions no later than 90 days after the end of each distribution period.

Keppel-KBS US REIT's primary sources of liquidity for the funding of distributions, servicing of debt, payment of non-property expenses and other recurring capital expenditures will be the receipts of rental income and borrowings.

Each of the Lower-Tier Sub-US REITs will distribute cash up to the Upper-Tier Sub-US REIT which will in turn distribute the dividends to the Parent US REIT. The Parent US REIT will in turn distribute cash up (i) to Singapore Sub 1 through dividends from the Parent US REIT and (ii) to Singapore Sub 2 through interest payments on an intercompany loan between Singapore Sub 2 and the Parent US REIT and repayment of the intercompany loan principal.

Under the Property Funds Appendix, if the Manager declares a distribution that is in excess of profits, the Manager should certify, in consultation with the Trustee, that it is satisfied on reasonable grounds that, immediately after making the distribution, Keppel-KBS US REIT will be able to fulfil, from the Deposited Property, the liabilities of Keppel-KBS US REIT as they fall due. The certification by the Manager should include a description of the distribution policy and the measures and assumptions for deriving the amount available to be distributed from the Deposited Property. The certification should be made at the time the distribution is declared.

DISTRIBUTION CURRENCY

Distributions will be declared in US dollars. Each Unitholder will receive his distribution in Singapore dollars equivalent of the US dollar distribution declared, unless he elects to receive the relevant distribution in US dollars by submitting a "Distribution Election Notice" by the relevant cut-off date. For the portion of the distributions to be paid in Singapore dollars, the Manager will make the necessary arrangements to convert the distributions in US dollars into Singapore dollars, at such exchange rate as the Manager may determine, taking into consideration any premium or discount that may be relevant to the cost of exchange. CDP, the Manager, the Trustee or Keppel-KBS US REIT shall not be liable for any loss arising from the conversion of distributions payable to Unitholders from US dollars into Singapore dollars. Save for approved depository agents (acting as nominees of their customers), each Unitholder may elect to receive his entire distribution in Singapore dollars or US dollars and shall not be able to elect to receive distributions in a combination of Singapore dollars and US dollars.

DISTRIBUTIONS WILL BE REDUCED IF UNITHOLDER DOES NOT SUBMIT REQUIRED US TAX FORMS

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 an IRS Form W-8 (as applicable, Form W-8BEN, Form W-8BEN-E, Form W-8ECI, Form W-8EXP, and Form W-8IMY (or applicable successor forms)), as set forth in Appendix I, and such other documentation or other information that may be requested from time to time. (See "Overview of Relevant Laws and Regulations in the United States – FATCA Rules", "Taxation – US Federal Income Tax Overview – US Federal Income Taxation of Interest Payments from the Parent US REIT to Singapore Sub 2 – Considerations Affecting Unitholders" and Appendix I for further details.)

Where a Unitholder fails to provide or to update relevant information necessary for compliance with US tax withholding requirements, including FATCA, or provides inaccurate, incomplete or false information, amounts payable by Keppel-KBS US REIT to such Unitholder may be subject to deduction or withholding in accordance with US tax law and any intergovernmental agreements.

As an illustration, if Keppel-KBS US REIT were to declare a distribution of 5.97 US cents per Unit for Forecast Year 2018 and a distribution of 6.32 US cents per Unit for Projection Year 2019, and assuming that such hypothetical distributions were attributed solely to interest paid by Parent US REIT to Singapore Sub 2, the amount you would receive from such hypothetical distributions would vary depending on whether the required documentation or information is duly completed and received by Keppel-KBS US REIT as follows:

No.	Documentation/Other Information	Distribution paid
1.	Duly completed, demonstrates eligibility for the US Portfolio Interest Exemption, establishes FATCA status, and received by the Manager	5.97(1) US cents per Unit (or its equivalent amount in Singapore dollars) for Forecast Year 2018, and 6.32(1) US cents per Unit (or its equivalent amount in Singapore dollars) for Projection Year 2019
2.	Failure to provide documentation or other information to the Manager or information provided to the Manager is inaccurate, incomplete or false	4.18(1) US cents per Unit (or its equivalent amount in Singapore dollars) for Forecast Year 2018, and 4.42(1) US cents per Unit (or its equivalent amount in Singapore dollars) for Projection Year 2019

Note:

(1) In each case, (i) based on the assumption that the distribution is attributable solely to interest paid by Parent US REIT to Singapore Sub 2 and (ii) based on 30% US withholding tax.

For the avoidance of doubt, this illustration is not based on actual projected distributions or on the actual amount of interest expected to be paid by Parent US REIT to Singapore Sub 2.

EXCHANGE RATE INFORMATION

The table below sets forth, for the period from 2012 to the Latest Practicable Date, information concerning the exchange rates between Singapore dollars and US dollars (in Singapore dollar per US dollar). The exchange rates were based on the average between the bid and offer rates of the currency as obtained from Bloomberg L.P.. No representation is made that the US dollar amounts actually represent such Singapore dollar amounts or could have been or could be converted into Singapore dollars at the rates indicated, at any other rate, or at all. The exchange rates set out below are historical rates for illustrative purposes only and no representation is made regarding any trends in exchange rates.

	Singapore dollar/US dollar[(1)]		
Period ended	**Average**	**High**	**Low**
2012	1.25	1.30	1.22
2013	1.25	1.28	1.22
2014	1.27	1.33	1.24
2015	1.37	1.43	1.32
2016	1.38	1.45	1.34
January 2017	1.43	1.45	1.41
February 2017	1.41	1.42	1.40
March 2017	1.41	1.42	1.39
April 2017	1.40	1.41	1.39
May 2017	1.39	1.41	1.38
June 2017	1.38	1.39	1.38
July 2017	1.37	1.38	1.36
August 2017	1.36	1.37	1.35
September 2017	1.35	1.34	1.36
October 2017[(2)]	1.36	1.37	1.35

Notes:

(1) Source: Bloomberg L.P.. Bloomberg L.P. has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA), to the inclusion of the exchange rates quoted above in this Prospectus and therefore is not liable for such information under Sections 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the information from the above exchange rates published by Bloomberg L.P. is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners nor 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.

(2) Until the Latest Practicable Date.

EXCHANGE CONTROLS

Currently, no exchange control restrictions exist in the United States. The US dollar has been, and in general is, freely convertible.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the pro forma capitalisation of Keppel-KBS US REIT as at the Listing Date and after application of the total proceeds from the Offering, the Relevant Entities Units and the Cornerstone Units. The information in the table below should be read in conjunction with "Use of Proceeds".

	(US$'000)
Borrowings	289,440
Units in issue	553,137
Issuance of Preference Shares(1)	1,625
Total Capitalisation	**844,202**

Note:

(1) Approximately 125 preferred shares are proposed to be issued by the Parent US REIT and each Sub-US REIT with a coupon of 12.5%. The preferred shares will be non-voting, non-participating and redeemable at the option of the Parent US REIT and each Sub-US REIT. The terms of the preferred shares are in accordance with customary terms offered to other accommodation shareholders for US REITs in the United States. The Certificate of Incorporation for the Parent US REIT and each Sub-US REIT contains provisions that ensure that this 100 shareholder requirement is continuously met at all times required under US tax rules applicable to US REITs. (See "Taxation – US Federal Income Tax Overview – US Federal Income Taxation of the Parent US REIT and the Sub-US REITs – Organisation Requirements" for further details.)

INDEBTEDNESS

On the Listing Date, Keppel-KBS US REIT, through the Trustee, will have in place the Facilities on an unsecured basis, obtained from the Lenders, aggregating approximately US$339.4 million, which comprises:

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

(ii) a three-year committed revolving credit facility of US$50.0 million from Bank of America, Singapore Branch (the "**Revolving Credit Facility**", and collectively with the Term Loan Facilities, the "**Facilities**"), subject to certain conditions.

The amount drawn down on or about the Listing Date will be approximately US$289.4 million, with an Aggregate Leverage of approximately 36.0%. The interest (as defined herein) payable on the Facilities is on a floating rate basis. The Manager intends to enter into interest rate hedging contracts to hedge at least 75.0% of the Keppel-KBS US REIT's interest rate exposure under the Facilities. The Term Loan Facilities will be used to finance the purchase of the Properties prior to the listing of Keppel-KBS US REIT and the Revolving Credit Facilities shall be utilised for any future working capital, capital expenditure or general corporate purpose of Keppel-KBS US REIT.

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 (as specified in the Property Funds Appendix) 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:

(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.

The requirements under such financial covenants will be met as at the Listing Date.

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 an 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 Group, KBS Group, 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 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 Securities and Futures Act, 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 Securities and Futures Act); 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.

For the purposes of Rule 728 of the Listing Manual, the Sponsors will provide an undertaking to the Manager and the Trustee that, for so long as the Relevant Entities are controlling shareholders of the Manager, they will notify the Manager and the Trustee as soon as they become aware of the details of:

(i) any share pledging arrangement (or other arrangements having similar legal or economic effect) relating to all or any of the shareholding interests in the Manager held directly or indirectly by the Relevant Entities; and

(ii) any event which may result in a breach of the terms of any Facility.

As of the Listing Date, the expected aggregate leverage and the interest coverage ratio of Keppel-KBS US REIT will be approximately 36.0% and 5.3 times respectively.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The Unaudited Pro Forma Consolidated Financial Information has been prepared for illustrative purposes only and on the basis of the assumptions and accounting policies set out in Appendix B "Reporting Auditor's Report on the Unaudited Pro Forma Consolidated Financial Information", and hence, may not give a true picture of the actual profit or loss and financial position of Keppel-KBS US REIT. The Unaudited Pro Forma Consolidated Financial Information should be read together with these assumptions and accounting policies.

Unaudited Pro Forma Consolidated Statement of Financial Position(1)

	As at 31 December 2016 US$'000	As at 30 June 2017 US$'000
Current Assets:		
Cash and cash equivalents	28,995	28,995
Prepaid expenses and other assets	460	460
Total current assets	29,455	29,455
Non-current Assets:		
Investment properties	804,000	804,000
Total non-current assets	804,000	804,000
Total assets	833,455	833,455
Current Liabilities:		
Accounts payable and accrued liabilities	12,381	12,381
Other liabilities	3,913	3,913
Total current liabilities	16,294	16,294
Non-current Liabilities:		
Loans and Borrowings	286,546	286,546
Rental security deposits	3,161	3,161
Preferred shares	1,625	1,625
Total non-current liabilities	291,332	291,332
Total liabilities	307,626	307,626
Net assets attributable to Unitholders	525,829	525,829
Units in issue ('000)	628,565	628,565
Net asset value per Unit (US$)	0.84	0.84

Note:

(1) Based on the Offering Price of US$0.88 per Unit (equivalent to S$1.1961 per Unit).

Unaudited Pro Forma Consolidated Statements of Comprehensive Income

	Year ended 31 December 2014 US$'000	Year ended 31 December 2015 US$'000	Year ended 31 December 2016 US$'000	Period ended 30 June 2016 US$'000	Period ended 30 June 2017 US$'000
Revenue:					
Rental income	54,369	58,208	62,694	30,489	32,139
Recoveries income	12,111	13,750	14,159	6,986	8,269
Other operating income	2,464	3,117	3,220	1,511	1,891
Gross Revenue	68,944	75,075	80,073	38,986	42,299
Expenses:					
Operating, maintenance and management	(22,288)	(24,168)	(25,274)	(12,295)	(12,254)
Real estate taxes and insurance	(9,938)	(9,871)	(10,206)	(5,091)	(5,803)
Property expenses	(32,226)	(34,039)	(35,480)	(17,386)	(18,057)
Net Property Income	36,718	41,036	44,593	21,600	24,242
Manager's Base Fee	(1,681)	(2,381)	(2,893)	(1,403)	(1,767)
Manager's Performance Fee	–	(1,603)	(1,247)	(624)	(782)
Trustee's fee	(168)	(168)	(168)	(84)	(84)
General and administrative expenses	(2,596)	(2,726)	(2,862)	(1,431)	(1,503)
Finance expenses	(10,627)	(11,258)	(11,781)	(5,809)	(6,091)
Net income before tax, fair value change in investment properties and other non-operating income	21,646	22,900	25,642	12,249	14,015
Finance income	15	12	3	1	7
Fair value change in investment properties	(10,729)	(3,830)	(1,604)	(624)	729
Tax expense	(5,390)	(5,587)	(5,739)	(2,848)	(2,924)
Net income after tax and fair value change in investment properties	**5,542**	**13,495**	**18,302**	**8,778**	**11,827**

Unaudited Pro Forma Consolidated Statement of Cash Flows

	Year ended 31 December 2016 US$'000	Period ended 30 June 2017 US$'000
Cash flows from operating activities:		
Net income before tax	23,301	15,585
Adjustments for:		
Straight-line rent and amortisation of lease incentives	(3,208)	(286)
Manager's fee paid/payable in Units	3,055	1,906
Finance expenses[(1)]	9,848	5,116
Amortisation of lease commissions	244	362
Fair value change in investment properties	6,409	(76)
Amortisation of debt related transaction costs	579	289
Changes in working capital:		
Rent and other receivables	(808)	(735)
Prepaid expenses and other assets	(11)	15
Accounts payable and accrued liabilities	(31)	(860)
Other liabilities	(183)	(2,883)
Net cash flows generated from operating activities	39,195	18,433
Cash flows from investing activities:		
Acquisition of investment properties and related assets and liabilities	(785,005)	–
Additions to investment properties	(20,160)	(10,241)
Payments of capital expenditures payable assumed at acquisition	(5,800)	–
Acquisition costs	(3,445)	–
Cash flows used in investing activities	(814,410)	(10,241)
Cash flows from financing activities:		
Proceeds from issuance of units	553,137	–
Payments of costs related to issuance of units	(23,863)	–
Proceeds from debt financings	289,440	–
Increase in borrowings for capital expenditures	20,160	10,241
Payments of debt related transaction costs	(2,894)	–
Proceeds from preferred shares	1,625	–
Financing expense paid on loans and borrowings	(8,840)	(4,991)
Financing expense paid on preferred shares	(203)	(102)
Distribution to unitholders	(15,274)	(15,274)
Cash flows generated from/(used in) financing activities	813,288	(10,126)
Net increase/(decrease) in cash and cash equivalents	38,073	(1,934)
Cash and cash equivalents at beginning of the year/period	–	38,073
Cash and cash equivalents at end of the year/period	38,073	36,139

Note:

(1) Comprises finance expenses incurred on borrowings, dividends on preferred shares and amortisation of debt-related transaction costs and commitment fees.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Unaudited Pro Forma Consolidated Financial Information and notes thereto included elsewhere in this Prospectus. Statements contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions which could cause actual results to differ materially from those forecasted and projected. 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, nor that these results will be achieved or are likely to be achieved. (See "Forward-looking Statements" and "Risk Factors" for further details.) Recipients of this Prospectus and all prospective investors in the Units are cautioned not to place undue reliance on these forward-looking statements.

The Unaudited Pro Forma Consolidated Financial Information has been prepared for illustrative purposes only, and is based on certain assumptions after making certain adjustments to show what:

*(i) the Unaudited Pro Forma Consolidated Statement of Financial Position as at 31 December 2016 and 30 June 2017 would have been if the Offering, the acquisition of the Properties and the fee arrangements for the Manager and the Trustee as set out in "Overview – Certain Fees and Charges" (the "**Fee Arrangements**") had occurred on or were effective on 31 December 2016 and 30 June 2017, respectively;*

(ii) the Unaudited Pro Forma Consolidated Statements of Comprehensive Income for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 and the periods ended 30 June 2016 and 30 June 2017 would have been if the Offering, the acquisition of the Properties and the Fee Arrangements had occurred on or were effective on 1 January 2014 under the same terms as set out in the Prospectus; and

(iii) the Unaudited Pro Forma Consolidated Statement of Cash Flows for the year ended 31 December 2016 and the period ended 30 June 2017 would have been if the Offering, the acquisition of the Properties and the Fee Arrangements had occurred on or were effective on 1 January 2016.

The Unaudited Pro Forma Consolidated Financial Information is not necessarily indicative of the results of the operations or the financial position that would have been attained had the Offering, the acquisition of the Properties and the Fee Arrangements actually occurred in the relevant periods. The Unaudited Pro Forma Consolidated Financial Information, because of its nature, may not give a true or accurate picture of Keppel-KBS US REIT's actual profit or loss or financial position.

The following discussion and analysis of the financial condition and results of operations is based on and should be read in conjunction with the Unaudited Pro Forma Consolidated Financial Information and related notes thereto, which are included elsewhere in this Prospectus.

(See Appendix B, "Reporting Auditor's Report on the Unaudited Pro Forma Consolidated Financial Information" and Appendix C, "Unaudited Pro Forma Consolidated Financial Information" for further details.)

GENERAL BACKGROUND

Keppel-KBS US REIT is a Singapore REIT established with the investment strategy principally to invest indirectly through certain US subsidiary REITs, in stabilised income-producing commercial assets in the United States, as well as real estate-related assets.

Keppel-KBS US REIT's key objectives are to provide Unitholders with attractive total returns primarily driven by regular and stable distributions and to achieve long-term growth in DPU and NAV per Unit, while maintaining an appropriate capital structure.

The IPO Portfolio will be held through Parent US REIT incorporated in the US, and through intermediate holding companies in Singapore and the United States, hereinafter collectively referred to the "Properties".

Keppel-KBS US REIT's IPO Portfolio

The IPO Portfolio comprises 11 Properties located in the US with an aggregate NLA of over 3.2 million rentable square feet (see "Business and Properties" for further details of the Properties):

West Coast

- **The Plaza Buildings**: Situated along one of the busiest corridors in the Bellevue (Seattle) 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.

- **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.

- **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.

Central Region

- **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.

- **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 modernised 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.

- **Westech 360**: Westech 360 is in Northwest Austin, Texas, and comprises four three-storey Class B buildings with a NLA of 173,058 sq ft. Over the past few years, the asset 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.

- **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 398,990 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.

- **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.

<u>East Coast</u>

- **Powers Ferry Landing East**: Powers Ferry 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 benefits from its proximity to major Atlanta highways and high net worth neighbourhoods that surround it.

- **Northridge Center I & II**: Northridge Center 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 enjoys excellent access to affluent suburbs, medical facilities, the interstate and the MARTA Rail System.

- **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 MSA and Interstate 4 and is less than an hour's drive from the Orlando International Airport.

Acquisition of the Properties

Prior to Listing, Keppel-KBS US REIT has:

- through its subsidiaries, being Keppel-KBS Bellevue Technology Center, Inc., a Delaware corporation, Keppel-KBS Plaza Buildings, Inc., a Delaware corporation, Keppel-KBS Iron Point, Inc., a Delaware corporation, Keppel-KBS Westmoor Center, Inc., a Delaware corporation, Keppel-KBS Great Hills Plaza, Inc., a Delaware corporation, Keppel-KBS Westech 360, Inc., a Delaware corporation, Keppel-KBS 1800 West Loop, Inc., a Delaware corporation, a Keppel-KBS West Loop I and II, Inc., a Delaware corporation, Keppel-KBS Powers Ferry Landing, Inc., a Delaware corporation, Keppel-KBS Northridge Center, Inc., a Delaware corporation and Keppel-KBS Maitland Promenade, Inc., a Delaware corporation, entered into the sale and purchase agreement with KBS SOR 156th Avenue Northeast, LLC, a Delaware limited liability company, KBS SOR Plaza Bellevue, LLC, a Delaware limited liability company, KBS SOR Iron Point, LLC, a Delaware limited liability company, KBS SOR Westmoor Center, LLC, a Delaware limited liability company, KBS SOR Austin Suburban Portfolio, LLC, a Delaware limited liability company, KBS SOR 1800 West Loop South, LLC, a Delaware limited liability company, KBS SOR 6565-6575 West Loop South, LLC, a Delaware limited liability company, KBS SOR Powers Ferry Landing East, LLC, a Delaware limited liability company, KBS SOR Northridge, LLC, a Delaware limited liability company and KBS SOR Maitland Promenade II, LLC, a Delaware limited liability company in respect of the acquisition of the Properties constituting the IPO Portfolio (the "**Portfolio Purchase and Sale Agreement**") at a purchase consideration of US$804.0 million, allocated to each Property as follows:

  - The Plaza Buildings: US$240.0 million;
  - Bellevue Technology Center: US$131.2 million;
  - Iron Point: US$36.7 million;
  - Westmoor Center: US$117.1 million;
  - Great Hills Plaza: US$33.1 million;
  - Westech 360: US$41.8 million;
  - 1800 West Loop South: US$78.6 million;
  - West Loop I & II: US$46.3 million;
  - Powers Ferry: US$18.7 million;
  - Northridge Center: US$20.3 million; and
  - Mailtand Promenade II: US$40.2 million.

(See "Certain Agreements Relating to Keppel-KBS US REIT and the Properties – Portfolio Purchase and Sale Agreement" and "Use of Proceeds" for further details.)

FACTORS AFFECTING KEPPEL-KBS US REIT'S RESULTS OF OPERATIONS

General Economic Conditions and Demand and Supply Conditions of Office Property Sector

The IPO Portfolio is, and future Properties will be, located in the United States. As a result, Keppel-KBS US REIT's Gross Revenue and results of operations depend upon the performance of the US economy and the US commercial real estate industry. An economic decline in the US 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. The 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.

GROSS REVENUE AND NET PROPERTY INCOME OF KEPPEL-KBS US REIT

Gross Revenue

The Gross Revenue of Keppel-KBS US REIT consists of (i) rental income (comprising principally of rental of office space of the Properties), (ii) recoveries income and (iii) other operating income earned from the Properties.

The gross revenue is affected by a number of factors including (i) rental and occupancy rates for the Properties and (ii) general macro-economic and supply/demand trends affecting the real estate market, in particular, the office property sector in the US.

The Gross Revenue of Keppel-KBS US REIT for the relevant period consists of the following:

	Year ended 31 December 2014 US$'000	Year ended 31 December 2015 US$'000	Year ended 31 December 2016 US$'000	Period ended 30 June 2016 US$'000	Period ended 30 June 2017 US$'000
Rental income	54,369	58,208	62,694	30,489	32,139
Recoveries Income	12,111	13,750	14,159	6,986	8,269
Other operating income	2,464	3,117	3,220	1,511	1,891
Gross Revenue	68,944	75,075	80,073	38,986	42,299

Rental Income

Rental income comprise principally rental income received from rental of office space. Rental rates are generally fixed with appropriate rental escalations for the tenure of the leases and are subject to review upon renewal or extension of the leases.

Keppel-KBS US REIT recognises minimum rent, including rental abatements, lease incentives and contractual fixed increases attributable to operating leases, on a straight-line basis over the term of the related leases.

Recoveries Income

Recoveries income includes, among others, charges to tenants for reimbursements of certain operating costs and real estate taxes and is estimated in accordance with the individual tenant leases.

Other Operating Income

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

Property Expenses

Property expenses arising from the Properties comprise the following:

	Year ended 31 December 2014 US$'000	Year ended 31 December 2015 US$'000	Year ended 31 December 2016 US$'000	Period ended 30 June 2016 US$'000	Period ended 30 June 2017 US$'000
Real estate taxes	9,145	9,069	9,403	4,689	5,380
Utilities	7,037	7,233	6,680	3,233	3,042
Repairs & maintenance	10,651	11,279	11,744	5,754	5,663
Property management fees and reimbursements	3,500	4,004	4,128	2,063	2,197
Property insurance	793	802	803	402	423
Amortisation of lease commissions	161	811	1,604	655	1,015
Other property operating expenses	939	841	1,118	590	337
	32,226	34,039	35,480	17,386	18,057

Real estate taxes

Real estate taxes for the Properties are typically assessed on an annual basis and are payable on an annual or semi-annual basis based on the tax assessment policies of the local city/county in which each property is located.

Repair and maintenance expenses

Repair and maintenance expenses exclude cyclical maintenance expenses and costs of tenancy works.

Utilities

Utilities expenses include expenses for electricity, water or gas.

Property management fee and reimbursements

Each of the Properties has entered into a property management agreement with a third-party property manager. The Property Manager is entitled to a monthly property management fee ranging from 1.5% to 3.0% of gross revenue income, as more specifically as defined in each property management agreement. Property management fees are assessed on a monthly basis and payable in arrears. Other expenses include reimbursement to the Property Manager such as the salary payable to the onsite property management team.

Property insurance

Property insurance includes the premiums for property damage and liability, earthquake, flood and other damages. Property insurance are assessed and paid annually.

Amortisation of lease commissions

Lease commissions incurred are capitalised as part of the book value of the Properties and are amortised over the life of the respective leases.

Other property operating expenses

Other property operating expenses include other general and administrative expenses in relation to the Properties.

TRUST EXPENSES

Keppel-KBS US REIT's trust expenses comprise mainly:

- the Manager's Management Fees;
- the Trustee's fees;
- finance expense; and
- other trust expenses.

Manager's Management Fee

Pursuant to the Trust Deed, the Manager is entitled to a Base Fee of 10.0% per annum of the Annual Distributable Income (calculated before accounting for the Base Fee and the Performance Fee) and a Performance Fee of 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

The Performance Fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in such financial year where the Performance Fee is payable may be less than the DPU in any preceding financial year.

No Performance Fee is payable for the year ended 31 December 2014. The Performance Fee is assumed to be paid payable for FY2015 and FY2016, based on 25.0% per annum of the difference in DPU in the respective year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each of the financial years), multiplied by the weighted average number of Units in issue for FY2015 and FY2016 respectively.

The Manager has elected to receive 100.0% of the Base Fee and Performance Fee in the form of Units for the pro forma year ended FY2014 and at least 75.0% of the applicable Base Fee and Performance Fee in the form of Units for the pro forma for the years ended FY2015, FY2016 and financial period ended 30 June 2017. Where the management fees are payable in Units, the Manager has assumed that such Units are issued at the Offering Price for the pro forma years and period.

(See "The Manager and Corporate Governance – Keppel-KBS US REIT – Fees Payable to the Manager" for further details.)

Trustee's Fee

Pursuant to Clause 15.4 of the Trust Deed, the Trustee's fee shall be charged on a scaled basis of up to 0.015% per annum of the value of the Deposited Property, subject to a minimum of S$14,000 per month, excluding out-of-pocket expenses and GST.

The actual fee payable will be determined between the Manager and the Trustee from time to time.

(See "The Formation and Structure of Keppel-KBS US REIT – The Trustee – Trustee's fee" for further details.)

Finance Expense

Finance expense consists of interest expense incurred on borrowings, amortisation of upfront debt-related transaction costs, dividends on preferred shares and commitment fee. Upfront debt-related transaction costs are amortised over the term of the related debt on a straight-line basis.

Other Trust Expenses

Other trust expenses consist of Keppel-KBS US REIT's recurring expenses such as audit fees, tax consultancy fees, legal fees, valuation fees, listing and related fees, as well as expenses relating to investor communication such as preparation and distribution of reports to Unitholders and Unitholders' meetings.

Tax expenses

Tax expense consists of current tax and deferred tax expenses. Current tax expense comprises withholding tax on ordinary distributions paid by Parent US REIT to Singapore Sub 1 of 30%. The Manager has assumed no withholding tax to be payable by Unitholders on interest paid by Parent US REIT to Singapore Sub 2 under the "portfolio interest" exemption. This assumes Unitholders will comply with certain documentation requirements in order to be exempted from US withholding tax, and that Keppel-KBS US REIT will comply with the requirement to withhold tax from distributions to those who fail to provide or to update relevant information as necessary. The deferred tax expense is based on capital allowances claimed on the investment properties, which represents the probable tax obligations in recovering the carrying amount of the properties through use.

(See "Taxation" and "Risk Factors" for further details regarding taxes.)

Analysis of the Performance of the Properties

Gross Revenue Trends

The table below sets out the Gross Revenue derived from each of the Properties during the relevant period:

	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Period ended 30 June 2016	Period ended 30 June 2017
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
The Plaza Buildings	14,806	16,487	17,394	8,216	9,230
Bellevue Technology Center	7,916	8,668	10,128	5,138	5,376
Iron Point	3,742	4,228	4,417	2,132	2,275
Westmoor Center[1]	12,439	12,116	11,025	5,128	6,655
Great Hills Plaza	2,858	3,247	3,462	1,688	1,854
Westech 360	3,229	4,213	5,272	2,567	2,683
1800 West Loop South	9,302	9,945	10,673	5,322	5,076
West Loop I & II	5,660	5,978	6,891	3,422	3,528
Powers Ferry	2,060	2,322	2,401	1,191	1,185
Northridge Center	2,032	2,535	3,098	1,456	1,555
Maitland Promenade II	4,900	5,336	5,312	2,726	2,882
Gross Revenue	68,944	75,075	80,073	38,986	42,299

Note:

(1) The declining trend in revenue was due to the fall in average occupancy rate during the periods from 31 December 2014 to 31 December 2016.

Occupancy Trends

The table below sets out the actual occupancy rates of each of the Properties during the relevant period:

	As at 31 December 2014	As at 31 December 2015	As at 31 December 2016	As at 30 June 2016	As at 30 June 2017
The Plaza Buildings	85.0%	77.4%	85.4%	82.8%	84.1%
Bellevue Technology Center	82.5%	96.8%	98.2%	96.8%	88.9%
Iron Point	85.9%	91.8%	97.0%	97.0%	95.7%
Westmoor Center	77.8%	76.7%	82.6%	66.8%	82.6%
Great Hills Plaza	81.1%	88.0%	87.4%	86.0%	89.1%
Westech 360	78.1%	82.9%	97.7%	97.6%	94.3%
1800 West Loop South	79.6%	87.3%	85.9%	86.9%	83.2%
West Loop I & II	72.9%	79.7%	87.8%	86.9%	88.3%
Powers Ferry	84.6%	94.8%	94.8%	94.8%	94.8%
Northridge Center	71.9%	81.5%	93.9%	87.1%	91.5%
Maitland Promenade II	95.4%	86.4%	99.3%	86.2%	99.0%
Occupancy Rate	81.0%	84.1%	89.9%	85.0%	88.1%

Net Property Income

The Net Property Income of Keppel-KBS US REIT during the relevant period is as follows:

	Year ended 31 December 2014 US$'000	Year ended 31 December 2015 US$'000	Year ended 31 December 2016 US$'000	Period ended 30 June 2016 US$'000	Period ended 30 June 2017 US$'000
The Plaza Buildings	10,736	11,582	12,187	5,731	6,456
Bellevue Technology Center	4,400	5,196	6,482	3,474	3,568
Iron Point	2,114	2,469	2,687	1,335	1,367
Westmoor Center	6,232	5,910	4,807	2,154	3,348
Great Hills Plaza	1,382	1,594	1,677	831	956
Westech 360	1,240	1,846	2,747	1,318	1,406
1800 West Loop South	4,272	5,014	5,338	2,593	2,519
West Loop I & II	2,339	2,578	3,363	1,502	1,824
Powers Ferry	990	1,201	1,197	589	572
Northridge Center	466	827	1,281	576	679
Maitland Promenade II	2,547	2,819	2,827	1,497	1,547
Net Property Income	36,718	41,036	44,593	21,600	24,242

COMPARISON OF KEPPEL-KBS US REIT'S PERFORMANCE

FY2015 over FY2014

Gross Revenue

The Gross Revenue of the Properties increased by 8.9%, or US$6.1 million to US$75.1 million in FY2015. Gross revenue includes rental income, recoveries income and other operating income, all of which increased from FY2014 to FY2015. This was primarily due to the increase in occupancy from 81.0% to 84.1% during the respective periods.

Property Operating Expenses

Property operating expenses comprise items which are generally recoverable from tenants, including real estate taxes, utilities, repairs and maintenance, insurance and other general operating expenses. Increases in recoverable property expenses will generally result in increases in recoveries income as such costs may be passed on to tenants.

Property operating expenses increased by 5.6%, or US$1.8 million, to US$34.0 million in FY2015. Property operating expenses increased as a result of increases in occupancy and amortisation of lease commissions coupled with inflationary increases.

Net Property Income

The Net Property Income of the Properties increased by US$4.3 million to US$41.0 million in FY2015 as a result of the above factors.

Manager's Base Fee and Performance Fee

The Manager's Base Fee and Performance Fee increased by US$2.3 million to US$4.0 million in FY2015. This was primarily due to the higher distributable income attained in FY2015 and Manager's Performance Fee incurred in FY2015 arising from higher DPU in FY2015. There was no Manager's Performance Fee incurred in FY2014.

Trustee's Fee

The Trustee's fee remained relatively stable from FY2014 to FY2015 at US$0.2 million as the underlying value of the Deposited Property remained substantially unchanged.

Finance Expense

Finance expense increased by US$0.6 million to US$11.3 million in FY2015. The increase was mainly due to the draws on the loan facility to finance capital expenditures, tenant improvement, and leasing commission during the financial year ended 31 December 2014 and 2015. The interest rate on the variable rate term loan was assumed to be at an effective interest rate of 3.35% for the tenure of the borrowings and the effective interest rate on the revolving credit facility was approximately 2.90%.

Net Income After Tax and Fair Value Change in Investment Properties

Net income after tax and fair value change in investment properties for the year increased by US$8.0 million to US$13.5 million in FY2015 primarily due to a fair value loss recognised in FY2014 as a result of acquisition expenses incurred and increases in Net Property Income as discussed above.

FY2016 over FY2015

Gross Revenue

The Gross Revenue of the Properties increased by 6.7%, or US$5.0 million, to US$80.1 million in FY 2016. Gross revenue includes rental income, recoveries income and other operating income, all of which increased from FY2015 to FY2016. This was primarily due to the increase in occupancy from 84.1% to 89.9% during the respective periods.

Property Operating Expenses

Property operating expenses comprise of items which are generally recoverable from tenants, including real estate taxes, utilities, repairs and maintenance, insurance and other general operating expenses. Increases in recoverable property expenses will generally result in increases in recoveries income as such costs may be passed on to tenants.

Property operating expenses increased by 4.2%, or US$1.4 million, to US$35.5 million in FY2016. Property operating expenses increased as a result of increases in occupancy, and amortisation of lease commissions coupled with inflationary increases.

Net Property Income

The Net Property Income of the Properties increased by US$3.6 million to US$44.6 million in FY2016 as a result of the above factors.

Manager's Base Fee and Performance Fee

The Manager's Base Fee and Performance Fee increased by US$0.1 million to US$4.1 million in FY2016. This was primarily due to an increase in the Manager's Base Fee, which was partially offset by a decrease in Performance Fee. While distributable income attained in FY2016 was higher than FY2015, the year-over-year increase in each of those years decreased, resulting in a decrease in Manager's Performance Fee.

Trustee's Fee

The Trustee's fee remained relatively stable from FY2015 to FY2016 at US$0.2 million as the underlying value of the Deposited Property remained substantially unchanged.

Finance Expense

Finance expense increased by US$0.5 million to US$11.8 million in FY2016. The increase was mainly due to the draws on the loan facility to finance capital expenditures, tenant improvement, and leasing commission during the financial year ended 31 December 2015 and 2016. The interest rate on the variable rate term loan was assumed to be at an effective interest rate of 3.35% for the tenure of the borrowings and the effective interest rate on the revolving credit facility was approximately 2.90%.

Net Income After Tax and Fair Value Change in Investment Properties

Net income after tax and fair value change in investment properties for the year increased by US$4.8 million to US$18.3 million in FY2016 primarily due to the above factors.

Period Ended 30 June 2017 over Period Ended 30 June 2016

Gross Revenue

The Gross Revenue of the Properties increased by 8.5%, or US$3.3 million to US$42.3 million for the period ended 30 June 2017. Gross revenue includes rental income, recoveries income and other operating income, all of which increased from the period ended 30 June 2016 as compared to the period ended 30 June 2017.

Property Operating Expenses

Property operating expenses comprise of items which are generally recoverable from tenants, including real estate taxes, utilities, repairs and maintenance, insurance and other general operating expenses. Increases in recoverable property expenses will generally result in increases in recoveries income as such costs may be passed on to tenants.

Property operating expenses increased by 3.9%, or US$0.7 million, to US$18.1 million for the period ended 30 June 2017. The increase in property operating expenses was primarily due to increases in amortisation of lease commissions, partially offset by a decrease in utilities and repairs and maintenance costs as a result of a milder winter in 2017.

Net Property Income

The Net Property Income of the Properties increased by US$2.6 million to US$24.2 million for the period ended 30 June 2017 as a result of the above factors.

Manager's Base Fee and Performance Fee

The Manager's Base Fee and Performance Fee increased by US$0.5 million to US$2.5 million for the period ended 30 June 2017. This was due to the higher distributable income attained for the period ended 30 June 2017 and Manager's Performance Fees incurred for the period ended 30 June 2017 arising from higher DPU comparing the respective periods.

Trustee's Fee

The Trustee's fee remained relatively stable from the period ended 30 June 2016 to the period ended 30 June 2017 at US$0.1 million as the underlying value of the Deposited Property remained substantially unchanged.

Finance Expense

Finance expense increased by US$0.3 million to US$6.1 million for the period ended 30 June 2017. The increase was mainly due to the draw down on the loan facility to finance capital expenditures, tenant improvement, and leasing commission during the financial year ended 31 December 2016 and the period ended 30 June 2017. The interest rate on the variable rate term loan was assumed to be at an effective interest rate of 3.35% for the tenure of the borrowings and the effective interest rate on the revolving credit facility was approximately 2.90%.

Net Income After Tax and Fair Value Change in Investment Properties

Net income after tax and fair value change in investment properties for the year increased by US$3.0 million to US$11.8 million for the period ended 30 June 2017 primarily due to the above factors.

Liquidity and Capital Resources

The principal sources of funding for the original acquisition were from proceeds raised in the IPO and debt financing. Keppel-KBS US REIT expects to use amounts available under a revolving credit facility for subsequent capital expenditures at the Properties. Proceeds generated by the Properties will be used to fund distributions to Unitholders.

INDEBTEDNESS

As at the Listing Date, Keppel-KBS US REIT is expected to have gross borrowings of US$289.4 million with an Aggregate Leverage of approximately 36.0%. (See "Capitalisation and Indebtedness – Indebtedness" for further details.)

ACCOUNTING POLICIES

For a discussion of the principal accounting policies of Keppel-KBS US REIT, please see Appendix C, "Unaudited Pro Forma Consolidated Financial Information".

PROFIT FORECAST AND PROFIT PROJECTION

Statements contained in the Profit Forecast and Profit Projection section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section of the Prospectus and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast and projected. 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 any of Keppel-KBS US REIT, the Sole Financial Adviser and Issue Manager, Joint Bookrunners and Underwriters, the Trustee, the Sponsors or any other person, or that these results will be achieved or are likely to be achieved. (See "Forward-looking Statements" and "Risk Factors" for further details.) Investors in the Units are cautioned not to place undue reliance on these forward-looking statements which are made only as of the date of this Prospectus.

None of Keppel-KBS US REIT, the Sole Financial Adviser and Issue Manager, Joint Bookrunners and Underwriters, the Trustee, or the Sponsors guarantees the performance of Keppel-KBS US REIT, the repayment of capital or the payment of any distributions, or any particular return on the Units. The forecast and projected yields stated in the following table are calculated based on:

- ***the Offering Price; and***
- ***the assumption that the Listing Date is 1 January 2018.***

Such yields will vary accordingly if the Listing Date is not 1 January 2018, or for investors who purchase Units in the secondary market at a market price that differs from the Offering Price.

The following table shows Keppel-KBS US REIT's forecast and projected Consolidated Statements of Comprehensive Income and Distribution for Forecast Year 2018 and Projection Year 2019. The financial year end of Keppel-KBS US REIT is 31 December. The Profit Forecast and Profit Projection may be different to the extent that the actual date of issuance of Units is other than 1 January 2018, being the assumed date of the issuance of Units for the Offering. The Profit Forecast and Profit Projection are based on the assumptions set out below and have been examined by the Reporting Auditor, being Ernst & Young LLP, and should be read together with the report "Reporting Auditor's Report on the Profit Forecast and Profit Projection" set out in Appendix A, as well as the assumptions and the sensitivity analysis set out in this section of the Prospectus.

Forecast and Projected Consolidated Statements of Comprehensive Income and Distribution

The forecast and projected Consolidated Statements of Comprehensive Income and Distribution are as follows:

	Forecast Year 2018 (Full year from 1 January 2018 to 31 December 2018) (US$'000)	Projection Year 2019 (Full year from 1 January 2019 to 31 December 2019) (US$'000)
Gross Revenue	92,510	96,401
Property expenses	(38,142)	(40,149)
Net Property Income	**54,368**	**56,252**
Manager's Base Fee	(3,778)	(4,125)
Trustee's fee	(168)	(168)
Finance expenses[(1)]	(10,339)	(10,905)
Other trust expenses	(2,596)	(2,726)
Net Income before tax and fair value change in investment properties	**37,487**	**38,328**
Fair value change in investment properties	(7,571)	(1,562)
Net Income before tax	**29,916**	**36,766**
Tax expense	(5,544)	(5,926)
Net Income after tax and fair value change in investment properties	**24,372**	**30,840**
Distribution adjustments[(2)]	13,413	9,378
Income available for distribution to Unitholders	**37,785**	**40,218**
Number of Units issued and issuable at the end of the period/year ('000)	632,859	636,374
Distribution per Unit		
– US$ cents	5.97	6.32
– S$ cents[(3)]	8.07	8.51
Distribution Payout Ratio (%)	100.0%	100.0%
Offering Price (US$)	0.88	0.88
Distribution Yield	6.8%	7.2%

Notes:

(1) Finance expenses comprise interest expense on loans and borrowings, dividends on preferred shares, amortisation of debt-related transaction costs and commitment fees.

(2) "**Distribution adjustments**" includes expenses relating to the Manager's Fees to be paid in Units, amortisation of debt transaction costs, leasing commissions and free rent incentives, straight-line adjustments, fair value changes in investment properties, deferred tax expense, Trustee's Fees and other adjustments related to non-cash items or timing differences in income and expenses.

(3) Based on the exchange rate assumption of US$1.00 to S$1.3519 for Forecast Year 2018 and US$1.00 to S$1.3462 for Projection Year 2019.

ASSUMPTIONS

The Manager has prepared the Profit Forecast and Profit Projection on the following assumptions. The Manager considers these assumptions to be appropriate and reasonable as at the date of this Prospectus. However, investors should consider these assumptions as well as the Profit Forecast and Profit Projection and make their own assessment of the future performance of Keppel-KBS US REIT.

(A) Gross Revenue

The Gross Revenue of Keppel-KBS US REIT consists of (i) rental income; (ii) recoveries income; and (iii) other operating income earned from the Properties.

Contribution to Gross Revenue	Forecast Year 2018 (US$'000)		Projection Year 2019 (US$'000)	
Rental income	70,018	75.7%	70,405	73.0%
Recoveries income	18,713	20.2%	21,984	22.8%
Other operating income	3,779	4.1%	4,012	4.2%
Gross Revenue	**92,510**	**100.0%**	**96,401**	**100.0%**

The forecast and projected contributions of the Properties to Gross Revenue are as follows:

Contribution to Gross Revenue	Forecast Year 2018 (US$'000)		Projection Year 2019 (US$'000)	
The Plaza Buildings	20,289	21.9%	21,995	22.8%
Bellevue Technology Center	10,974	11.8%	11,331	11.8%
Iron Point	4,983	5.4%	5,032	5.3%
Westmoor Center	14,305	15.5%	15,544	16.1%
Great Hills Plaza	4,350	4.7%	4,415	4.6%
Westech 360	5,759	6.2%	5,734	5.9%
1800 West Loop South	11,085	12.0%	11,385	11.8%
West Loop I & II	8,080	8.7%	8,200	8.5%
Powers Ferry	2,937	3.2%	2,917	3.0%
Northridge Center	3,571	3.9%	3,748	3.9%
Maitland Promenade II	6,177	6.7%	6,100	6.3%
IPO Portfolio	**92,510**	**100.0%**	**96,401**	**100.0%**

A summary of the assumptions which have been used in calculating Gross Revenue is set out in the sections below.

(i) *Rental income*

Rental income comprises principally of rental income received from rental of office space. Rental rates are generally fixed with appropriate rental escalations for the tenure of the leases and are subject to review upon renewal or extension of the leases.

Rental income is accounted for on a straight-line basis over the lease term and adjusted for free rent incentives amortised over the applicable lease period.

(ii) *Recoveries Income*

Recoveries income includes, among others, charges to tenants for reimbursements of certain operating costs and real estate taxes and is estimated in accordance with the individual tenant leases.

The forecast and projected cash rental and recoveries income attributable to the leases for the Properties are estimated as follows:

	Forecast Year 2018		**Projection Year 2019**	
Cash rental and recoveries income	**(US$'000)**	**As a % of Rental and recoveries income**	**(US$'000)**	**As a % of Rental and recoveries income**
The Plaza Buildings				
Rental and recoveries income	17,634		19,133	
Non-cash adjustments[1]	(802)		(345)	
Cash rental and recoveries income	**16,832**	**95.5%**	**18,788**	**98.2%**
Bellevue Technology Center				
Rental and recoveries income	10,760		11,117	
Non-cash adjustments[1]	(429)		(137)	
Cash rental and recoveries income	**10,331**	**96.0%**	**10,980**	**98.8%**
Iron Point				
Rental and recoveries income	4,971		5,019	
Non-cash adjustments[1]	(253)		(244)	
Cash rental and recoveries income	**4,718**	**94.9%**	**4,775**	**95.1%**
Westmoor Center				
Rental and recoveries income	14,247		15,485	
Non-cash adjustments[1]	(959)		(679)	
Cash rental and recoveries income	**13,288**	**93.3%**	**14,806**	**95.6%**

1 "**Non-cash adjustments**" includes straight-line rent adjustments.

Cash rental and recoveries income	Forecast Year 2018 (US$'000)	Forecast Year 2018 As a % of Rental and recoveries income	Projection Year 2019 (US$'000)	Projection Year 2019 As a % of Rental and recoveries income
Great Hills Plaza				
Rental and recoveries income	4,350		4,415	
Non-cash adjustments[1]	(192)		(163)	
Cash rental and recoveries income	**4,158**	**95.6%**	**4,252**	**96.3%**
Westech 360				
Rental and recoveries income	5,754		5,729	
Non-cash adjustments[1]	(194)		(38)	
Cash rental and recoveries income	**5,560**	**96.6%**	**5,691**	**99.3%**
1800 West Loop South				
Rental and recoveries income	10,498		10,780	
Non-cash adjustments[1]	(442)		(517)	
Cash rental and recoveries income	**10,056**	**95.8%**	**10,263**	**95.2%**
West Loop I & II				
Rental and recoveries income	7,894		8,009	
Non-cash adjustments[1]	(644)		(205)	
Cash rental and recoveries income	**7,250**	**91.8%**	**7,804**	**97.4%**
Powers Ferry				
Rental and recoveries income	2,934		2,914	
Non-cash adjustments[1]	(190)		(40)	
Cash rental and recoveries income	**2,744**	**93.5%**	**2,874**	**98.6%**
Northridge Center				
Rental and recoveries income	3,522		3,698	
Non-cash adjustments[1]	(240)		(345)	
Cash rental and recoveries income	**3,282**	**93.2%**	**3,353**	**90.7%**
Maitland Promenade II				
Rental and recoveries income	6,167		6,090	
Non-cash adjustments[1]	(275)		(278)	
Cash rental and recoveries income	**5,892**	**95.5%**	**5,812**	**95.4%**

1 "**Non-cash adjustments**" includes straight-line rent adjustments.

The Manager has used the following assumptions to forecast and project the rental income:

- Approximately 79.5% and 75.2% of rental and recoveries income from the Forecast Year 2018 and Projection Year 2019, respectively, are derived from the existing leases[1].

- Approximately 97.5% of existing leases[1] by Cash Rental Income have built-in rental increases. The rental escalations generally range from 2.0% to 3.0%.

- The remaining rental and recoveries income is based on renewals of existing leases[1] and new tenant leasing assumptions that take into account historical building occupancies, current market rents and vacancy allowances.

- A vacancy allowance is provided to take into account the time generally required to lease a vacant space. The vacancy allowance for all new leases expected in the Forecast Year 2018 and Projection Year 2019 is assessed on a lease-by-lease basis, depending on the size and location of the individual premises. The vacancy allowance has generally been assumed to be between eight to ten months.

(iii) Rent rate

The Manager has used the following process to forecast and project the rental rates:

- Approximately 97.5% of existing leases[1] by Cash Rental Income have built-in rental increases. The rental escalations generally range from 2.0% to 3.0%.

- The Manager has assessed the potential market rents for each category of lettable area at each of the Properties as at 30 June 2017. The market rents are the rents which the Manager believes could be achieved if a prospective lease was negotiated as at 30 June 2017, and is estimated with reference to rental income payable pursuant to comparable leases for tenancies that have recently been negotiated, the effect of competing commercial properties, assumed tenant retention rates on lease expiry, likely market conditions and tenant demand levels.

- For leases that are scheduled to expire in the Forecast Year 2018 or Projection Year 2019, the Manager has assumed that the rental rate for a new lease (or lease renewal) which commences is either the market rent for the corresponding category of lettable area (based on the Manager's estimate of market rents at the expiry date) or the actual rent (if the lease agreement or letter of offer has been entered into).

1 Existing leases of the IPO Portfolio as at 30 June 2017.

(iv) Renewals and occupancy rate

As at 30 June 2017, 16.7% (473,445 sq ft) and 17.1% (483,700 sq ft) of the leased total NLA of the Properties is due for renewal in the Forecast Year 2018 and Projection Year 2019, respectively. It has been assumed that 60.0% to 75.0% of the expiring leases will be renewed during the Forecast Year 2018 and Projection Year 2019. The Manager has based the renewal assumptions for existing leases that are expiring during the Forecast Year 2018 or Projection Year 2019 on a lease-by-lease basis and considers the length of time the tenant has been renting and renewal history, and discussions with tenants providing positive indications to renew. In addition, the Manager has taken into account tenants who have expressed an intention not to renew their leases. As for leases that are not renewed, a vacancy allowance for all new leases expected in the Forecast Year 2018 and Projection Year 2019 is assessed on a lease-by-lease basis.

Forecast and projected portfolio occupancy rates	**As at 31 December 2018**	**As at 31 December 2019**
The Plaza Buildings	81.9%	90.7%
Bellevue Technology Center	92.3%	93.4%
Iron Point	91.4%	92.2%
Westmoor Center	86.3%	89.9%
Great Hills Plaza	92.2%	92.2%
Westech 360	95.2%	95.8%
1800 West Loop South	75.0%	85.8%
West Loop I & II	91.3%	88.6%
Powers Ferry	96.9%	83.5%
Northridge Center	87.1%	92.0%
Maitland Promenade II	98.0%	99.4%
IPO Portfolio	**87.8%**	**90.8%**

(v) Other operating income

Other operating income comprises income attributable to the operation of the Properties, including items such as car park income and income from antenna and storage spaces. The assessment of which is based on existing agreements, historical income collections and the Manager's assessment of the Properties.

(B) Property expenses

Property expenses consist of real estate taxes, the Property Manager's property management fee and reimbursements, and other property expenses.

Property expenses	Forecast Year 2018 (US$'000)	Projection Year 2019 (US$'000)
Real estate taxes	(10,833)	(11,158)
Repair and maintenance expenses	(4,166)	(4,290)
Utilities	(7,313)	(7,533)
Property management fees and reimbursements	(4,992)	(5,142)
Other property expenses	(10,838)	(12,026)
Property expenses	**(38,142)**	**(40,149)**

A summary of the assumptions which have been used in calculating the property expenses is set out below:

(i) Real estate taxes

Real estate taxes for the IPO Portfolio are assessed on an annual basis and are payable on a semi-annual or annual basis based on the municipality in which the property is located. In most jurisdictions, properties are periodically re-assessed to determine value and the taxes due are computed as the product of the assessed value and the current property tax rate.

(ii) Repair and maintenance expenses

Repair and maintenance expenses relate to costs incurred for the maintenance of the Properties and repair costs such as electrical, equipment and ventilation costs.

(iii) Utilities

Utilities expenses include expenses for electricity, water and gas and is estimated based on historical expenses, expected utilisation and expected rate increments.

(iv) Property management fees and reimbursements

Each Property Manager is entitled to a monthly property management fee ranging from 1.5% to 3.0% of gross revenue income, as more specifically defined in each Property Management Agreement. Property management fees are assessed on a monthly basis and payable in arrears. Other expenses include reimbursement to the Property Manager such as the salary payable to the onsite property management team.

(See "Overview – Certain Fees and Charges" for further details of the fees and charges payable by Keppel-KBS US REIT in connection with the establishment and ongoing management and operation of Keppel-KBS US REIT).

(v) Other property expenses

Other property expenses include insurance expense, amortisation of leasing commission and other general and administrative expenses in relation to the Properties. The Manager has estimated these expenses based on historical trends.

(C) Net Property Income

The forecast and projected contributions of the Properties to Net Property Income are as follows:

Contribution to Net Property Income	**Forecast Year 2018 (US$'000)**		**Projection Year 2019 (US$'000)**	
The Plaza Buildings	14,133	26.0%	15,438	27.4%
Bellevue Technology Center	7,083	13.0%	7,292	13.0%
Iron Point	3,151	5.8%	3,072	5.4%
Westmoor Center	7,625	14.0%	8,488	15.1%
Great Hills Plaza	2,509	4.6%	2,490	4.4%
Westech 360	3,193	5.9%	3,041	5.4%
1800 West Loop South	5,529	10.2%	5,496	9.8%
West Loop I & II	4,122	7.6%	4,091	7.3%
Powers Ferry	1,673	3.1%	1,592	2.8%
Northridge Center	1,825	3.3%	1,898	3.4%
Maitland Promenade II	3,525	6.5%	3,354	6.0%
IPO Portfolio	**54,368**	**100%**	**56,252**	**100%**

(D) Manager's Management Fees

Pursuant to the Trust Deed, the Manager is entitled to a Base Fee of 10% per annum of the Annual Distributable Income (calculated before accounting for the Base Fee and the Performance Fee) and a Performance Fee of 25% per annum of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

The Performance Fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in such financial year where the Performance Fee is payable may be less than the DPU in any preceding financial year.

The Performance Fee for each of Forecast Year 2018 and Projection Year 2019 shall be the difference in actual DPU in such financial year with the projected DPU, as set out in the Profit Forecast and Profit Projection. The Manager assumed projected DPU will not be exceeded, and as such, no Performance Fee is payable in Forecast Year 2018 and Projection Year 2019.

The Manager has elected to receive 100.0% of the Base Fee and 100.0% of the Performance Fee in the form of Units for the period from the Listing Date to the end of Forecast Year 2018 and at least 75.0% of the Base Fee and at least 75.0% of the Performance Fee in the form of Units for Projection Year 2019. Where the management fees are payable in Units, the Manager has assumed that such Units are issued at the Offering Price for Forecast Year 2018 and Projection Year 2019.

(See "The Manager and Corporate Governance – The Manager of Keppel-KBS US REIT – Fees Payable to the Manager" for further details.)

(E) Trustee's fees

Pursuant to Clause 15.4 of the Trust Deed, the Trustee's fee shall be charged on a scaled basis of up to 0.015% per annum of value of the Deposited Property, subject to a minimum amount of S$14,000 per month, excluding out-of-pocket expenses and GST.

The actual fee payable will be determined between the Manager and the Trustee from time to time.

(See "The Formation and Structure of Keppel-KBS US REIT – The Trustee" for further details.)

(F) Capital expenditures and leasing commissions

Capital expenditures for improvement works have been projected based on the Manager's assessment and on engineering audit reports obtained by the Manager.

The Manager expects to perform capital expenditures on The Plaza Buildings, Iron Point, Westmoor Center, 1800 West Loop South, West Loop I & II, Westech 360, and Northridge Center. These capital expenditures will include upgrades to landscaping, multi-tenant lobbies, corridors, elevator interiors and restrooms. The remaining Properties will receive minor capital upgrades.

The Manager intends to draw down additional debt available from the Revolving Credit Facility (as defined herein) to finance the capital expenditures and leasing commissions incurred by the Properties during the Forecast Year 2018 and Projection Year 2019. The effective interest rate on these additional debt drawn down is assumed to be approximately at an effective rate of 2.9% per annum, including the amortisation of debt-related transaction costs and interest expense. The amounts drawn down for the Forecast Year 2018 and Projection Year 2019 are forecast and projected at US$17.3 million and US$24.9 million, respectively. (See "Capitalisation and Indebtedness – Indebtedness" for further details.)

Capital expenditures, tenant improvement allowances and leasing commissions incurred are capitalised as part of the book value of the Properties. The fair value of the Properties are expected to increase by a corresponding amount. As these costs are financed by the RCF, no impact on the Consolidated Statement of Comprehensive Income and Distribution are expected other than the interest incurred on borrowings.

The following table sets out the forecast and projected capital expenditures and leasing commissions.

Capital expenditures and leasing commissions	As at 31 December 2018 (US$'000)	As at 31 December 2019 (US$'000)
The Plaza Buildings	2,845	5,552
Bellevue Technology Center	930	893
Iron Point	835	1,321
Westmoor Center	6,606	6,934
Great Hills Plaza	80	1,166
Westech 360	928	584
1800 West Loop South	1,867	3,962
West Loop I & II	1,643	1,118
Powers Ferry	520	825
Northridge Center	755	1,581
Maitland Promenade II	312	949
IPO Portfolio	**17,321**	**24,885**

(G) Finance expenses

Finance expenses consist of interest expense on loans and borrowings, dividends on preferred shares and amortisation of debt-related transaction costs and commitment fees.

Keppel-KBS US REIT has put in place the Facilities, with the Term Loan Facilities and the Revolving Credit Facility to remain unsecured.

The Facilities comprise the following:

(i) Term Loan Facilities with loan maturities of four to five years amounting to approximately US$289.4 million;

(ii) a three-year committed revolving credit facility of up to US$50.0 million.

The amount drawn down on the Listing Date will be approximately US$289.4 million. The Revolving Credit Facilities shall be utilised for capital expenditures. The Manager has assumed the average effective interest rate for Forecast Year 2018 and Projection Year 2019 on the Term Loan Facilities to be approximately 3.35% per annum, including the amortisation of debt-related transaction costs and interest expenses. The Manager has assumed the average effective interest rate for Forecast Year 2018 and Projection Year 2019 on the Revolving Credit Facility to be approximately 2.9% per annum, including the amortisation of debt-related transaction costs and interest expense. An upfront debt establishment fee incurred in relation to the Facilities is assumed to be amortised over the term of the Facilities and has been included as part of the borrowing costs.

(See "Strategy – Key Strategies – Capital Management Strategy" and "Capitalisation and Indebtedness – Indebtedness" for further details.)

(H) Other trust expenses

Other trust expenses consist of Keppel-KBS US REIT's expenses such as audit fees, tax advisory fees, legal fees, valuation fees, listing and related fees, as well as expenses relating to investor communication such as preparation and distribution of reports to Unitholders meetings.

(I) Properties

Keppel-KBS US REIT's portfolio of 11 Properties has been acquired at US$804.0 million as at Listing Date. For the purposes of the Profit Forecast and Profit Projection, the Manager has assumed an increase in the fair value of the Properties to the extent of the assumed capital expenditures, tenancy improvements and leasing commissions described in paragraph (F) above for each of the Forecast Year 2018 and Projection Year 2019.

The Manager has assumed that the fair values of the Properties (except for the effect of the assumed capital expenditures, tenancy improvements and leasing commissions) will remain unchanged for Forecast Year 2018 and Projection Year 2019.

(J) Tax expense

Tax expense consists of current tax and deferred tax expenses. Current tax expense comprises of withholding tax on ordinary distributions paid by Parent US REIT to Singapore Sub 1 of 30%. The Manager has assumed no withholding tax to be payable by Unitholders on interest paid by Parent US REIT to Singapore Sub 2 under the "portfolio interest" exemption. This assumes Unitholders will comply with certain documentation requirements in order to be exempted from US withholding tax, and that Keppel-KBS US REIT as a withholding foreign partnership for US federal income tax purposes, will comply with the requirement to withhold tax from distributions to those who fail to provide or to update relevant information as necessary. The deferred tax expense is based on capital allowances claimed on the investment properties, which represents the probable tax obligations in recovering the carrying amount of the properties through use.

The Manager has also assumed that the interest rate on the loan from Singapore Sub 2 is on an arm's length basis under applicable US transfer pricing regulations, that the deductibility of interest is not otherwise limited, and that the loan will be respected as bona fide debt. As such, the interest payments are expected to be fully deductible for US tax purpose.

(See "Taxation" and "Risk Factors" for further details regarding taxes.)

(K) Foreign exchange rate

The Manager has assumed the following exchange rates for Forecast Year 2018 and Projection Year 2019.

Foreign exchange rate	Forecast Year 2018	Projection Year 2019
USD/SGD	1.3519	1.3462

(L) Accounting standards

Keppel-KBS US REIT has adopted the International Financial Reporting Standards.

The change in applicable accounting standards or other financial reporting requirements is not expected to have a material effect on the Profit Forecast and Profit Projection. Significant accounting policies adopted by the Manager in the preparation of the Profit Forecast and Profit Projection are set out in "Appendix C – Unaudited Pro Forma Consolidated Financial Information".

(M) Other assumptions

The Manager has made the following additional assumptions in preparing the Profit Forecast and Profit Projection:

- the initial property portfolio of Keppel-KBS US REIT remains unchanged for Forecast Year 2018 and Projection Year 2019;

- no further third-party capital will be raised during Forecast Year 2018 and Projection Year 2019;

- there will be no change in the applicable tax legislation, other applicable legislation, or regulatory or judicial interpretation of the same for Forecast Year 2018 and Projection Year 2019. (See "Risk Factors – Risks relating to an investment in the Units – Changes in US tax laws may have adverse consequences." for further details.);

- all leases and licenses as at 30 June 2017 are enforceable and will be performed in accordance with their terms during Forecast Year 2018 and Projection Year 2019;

- there will be no pre-termination of any committed leases;

- 100.0% of Keppel-KBS US REIT's Distributable Income for Forecast Year 2018 and Projection Year 2019 will be distributed; and

- there will be no change in the fair value of the Properties except for capital expenditures, tenancy improvements and leasing commissions described in paragraph (F) above.

SENSITIVITY ANALYSIS

The forecast and projected distributions included in this Prospectus are based on a number of assumptions that have been outlined above. The forecast and projected distributions are also subject to a number of risks as outlined in the section "Risk Factors".

Investors should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast or projected in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the Profit Forecast and Profit Projection, a series of tables demonstrating the sensitivity of the distribution yield to changes in the principal assumptions are set out below.

The sensitivity analyses are intended only as a guide. Variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

Gross Revenue

Changes in the Gross Revenue will impact the Net Property Income of Keppel-KBS US REIT and consequently, the DPU. The assumptions for Gross Revenue have been set out earlier in this section. The effect of variations in the Gross Revenue on the distribution yield is set out below.

	Distribution yield pursuant to changes in Gross Revenue	
	Forecast Year 2018	**Projection Year 2019**
5.0% above base case	7.6%	8.0%
Base case	**6.8%**	**7.2%**
5.0% below base case	6.0%	6.4%

Property expenses

Changes in the Property expenses, of which a portion is recoverable, will impact the Net Property Income of Keppel-KBS US REIT and consequently, the DPU. The assumptions for Property expenses have been set out earlier in this section. The effect of variations in the Property expenses on the distribution yield is set out below.

	Distribution yield pursuant to changes in Property Expenses	
	Forecast Year 2018	**Projection Year 2019**
5.0% above base case	6.5%	6.9%
Base case	**6.8%**	**7.2%**
5.0% below base case	7.0%	7.4%

Fees of the Manager paid in Units

The Manager has assumed that 100.0% of the Management Fees will be paid in Units for Forecast Year 2018 and at least 75.0% of the Management Fees will be paid in Units for Projection Year 2019. The Manager has assumed that such Units are issued at the Offering Price.

The effect of variations in the level of the Management Fees paid in Units on the distribution yield is set out below.

	Distribution yield pursuant to the level of the Management Fees paid in Units	
	Forecast Year 2018	**Projection Year 2019**
Base case (100.0% of Management Fees paid in Units for Forecast Year 2018 and at least 75.0% of Management Fees paid in Units for Projection Year 2019)	**6.8%**	**7.2%**
50.0% of Management Fees paid in Units for Forecast Year 2018 and Projection Year 2019	6.5%	7.0%
0.0% of Management Fees paid in Units for Forecast Year 2018 and Projection Year 2019	6.1%	6.7%

Foreign Exchange Rate

Keppel-KBS US REIT receives all of its income from the Properties in US dollars. Distributions will be declared in US dollars. Each Unitholder will receive his distribution in Singapore dollars equivalent of the US dollar distribution declared, unless he elects to receive the relevant distribution in US dollars by submitting a "Distribution Election Notice" by the relevant cut-off date.

The effect of variations in the foreign exchange rate on the distribution yield for Unitholders who will receive their distribution in Singapore Dollars is set out below.

	Distribution yield pursuant to changes in Foreign Exchange Rate	
	Forecast Year 2018	**Projection Year 2019**
5.0% depreciation of SGD	7.1%	7.5%
Base case	**6.8%**(1)	**7.1%**(1)
5.0% appreciation of SGD	6.4%	6.8%

Note:

(1) Based on the exchange rate assumption of US$1.00 to S$1.3557 as at Listing Date, US$1.00 to S$1.3613 for Forecast Year 2018 and US$1.00 to S$1.3566 for Projection Year 2019.

Interest Rate

Changes in finance expense will affect the income available for distribution and, consequently, distribution yield. The assumptions for finance expense have been set out earlier in this section.

The effect of variations in the interest rate on the distribution yield for Unitholders is set out below.

	Distribution yield pursuant to changes in Interest Rate	
	Forecast Year 2018	**Projection Year 2019**
0.3% above base case	6.6%	7.0%
Base case	**6.8%**	**7.2%**
0.3% below base case	6.9%	7.3%

STRATEGY

INVESTMENT STRATEGY

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.

In accordance with the requirements of the Listing Manual, the Manager's investment strategy for Keppel-KBS US REIT will be adhered to for at least three years following the Listing Date. The Manager's investment strategy for Keppel-KBS US REIT may only be changed within three years from the Listing Date if an Extraordinary Resolution is passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

KEY OBJECTIVES

Keppel-KBS US REIT's key objectives are to provide Unitholders with attractive total returns primarily driven by regular and stable distributions, while maintaining an appropriate capital structure and striving for sustainable growth in DPU and NAV per Unit.

KEY STRATEGIES

The Manager intends to achieve Keppel-KBS US REIT's key objectives through the following strategies:

- **Proactive asset management and optimisation strategy** – The Manager will actively manage Keppel-KBS US REIT's property portfolio with the objective of achieving growth in Gross Revenue and Net Property Income while enhancing long-term sustainability of business. The Manager will also look to drive organic growth, foster relationships with existing and prospective tenants and facilitate property enhancement opportunities.

- **Investments and acquisition growth strategy** – The Manager will seek to achieve portfolio growth by acquiring quality income-producing properties that complement Keppel-KBS US REIT's property portfolio, enhance the return to Unitholders as well as provide opportunities for future income and capital growth.

- **Capital management strategy** – The Manager will endeavour to employ an appropriate mix of debt and equity in financing acquisitions and adopt financing policies to optimise risk-adjusted returns to Unitholders.

Proactive Asset Management and Optimisation Strategy

The Manager's strategy for organic growth is to proactively manage the Properties and build strong relationships with tenants by providing value-added property-related services. Through such active asset management, the Manager seeks to maintain high tenant retention and occupancy levels and achieve stable rental growth, as well as minimise the costs associated with marketing and leasing space to new tenants. Keppel-KBS US REIT will benefit from KC's and KBS' experience in asset management and asset enhancement.

Further, the Manager will seek to optimise returns from Keppel-KBS US REIT's property portfolio through some of, but not limited to, the following measures:

Maintaining optimal portfolio occupancy rates

The Manager will seek to maintain the optimal portfolio occupancy rates for the IPO Properties and to improve the occupancy rates of future properties by working with the Property Managers and/or the Leasing Agents, as the case may be, to manage lease renewals effectively in order to minimise vacant periods due to either lease expiration or premature termination and to:

- develop optimal rental benchmarks for each Property;
- proactively engage in early renewal negotiations with tenants with expiring leases;
- actively market current and impending vacancies to minimise vacant periods;
- increase the overall marketability and profile of Keppel-KBS US REIT's portfolio of properties to increase the prospective tenant base;
- actively monitor rental arrears to minimise defaults by tenants and other aspects of tenant performance;
- incorporate contractual periodic rental step-up provisions in leases to provide an additional source of organic growth;
- monitor and assess spaces which are sub-optimal or remain vacant for long periods and to redevelop or conduct asset enhancement works (for example, pre-building vacant suites that have old and undesirable tenant finishes) to suit prospective tenants' needs and thereby improving the marketability of such spaces; and
- explore and satisfy the expansion needs of existing tenants.

The Manager will work with the Property Managers and/or the Leasing Agents, as the case may be, to initiate tenant retention programme initiatives to further strengthen tenant relationships. The Manager believes that such efforts will contribute to maintaining high tenant retention levels, minimising vacancy levels and reducing gaps in rental income, as well as the associated costs of securing new tenants.

Delivering superior services to tenants

The Manager intends to work with the Property Managers to ensure it continues to provide superior services to tenants through:

- providing high quality asset management services to maintain high retention rates;
- facilitating relocation or expansion of tenants according to their operational requirements;
- rapidly responding to tenants' feedback and enquiries; and
- providing additional value-added services for tenants.

Implementing asset enhancement initiatives

The Manager will work closely with the Property Managers to improve the rental income and value of the portfolio by undertaking asset enhancement initiatives. To the extent possible and permitted by law and regulations, the Manager may:

- seek to rationalise the use of space, create more leasable area, identify sub-optimal and ancillary areas that can be converted for higher returns and improve building efficiency; and

- undertake retrofitting and refurbishments of Keppel-KBS US REIT's properties where necessary, to improve the interior and exterior signages, lighting and other aesthetic aspects of the properties to enhance their attractiveness and achievable rental rates.

The Manager will initiate asset enhancement initiatives subject to the improvements satisfying projected levels of feasibility and profitability.

Implementing pro-active marketing plans

The Manager intends to work with the Property Managers to develop customised pro-active marketing plans for each applicable property. Each plan will focus on property-specific needs to maximise tenant interest and enhance the public profile and visibility with a view to increasing the value and appeal of the properties and to maintain the long-term value of the properties.

Continuing to rationalise operating costs

The Manager will work closely with the Property Managers to keep property operating expenses low while maintaining the quality of services. The Manager intends to rationalise operating costs through the following:

- working closely with the Property Managers to manage and, where possible, reduce the property operating expenses (without reducing the quality of maintenance and services). Some cost management initiatives include (i) re-bidding service contracts to achieve cost savings; and (ii) periodically reviewing workflow process to boost productivity, lower operational cost and foster close partnership with services providers to control costs and potential escalation.

Given Keppel-KBS US REIT's organic earnings growth potential, the Manager's initial strategy following the completion of the Offering is to focus on optimising the operational performance of Keppel-KBS US REIT's IPO Portfolio. Nonetheless, moving forward, the Manager intends to actively explore acquisition opportunities to add value to Keppel-KBS US REIT and enhance returns to Unitholders.

Investments and Acquisition Growth Strategy

The Manager will pursue opportunities to undertake acquisitions of assets that it believes will be accretive to Keppel-KBS US REIT's portfolio and improve the total return to Unitholders relative to Keppel-KBS US REIT's weighted average cost of capital, and opportunities for future income and capital growth. In evaluating future acquisition opportunities, the Manager will seek acquisitions that may enhance the diversification of the portfolio by location and tenant profile, and optimise risk-adjusted returns to the Unitholders. The Manager believes it is well qualified to pursue its acquisition strategy. The management of the Manager, together with the staff of the US Asset Manager, has extensive experience and a strong track record in sourcing, acquiring and financing real estate assets in the United States. The industry knowledge, relationships and access to market information of the management of the Manager and the US Asset Manager provide a competitive advantage with respect to identifying, evaluating and acquiring additional real estate assets.

Investment criteria

In evaluating future acquisition opportunities for Keppel-KBS US REIT, the Manager, working with the US Asset Manager, will focus primarily on the following investment criteria in relation to the property under consideration:

- **Yield requirements** – The Manager will seek to optimise total returns by investing in income-producing properties that provide increasing distributions to Unitholders over time, through the ability to increase the building's occupancy rate, renew existing leases to higher market rents at lease expiration, and from contractual rental increases in the tenants' leases.

- **Tenant mix and occupancy characteristics** – The Manager will seek to acquire properties with high quality and reputable existing tenants, or properties with the potential to generate higher rentals and properties with potential for high tenant retention rates, relative to comparable properties in their respective micro-property markets. In addition, the Manager will evaluate the following prior to the acquisition of a property: (i) tenant credit quality in order to reduce the probability of collection losses, (ii) rental rates and occupancy trends to estimate rental income and occupancy rate going forward and (iii) the impact of the acquisition on the entire portfolio's tenant, business sector and lease expiry profiles.

- **Location** – Working with the US Asset Manager, the Manager will assess each property's location and the potential based on business growth in its market, as well as its impact on the overall geographic diversification of the portfolio. The Manager will also evaluate a range of location-related criteria including, but not necessarily limited to, ease of access, proximity and connectivity to major business, tourist and transportation hubs, visibility of premises from the surrounding catchment markets, and immediate presence and concentration of competitors.

- **Value-adding opportunities** – The Manager may acquire properties with opportunities to increase occupancy rates and enhance value through proactive property management. The potential to add value through selective renovation or other types of asset enhancement initiatives will also be assessed.

- **Building and facilities specification** – Working with the US Asset Manager, the Manager will endeavour to conduct thorough property due diligence and adhere strictly to the relevant quality specifications, with due consideration given to the size and age of the buildings, with respect to potential properties to be acquired by Keppel-KBS US REIT. The Manager will seek to acquire buildings with good quality specifications and which are in compliance with the relevant building and zoning regulations, including energy conservation, health and safety regulations. The Manager will rely on due diligence reports submitted by experts relating to the structural soundness of the building, repairs, maintenance, capital expenditure requirements and encroachment of site boundaries. These reports will be the basis upon which the Manager will assess building conditions and the expected levels of future capital expenditures.

The Manager currently expects that Keppel-KBS US REIT will hold the properties it acquires on a long-term basis. However, in the future, where the Manager considers that any property has reached a stage that offers limited scope for further growth, the Manager may recommend divesting a property and recycling the proceeds into properties that meet its investment criteria.

Ability to Leverage the Sponsors' Real Estate Investment and Management Expertise

The Sponsors are KC and KPA. The Manager is able to leverage KPA's association with KBS, whose focus in the US real estate market is on investment and asset management activities, as well as KC which manages a diversified portfolio of real estate, office, data centre and infrastructure properties in over 20 cities across key global markets.

With their established origination and analysis capabilities, KC and KBS have built up a pipeline of potential acquisition opportunities from third party vendors. Through its relationship with the Sponsors, Keppel-KBS US REIT will be able to benefit from such pipeline of potential acquisition opportunities, as well as the established origination capabilities of the Sponsors and their affiliates in the US real estate market.

The processes to mitigate potential conflicts of interests in the sourcing of potential acquisitions by KC and KBS are described below. These processes are intended to ensure that no class of investors is unfairly favoured over another. As such, there will be no right of first refusal offered to any trusts, funds or REITs managed by KC and KBS (including Keppel-KBS US REIT).

Details of the Keppel Capital Deal Allocation Procedure ("KC DAP")

The KC DAP is established to provide a procedure for allocating investments among the current and future trusts and funds (collectively, the "**KC Trusts/Funds**") which are managed by the vehicles ("**KC Vehicles**") which have entered into outsourcing arrangements with KCI for KCI to provide centralised support services including sourcing for potential acquisitions. This procedure is intended to provide greater transparency to the allocation process in a situation where the KC Trusts/Funds have overlapping investment mandates.

As at the date of this Prospectus, there are no funds managed by the KC Vehicles with competing or similar mandate as Keppel-KBS US REIT. In the event any KC Vehicle manages a fund which has overlapping investment mandates with Keppel-KBS US REIT, the KC DAP shall apply.

- **Administration**

  The KC DAP is administered by the KC Deal Allocation Committee ("**KC DAC**") which comprises the KC Chief Executive Officer ("**CEO**"), the KC Chief Financial Officer ("**CFO**") and the CEOs or CFOs of the KC Vehicles (or their respective nominees). The KC DAC is supported by a secretariat nominated from time to time by the KC Investments team ("**KC DAP Secretariat**").

- **Participating Funds**

  All KC Trust/Funds which are managed by the KC Vehicles and are eligible to acquire investments will participate in the KC DAP as part of their outsourcing arrangement with KCI.

- **Deals subject to KC DAP**

  Deals sourced by (i) the KC Vehicles and (ii) KCI pursuant to the outsourcing agreements entered into between the KC Vehicles and KCI, will be subject to the KC DAP. For the avoidance of doubt, in the case of Keppel-KBS US REIT, deals sourced by the US Asset Manager (i.e. KBS) will not be subject to the KC DAP. In addition, deals sourced directly by the Manager in an exclusive, non-auction context, independent of KCI, and where such opportunity is not available in the general market, will also not be subject to the KC DAP.

- **Process**

  After receipt and review of information relating to the potential investment by KCI or the KC Vehicle investment team (the "**Deal Team**"), the Deal Team will complete the KC Deal Allocation Proposal and submit it to the KC DAP Secretariat. The KC DAP Secretariat will circulate the completed KC Deal Allocation Proposal to the KC DAC to seek concurrence on the recommended allocation.

- **Allocation Procedure**

  The deal will be allocated by the KC DAC to the KC Trusts/Funds based on a suitability assessment taking into account the following factors:

A.	**Specific Investment Objectives**	:	The investment opportunity's conformity with the KC Trusts/Funds' investment criteria and objectives including factors such as property type, size, location, diversification, projected returns, development risk, investment structure, currency, etc.
B.	**Sufficient Funds**	:	The availability and certainty of funding for the investment. In the case of closed-end funds, the amount of committed funds available for investment (in total and within diversification guidelines).
C.	**Investment Hurdle**	:	Any investment hurdle rate of the KC Trusts/Funds.
D.	**Impact on Returns**	:	The extent of the deal being accretive to the KC Trusts/Funds' portfolio return.
E.	**Special Interest**	:	KC Trust/Fund's ability to bid at a higher price due to an existing special interest of the Trust/Fund e.g. adjoining site beside the Trust/Fund's current property.
F.	**Prior Experience**	:	KC Trust/Fund's prior dealings with the seller, developer, lender or other counterparty.
G.	**Timing**	:	The timing constraint of the investment opportunity, if any, in relation to whether KC Trusts/Funds available for investment are discretionary or non-discretionary, and the general duration of the decision making and deal execution process.
H.	**Prior deal allocations**	:	The number of recent deals offered to specific KC Trust/Funds to ensure equality in offering opportunities to the different vehicles.

- **Shared Investments**

  If an investment opportunity is deemed to be appropriate for more than one KC Trust/Fund after consideration of the factors above, the deal may be structured as a shared investment, whether via co-investment or otherwise, and allocated to multiple KC Trusts/Funds.

  If it is not feasible to structure a shared investment for a particular deal for any reason (e.g. the investment size is too small), the deal will be allocated by way of rotation (i.e. the first such deal will be allocated to one KC Trust/Fund and the next one to the next KC Trust/Fund which has the same investment mandate) to ensure fairness.

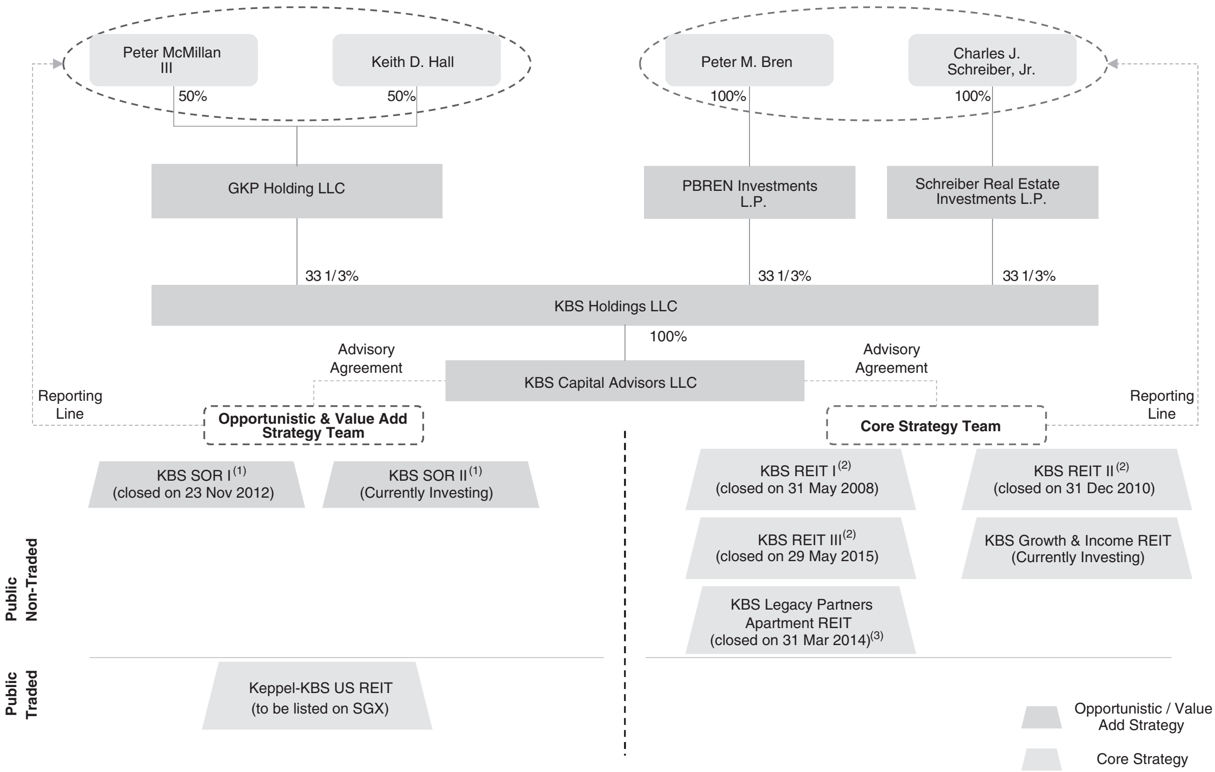
- **Deal Log**

  The KC DAP Secretariat shall maintain a KC Deal Log to record all the completed Deal Allocation Proposals submitted to the KC DAP Secretariat, as well as records of the allocations made in accordance with the KC DAP and the reasons for every allocation. This KC Deal Log will be subject to the scope of internal audits and can be inspected by any of the KC Vehicle or the Monetary Authority of Singapore at any time.

The measures set out in the KC DAP sufficiently mitigates potential conflicts of interests in respect of deal sourcing by a centralised team under KCI. The KC DAP is administered by the CEOs or CFOs of all the KC Vehicles, so all deals sourced will be surfaced to, and reviewed by all KC Vehicles. Each CEO or CFO will ensure that their respective KC Trusts/Funds' interest are safeguarded.

Details of the KBS Conflicts Structure

The following structure chart sets out the relationship between the KBS entities for purposes of dealing with potential conflicts of interest.



Notes:

(1) "**SOR**" stands for Strategic Opportunity REIT – KBS SOR was specifically designed to capitalise on the dislocation, lack of liquidity, and government intervention that exists in the commercial real estate markets by acquiring a diverse portfolio of opportunistic investments in discounted debt and distressed equity assets.

(2) KBS REITs are generally more focused on income, growth and capital preservation.

(3) Follow-on public offering was closed on 31 March 2016.

In addition to the funds presented above, there are also certain Separate Account Client Funds for which Core Strategy Team is also responsible for sourcing acquisitions and subsequent asset management. However, these Separate Account Client Funds are managed by KBS Realty Advisors and not KBS Capital Advisors LLC. KBS Realty Advisors is a separate entity from KBS Capital Advisors LLC. Peter McMillan III and Keith D. Hall have no interest in the entity.

The following procedures to deal with potential conflicts of interest will be adopted by KBS upon listing of Keppel-KBS US REIT (the "**KBS DAP**"):

(1) Separate teams

As shown in the structure chart above, two distinct teams operate within KBS – the core strategy REIT team (the "**Core Strategy Team**") and the strategic opportunity REIT team (the "**SOR Team**"). Each team is responsible for sourcing acquisitions and subsequent asset management for a subset of KBS-advised programs. The Core Strategy Team primarily manages KBS REIT, KBS REIT II, KBS REIT III and KBS Growth & Income REIT (collectively, the "**Core Strategy REITs**"). The SOR Team manages KBS SOR and KBS Strategic Opportunity REIT II (collectively, the "**SOR REITs**"). Investments for KBS Legacy Partners Apartment REIT are managed by KBS's joint venture partner, Legacy Partners.

Upon listing of Keppel-KBS US REIT, KBS will be engaged by the Manager to act as the US Asset Manager with the SOR Team managing Keppel-KBS US REIT on behalf of KBS.

Keppel-KBS US REIT will be the only KBS-advised real estate program with a core strategy that the SOR Team manages. The SOR Team will not support the Core Strategy REITs with an investment focus in stabilised, income-producing investments that would be expected to compete with Keppel-KBS US REIT. For the avoidance of doubt, the SOR Team will continue to manage the SOR REITs with an opportunistic investment focus.

It is expected that conflicts of interest will not develop within the SOR Team because Keppel-KBS US REIT generally will not compete with the SOR REITs for investments due to differing investment strategies and objectives. Keppel-KBS US REIT will generally be investing in stabilised office properties with initial yields sufficient to support its distribution, with a relatively lower total return and risk profile, and with the majority of the total returns being generated from income rather than appreciation. The SOR REITs will generally be investing in value-add and opportunistic properties of all types with higher total return and risk profiles with lower initial yields and a much higher proportion of total return coming from appreciation.

(2) Separate reporting lines

The Core Strategy Team and the SOR Team report to different indirect owners of KBS. The Core Strategy Team reports to Peter Bren and Charles Schreiber. The SOR Team reports to Peter McMillan III and Keith D. Hall. As stated above, the SOR Team will support Keppel-KBS US REIT on behalf of KBS, and will continue to report separately to Peter McMillan III and Keith D. Hall. As such, the reporting lines of the SOR Team will not include any persons who have an interest in any KBS-advised programs that would be expected to compete with Keppel-KBS US REIT for investment or leasing opportunities. Currently Keith D. Hall is an officer of and on the investment committee of each of the Core Strategy REITs. Peter McMillan III is an officer, a director, and on the investment committee of each of KBS REIT, KBS REIT II and KBS REIT III.

Peter McMillan III will retain his officer and director position on each of KBS REIT, KBS REIT II and KBS REIT III as he believes that such positions would allow him to access information regarding any potential sale of assets by the REITs which may be suitable investments for Keppel-KBS US REIT. His positions will also allow him direct access to the broader KBS network to effectively source for real estate opportunities in the US which are suitable for Keppel-KBS US REIT. In the unlikely event that a conflict of interest arises between Peter McMillan III's roles on KBS REIT, KBS REIT II and KBS REIT III and as a member of the SOR Team that is responsible for supporting Keppel-KBS US REIT, Peter

McMillan III would recuse himself from participating in any such discussions on behalf of KBS REIT, KBS REIT II and KBS REIT III, so that he can provide his insights and inputs on behalf of Keppel-KBS US REIT.

While the investment committee of each of the Core Strategy REITs makes recommendations for the Core Strategy REITs, the independent conflicts committees (which comprise independent directors of the Core Strategy REITs) will determine whether there is any conflict and will also make the final investment decision of the Core Strategy REITs. Keith D. Hall will continue to serve as a member of the investment committees for each of the Core Strategy REITs and as an officer of each of the Core Strategy REITs as he believes that such positions will allow him direct access to the broader KBS network to effectively source for real estate opportunities in the US which are suitable for Keppel-KBS US REIT. The Core Strategy REITs may offer a pipeline of assets which may eventually be appropriate for acquisition by Keppel-KBS US REIT, once the opportunistic investments in the Core Strategy REITs stabilise and cash flows improve to appoint where the dividend yields could be acceptable to Keppel-KBS US REIT. In the unlikely event that a conflict of interest arises between Keith D. Hall's roles on the Core Strategy REITs and as a member of the SOR Team that is responsible for supporting Keppel-KBS US REIT (*i.e.* when both investment teams have expressed interest in the same asset), Keith D. Hall would recuse himself from participating in any such discussions on behalf of the Core Strategy REITs, so that he can provide his insights and inputs on behalf of Keppel-KBS US REIT. For the avoidance of doubt, in the event of a transaction between Keppel-KBS US REIT and a Core Strategy REIT, he would recuse himself from participating in any discussions on behalf of the Core Strategy REITs and on behalf of Keppel-KBS US REIT. In addition, Keith D. Hall would keep confidential from members of the Core Strategy Team and Keppel-KBS US REIT, any confidential information learned from his position with the respective program.

As such, the reporting lines of the SOR Team would not include any persons who have an interest in any KBS managed REITs/Funds which would be expected to regularly compete with Keppel-KBS US REIT for investment or leasing opportunities.

(3) Competition for assets and strict information barriers

A weekly investment report on potential deals sourced by KBS will be circulated to both the Core Strategy Team and the SOR Team. Although unlikely to occur, if both teams express interest in acquiring the same asset, both entities may compete for the asset. To prevent exchanges or communications that could lead to conflicts of interest between Keppel-KBS US REIT and the Core Strategy REITs, and specifically to maintain confidentiality on matters relating to the acquisition including investment strategies, underwriting information and financial modelling, information barriers within KBS will be established. In the event that there is an asset which both Keppel-KBS US REIT and another KBS-advised program is interested in acquiring, both entities may compete for the asset. In such an event both Keppel-KBS US REIT and another KBS-advised program which is interested in acquiring such asset would submit separate bids, prepared independent of each other without the sharing of information between the two teams, to the seller of the asset. The seller of the asset would select the winning bid and thus determine which program, if any selected, would purchase the asset.

(4) Different investment focus

As at the date of this Prospectus, there are seven REITs which are managed by KBS. Of the two REITs that are currently raising proceeds for investment, only one has similar investment objectives to Keppel-KBS US REIT, being KBS Growth & Income REIT. As noted above, KBS Growth & Income REIT is currently under the Core Strategy Team of KBS.

Name of REIT/Fund	Investment Focus	Fund Closed Date	Asset Type
KBS REIT	Core and core plus real estate and loans secured by real estate. Not currently investing. Currently selling assets and distributing funds back to shareholders.	31 May 2008	Direct investment generally in office properties while loans could be secured by various asset types.
KBS REIT II	Core and core plus real estate and loans secured by real estate. Not currently investing.	31 Dec 2010	Direct investment generally in office properties while loans could be secured by various asset types.
KBS REIT III	Core and core plus real estate with some loans secured by real estate. Not currently investing.	29 May 2015	Direct investment generally in office properties while loans could be secured by various asset types.
KBS Growth & Income REIT	Core, core plus and value add real estate with some loans secured by real estate.	N.A.	Direct investment generally in office properties while loans could be secured by various asset types.
KBS SOR	Value add and opportunistic real estate, investments in joint ventures managing such real estate and loans secured by real estate.	23 Nov 2012	All asset types.
KBS Strategic Opportunity REIT II	Value add and opportunistic real estate, investments in joint ventures managing such real estate and loans secured by real estate.	N.A.	All asset types.
KBS Legacy Partners Apartment REIT	Core and core plus real estate. Not currently investing.	31 Mar 2014	Apartments

(5) Exclusive opportunities sourced by the Manager

Information on potential investment opportunities that are being sourced directly by the Manager in an exclusive, non-auction context, independent of KBS, and where such investment opportunities are generally not available on the market, will be exclusive to Keppel-KBS US REIT and no information with respect to these exclusive investment opportunities will be shared with KBS.

(6) KBS is a registered investment adviser with the US Securities Exchange Commission

KBS is registered as an investment adviser with the US Securities Exchange Commission. As such, it is required to act as a fiduciary and in the best interest of the programs which it manages.

Capital Management Strategy

The Manager will seek to optimise Keppel-KBS US REIT's capital structure and cost of capital within the borrowing limits set out in the Property Funds Appendix and intends to employ a combination of debt and equity in financing acquisitions and asset enhancement initiatives.

The Manager will also endeavour to:

- maintain a strong balance sheet;
- secure diversified funding sources to access both financial institutions and capital markets; and
- optimise its cost of debt financing.

The Manager will seek to achieve the above by pursuing the following strategies:

- **Optimal capital structure strategy** – Within the borrowing limits set out in the Property Funds Appendix, the Manager will endeavour to employ an optimal capital structure, comprising an appropriate mix of debt and equity in financing the acquisition of properties and asset enhancement activities of its properties. The Manager's capital management strategy involves adopting and maintaining aggregate leverage levels and debt maturity schedules that it believes will provide optimal returns to Unitholders, while maintaining flexibility in respect of future capital expenditures or acquisitions.

  In the event that Keppel-KBS US REIT incurs any future borrowings, the Manager will periodically review Keppel-KBS US REIT's capital management policy with respect to its Aggregate Leverage and modify its strategy in light of prevailing market conditions. The Manager will endeavour to employ long-term, fixed-rate debt to the extent practicable in view of market conditions in existence from time to time.

  At the Listing Date, Keppel-KBS US REIT is expected to have borrowings of US$289.4 million with an Aggregate Leverage of 36.0%. (See "Capitalisation and Indebtedness – Indebtedness" for further details.)

- **Debt diversification strategy** – As and when appropriate, the Manager may consider diversifying sources of debt financing in the future by way of accessing the public debt capital markets through the issuance of investment grade bonds to further enhance the debt maturity profile of Keppel-KBS US REIT.

- **Other financing strategy** – The Manager will, in the future, consider other opportunities to raise additional equity capital for Keppel-KBS US REIT through the issue of new Units, for example to finance acquisitions of properties. The decision to raise additional equity will also take into account the stated strategy of maintaining an optimal capital structure.

Unless otherwise specified, all information relating to the Properties in this Prospectus are as at 30 June 2017.

Keppel-KBS US REIT is a Singapore REIT established with the investment strategy principally to invest indirectly through certain US subsidiary REITs, in stabilised income-producing commercial assets in the United States, as well as real estate-related assets.

A brief overview of the IPO Portfolio and the spread of the IPO Properties across the United States is set out in the diagram below.

The IPO Portfolio of Keppel-KBS US REIT comprises 11 office properties located in the United States, with an aggregate NLA of 3,225,739 sq ft.

The Appraised Value of the IPO Portfolio is approximately US$829.4 million[1]. The aggregate purchase consideration payable by Keppel-KBS US REIT for the IPO Portfolio is US$804.0 million. The IPO Portfolio consists of the following properties:

West Coast

- **The Plaza Buildings**: Situated along one of the busiest corridors in the Bellevue (Seattle) central business district, 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.

1 Based on the higher of the two valuations from Cushman and JLL as of June 2017.

- **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.

- **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.

Central Region

- **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.

- **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 modernised 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.

- **Westech 360**: Westech 360 is in Northwest Austin, Texas, and comprises four three-storey Class B buildings with a NLA of 173,058 sq ft. Over the past few years, the asset 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.

- **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.

- **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.

East Coast

- **Powers Ferry Landing East**: Powers Ferry 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 benefits from its proximity to major Atlanta highways and high net worth neighbourhoods that surround it.

- **Northridge Center I & II**: Northridge Center 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 enjoys excellent access to affluent suburbs, medical facilities, the interstate and the MARTA Rail System.

- **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 MSA and Interstate 4 and is less than an hour's drive from the Orlando International Airport.

The IPO Portfolio comprises assets from the existing portfolio of KBS SOR. The composition of the IPO Portfolio was determined based on the investment considerations of the properties, such as building type, occupancy rate, tenant profile, location, size and current rental rates at the property. In addition, due consideration was given to ensure that the IPO portfolio is well-diversified and well-balanced, which will help ride out the different economic and property cycles across various markets.

Assets from the KBS SOR's portfolio were excluded from consideration for one or more of the following reasons:

(i) the type of building was inconsistent with the mandate of Keppel-KBS US REIT, such as retail properties or apartment buildings;

(ii) the investment yields did not match the yields required for purposes of the IPO or were too low for various reasons, for example low occupancy, re-leasing costs and/or capital costs associated with the replacement or renewal of tenants;

(iii) the asset is held in a joint venture structure and there were restrictions regarding the sale of such property interest; and

(iv) the property was deemed too premature to sell, or could not be sold pursuant to US REIT rules, specifically Section 857(b)(6) of the IRC which imposes a 100% tax on gain from the sale of "dealer property" (as generally described in Section 1221(a)(1) of the IRC). To avoid such taxation under the IRC pursuant to a "safe harbour", Keppel-KBS US REIT, among other requirements, generally is required to hold the property for at least two years.

COMPETITIVE STRENGTHS

The Manager believes that the IPO Portfolio enjoys the following competitive strengths:

- strategically located assets in attractive office markets with strong demand and limited supply;

- diversified tenant base led by tenants in growth or defensive sectors such as technology, insurance, finance, professional services, medical and healthcare; and

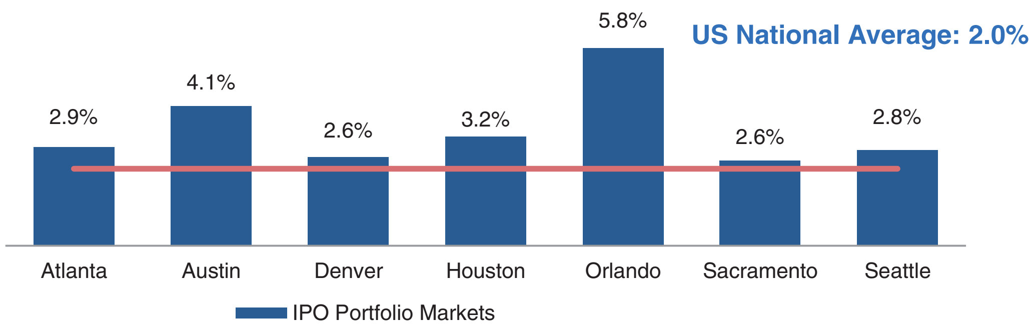
- stable lease profile with a significant proportion of the leases based on fixed annual rental escalations.

(1) Strategically located assets in attractive office markets with strong demand and limited supply

The IPO Portfolio, comprising 11 Properties, are located in strategic key growth markets in the West Coast, Central Region, and East Coast of the US, with no single state contributing more than 46% and 26% of Appraised Value and NLA respectively. The higher levels of economic, employment and population growth are positive demand drivers for office space and are expected to support a positive office outlook in these markets. In particular, most of the Properties within the IPO Portfolio are located in markets which are undergoing a property up-cycle and where rental growth is accelerating. The IPO Portfolio also comprises office buildings located in Orlando and Sacramento, markets which are at the bottom or near-bottom of the property cycle and are therefore well-positioned for future leasing upside. In addition, the IPO Portfolio has two assets located in Houston, which is still recovering from the challenges faced in the oil industry, but remains one of the largest office markets in the US with strong investor appeal.

GMP[1]/GDP Growth Rates

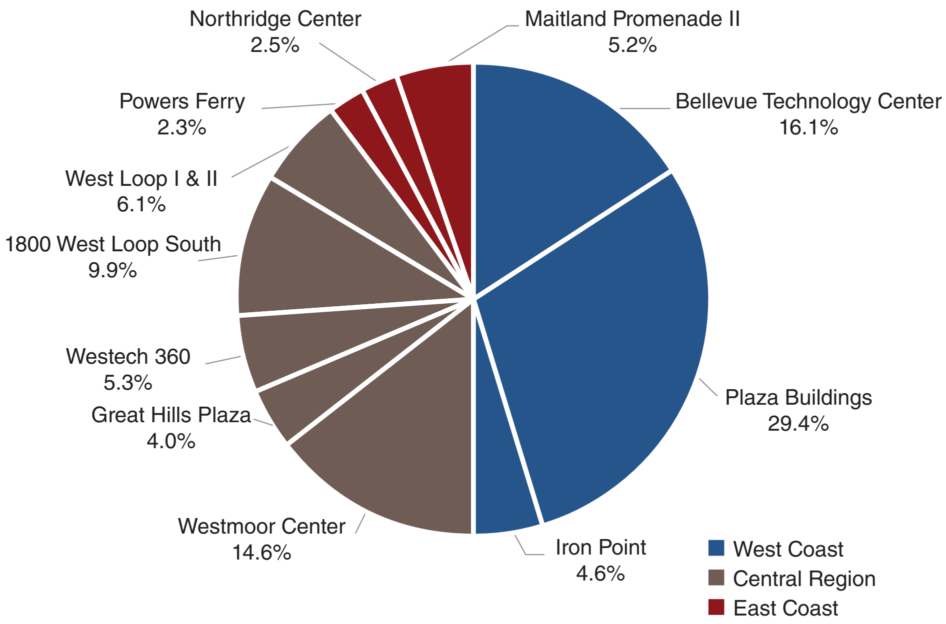
(Average Forecast 2017-21F, %)



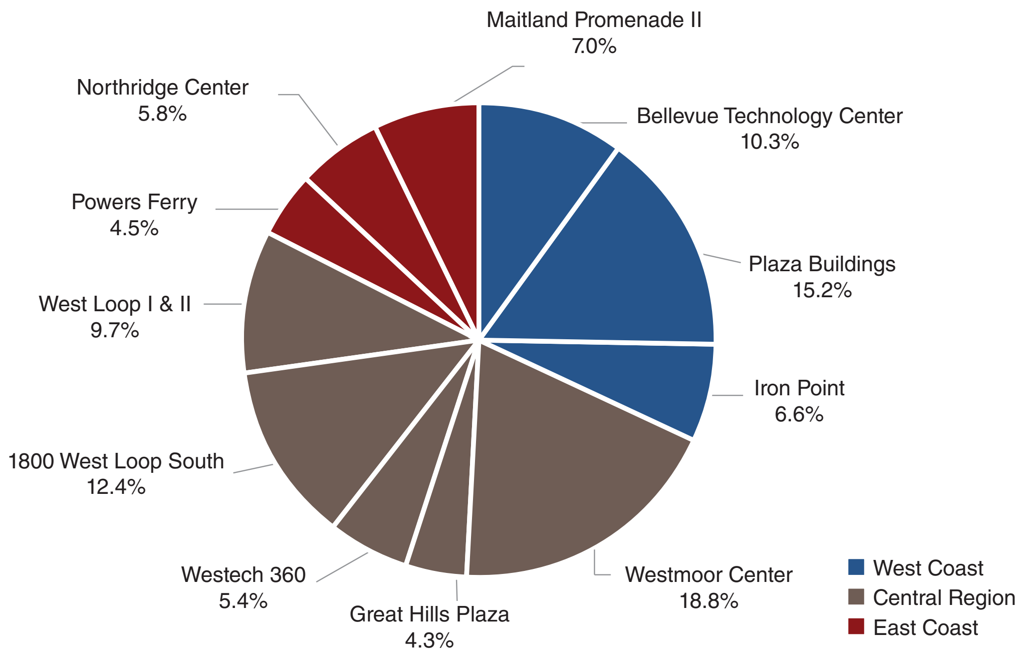
1 GMP is a monetary measure of the value of all final goods and services produced within a metropolitan statistical area during a specified period.

The charts below provide a geographical breakdown of the IPO Portfolio by Appraised Value, NLA and Cash Rental Income.

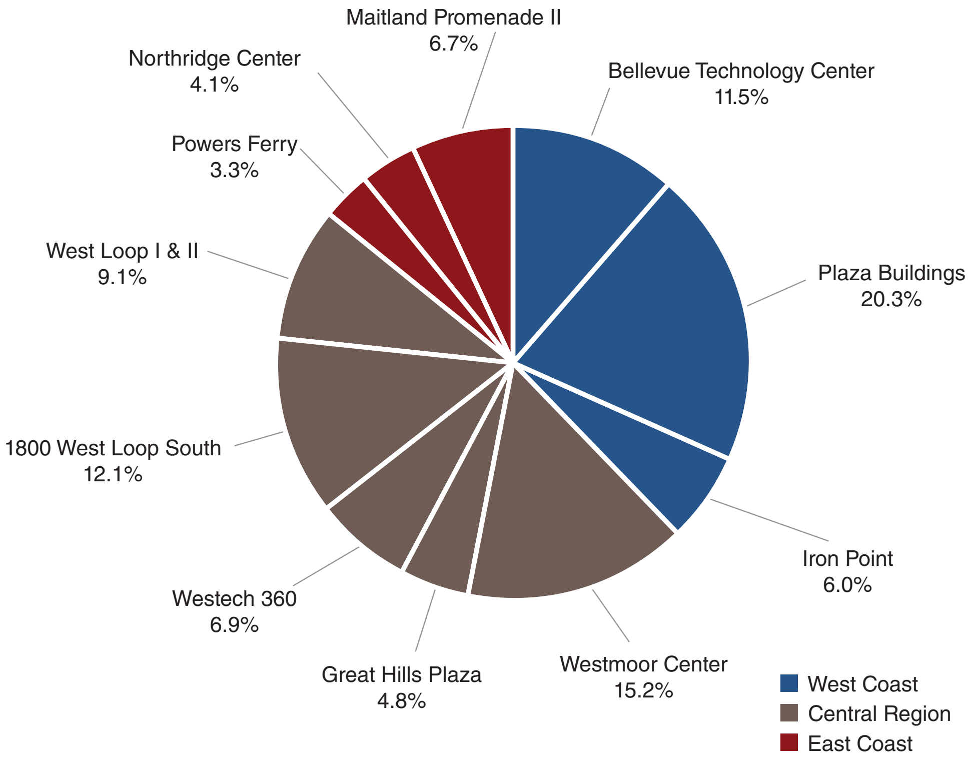
By Appraised Value



By NLA



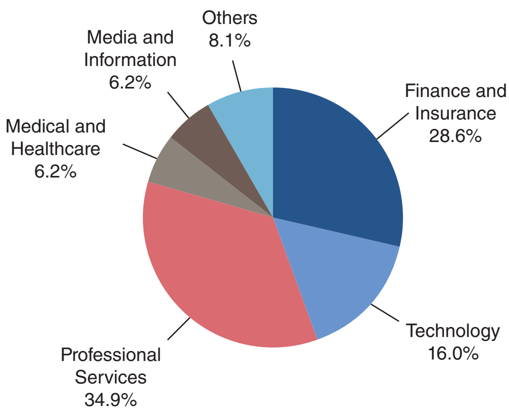
By Cash Rental Income



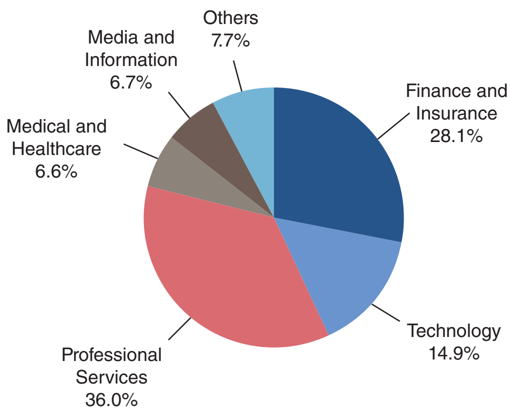
(2) Diversified tenant base led by tenants in growth and defensive sectors such as technology, finance and insurance, professional services as well as medical and healthcare

The IPO Portfolio comprises a diversified tenant base across various sectors such as technology, finance and insurance, professional services as well as medical and healthcare. No one sector contributes more than 34.9% and 36.0% to Keppel-KBS US REIT's Cash Rental Income and NLA respectively.

Trade Sector Contribution by Cash Rental Income



Trade Sector Contribution by NLA



The IPO Portfolio is also diversified across over 300 tenants. Major tenants include Zimmer Biomet Spine, Inc, Unigard Insurance Company, ServiceLink Field Services and Ball Aerospace & Tech Corp. No single tenant accounts for more than 3.0% of the Cash Rental Income of the IPO Portfolio for the month of June 2017.

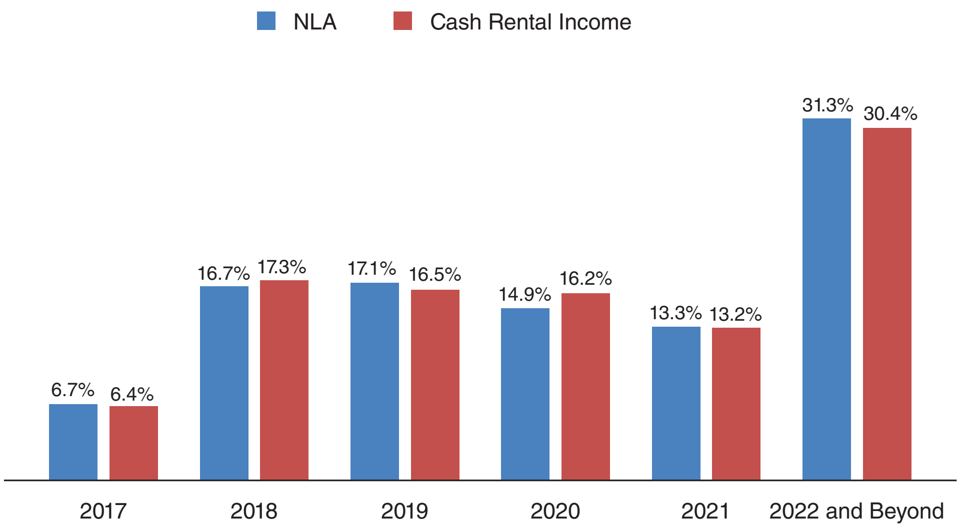
The table below sets out selected information on the top 10 tenants of the IPO Portfolio by percentage of estimated Cash Rental Income for the month of June 2017.

Tenant	**Property**	**Trade Sector**	**% of Cash Rental Income**
Zimmer Biomet Spine, Inc.	Westmoor Center	Technology	3.0%
Unigard Insurance Company (a division of QBE Insurance Group)	Bellevue Technology Center	Finance and Insurance	2.7%
ServiceLink Field Services LLC	Westmoor Center	Finance and Insurance	2.3%
Ball Aerospace & Tech Corp	Westmoor Center	Professional Services	2.2%
Reed Group, LTD	Westmoor Center	Finance and Insurance	2.2%
US Bank National Association	The Plaza Buildings	Finance and Insurance	2.2%
Oracle America, Inc.	Westmoor Center	Professional Services	2.1%
Regus PLC	Bellevue Technology Center	Professional Services	1.9%
Blucora, Inc.	The Plaza Buildings	Technology	1.9%
Health Care Service Corp	1800 West Loop South	Finance and Insurance	1.8%
Top 10 Tenants			**22.3%**
Other Tenants			**77.7%**
Total			**100.0%**

(3) Stable lease profile with a significant proportion of the leases based on fixed annual rental escalations

The IPO Portfolio has a WALE[1] of 3.7 years (by Cash Rental Income as at 30 June 2017). The expirations are well spread out over the upcoming years, providing opportunity for potential rental reversions when tenants renew their leases. No single year has more than 20% of the total leases expiring.

Total IPO Portfolio Lease Expirations (as at 30 June 2017)



Marketing and Leasing Activities

The Properties will continue to be managed by third-party Property Managers and will be able to enjoy a lower property management fee given the economies of scale under the KBS brand name, hence leading to lower property expenses. The lower property expenses may in turn benefit the tenants and enhance the competitiveness of Properties since such expenses can be charged as a part of occupancy cost, subject to the terms contained in the tenancy agreement. The Property Managers are selected from a pool of nationally recognised service providers with many years of experience and track record.

The Property Managers provide quality management services to the Properties. This helps Keppel-KBS US REIT to optimise rental returns and to achieve long term capital appreciation, market leadership in the respective asset classes and maintain its brand position. The Property Managers will carry out the day-to-day management, operation, maintenance and servicing activities for the Properties. The Parent US REIT and the Sub-US REITs, will oversee the Property Manager's activities and monitor its performance.

The Properties will be actively marketed by the Leasing Agents to prospective tenants in desired target groups through direct calls and liaising with property consultants. Prospective tenants and their consultants are also regularly updated with information on the available units for rental at each of the Properties. Viewings of the premises will be conducted regularly by the Leasing Agents with prospective tenants to market vacant units. The Manager will also explore opportunities for joint marketing efforts and other mutually beneficial opportunities with the Sponsors. The Manager believes that such a proactive leasing approach and strategy will assist Keppel-KBS US REIT in attracting high quality tenants to the Properties.

1 Measured across all tenants' remaining lease period in years from the reference date of 30 June 2017 and does not take into account committed leases which have yet to commence as at the date of this Prospectus.

Lease Agreements and Lease Management

The Manager believes that the terms of the lease agreements entered into for the IPO Portfolio are generally in line with generally accepted market practice and procedures for comparable tenants at comparable properties. Rental rates under the leases generally increase each year by an agreed amount or based upon an agreed formula set forth in the leases. In certain instances, these terms have been varied to accommodate the specific needs of major tenants such as the provision of a rent-free fitting out period.

When a prospective tenant has committed to a lease, a security deposit in the form of cash or letter of credit may be payable or required, subject to negotiations. Depending on the credit quality of the tenant, the amount of the security deposit may be increased or decreased, or reduced over the term of the lease (provided there have been no defaults), or the requirement for a security deposit may be waived or alternative security provided in the form of a parent guarantee. Tenants will generally take possession of the premises after they have made the requisite payments and have formally executed the lease agreement. Rent and tenants' share of operating expenses and taxes are typically payable in advance on a monthly basis.

The US Asset Manager will work with the Property Managers and Leasing Agents to maintain good working relationships with existing tenants and will meet with them regularly. Dialogues and meetings for lease renewal will be held with tenants ahead of their lease expiry.

Arrears management procedures will also be enforced to ensure timely payment of rent. The Manager believes that these proactive steps to retain tenants and reduce rental in arrears will help maintain a stable income stream for Keppel-KBS US REIT.

The US Asset Manager will work with the Property Managers and Leasing Agents to operate a comprehensive tenancy retention program targeting tenants with long-term appeal well before the expiry of their leases to ensure, where possible, certainty of long-term occupancy.

CAPITAL EXPENDITURES

The Manager estimates that the total capital expenditure, including leasing commission across the Forecast Year 2018 and Projection Year 2019 will be minimal, budgeted at approximately US$17.3 million in 2018 and US$24.9 million in 2019.

(See "Profit Forecast and Profit Projection – Assumptions – (F) Capital expenditures and leasing commissions" for further details.)

CERTAIN INFORMATION ON THE PROPERTIES

Key Information on the Properties

The table below sets out certain information on the IPO Portfolio as at 30 June 2017, unless otherwise stated.

	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	Northridge Center	Maitland Promenade II	Total/ Average
Location	Seattle, Washington	Seattle, Washington	Sacramento, California	Denver, Colorado	Austin, Texas	Austin, Texas	Houston, Texas	Houston, Texas	Atlanta, Georgia	Atlanta, Georgia	Orlando, Florida	–
Usage	Office	Office	Office	Office	Office	Office	Office	Office	Office	Office	Office	–
Land Tenure	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	–
Completion Year	1978 – 1983	1973, 1980, 2000	1999 and 2001	1999 – 2000	1985	1986	1982	1980	1985	1985 – 1989	2001	–
Year of Refurbishment	2014 – 2015	2013 – 2014	2013 – 2016	2014 – 2016	2014	2014	2013 – 2014	2013 – 2014	2013	2013	2013 – 2016	Average of 3.3[(1)] years from last refurbishment
NLA (sq ft)	490,994	330,508	211,887	607,755	139,252	173,058	398,490	313,873	146,352	186,580	226,990	3,225,739
Parking Stalls	1,254	1,320	1,351	2,809	471	628	1,024	1,044	569	724	1,052	12,246
Occupancy as at 30 June 2017	84.1%	88.9%	95.7%	82.6%	89.1%	94.3%	83.2%	88.3%	94.8%	91.5%	99.0%	88.1%
Committed Occupancy as at 30 September 2017	89.2%	90.6%	99.5%	82.6%	91.9%	94.3%	85.8%	90.5%	94.8%	92.1%	99.0%	90.0%
Number of Tenants as at 30 June 2017[(2)]	66	15	31	21	15	31	54	54	22	27	12	340
WALE by NLA as at 30 June 2017 (years)	3.0	4.1	2.3	4.7	4.4	2.8	2.8	4.5	3.8	2.6	5.1	3.7

	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	Northridge Center	Maitland Promenade II	Total/ Average
Annualised Average Rent per sq ft (US$) as at month of June 2017	38.74	30.51	23.36	23.88	31.09	33.52	29.57	26.31	18.68	18.74	23.77	28.01
Valuation by JLL as at June 2017 (US$ million)	236.1(4)	129.3(5)	38.2	118.2	33.3	43.8	82.0	50.7	18.3	20.5	37.0	807.4
Valuation by Cushman as at June 2017 (US$ million)(3)	243.9(4)	133.0(5)	35.2	121.4	33.0	39.8	75.1	41.9	19.2	20.2	43.4	806.1
Appraised Value as at June 2017 based on the higher of the two valuations (US$ million)	243.9	133.0	38.2	121.4	33.3	43.8	82.0	50.7	19.2	20.5	43.4	829.4
Purchase Consideration (US$ million)	240.0	131.2	36.7	117.1	33.1	41.8	78.6	46.3	18.7	20.3	40.2	804.0

Notes:

(1) As at 30 June 2017 and calculated assuming the refurbishment took place on 1 January of each year (or the later year where there is a range).

(2) The total number of tenants indicated is lower than the sum of the number of tenants for the individual Property as there are tenants sitting across multiple Properties within the IPO Portfolio.

(3) The valuations of Iron Point, Great Hills Plaza and Westech 360 were carried out on 31 May 2017.

(4) The valuation of The Plaza Buildings takes into account the value of the development air rights which may be utilised.

(5) The valuation of the Bellevue Technology Center takes into account the value of the excess parcels which may be developed as the Property has unutilised plot ratio.

Unless otherwise specified, the following information contained in this section has been extracted from the Independent Market Research Report prepared by Cushman.

West Coast

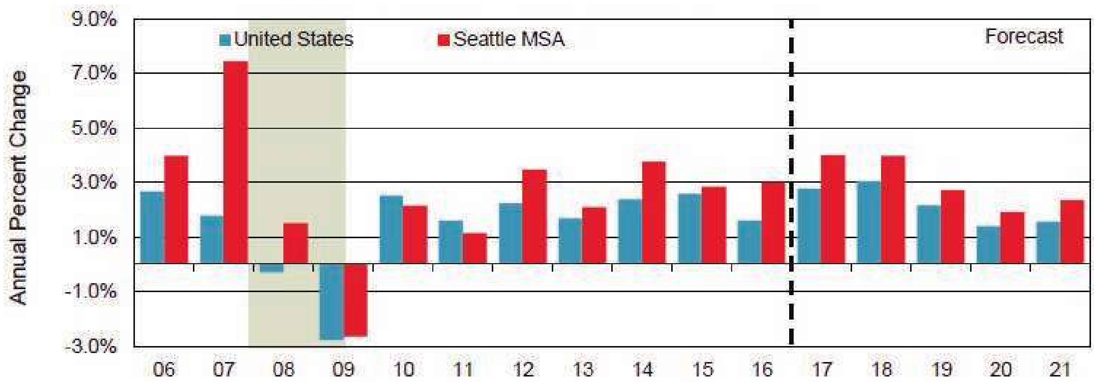
(A) Seattle, Washington

The Seattle-Tacoma-Bellevue MSA is the 15th largest MSA in US, with an estimated 2016 population of approximately 3.7 million. It is the primary economic and cultural centre of Washington, and the largest metropolitan area in the Pacific Northwest.

Favourable economic conditions and consumer confidence at the local and national levels are benefitting the economy through strong retail spending and a resurging housing market. Furthermore, increased demand for cloud services globally in recent years is driving up production at Microsoft, and Amazon and attracting other companies like Oracle, Facebook and Google to expand their presence in the Seattle area.

GMP growth trends for the Seattle MSA were generally stronger than national gross product growth trends over the last ten years. In 2016, the Seattle metro area recorded a 3.0% growth in GMP, almost double the national GMP growth of 1.6%. Seattle MSA's rate of gross product growth is expected to exceed the national growth rates over the next five years. This strong economic growth trend is, driven by the stable demand for high-wage professions generated by the many corporate headquarters located in the area.

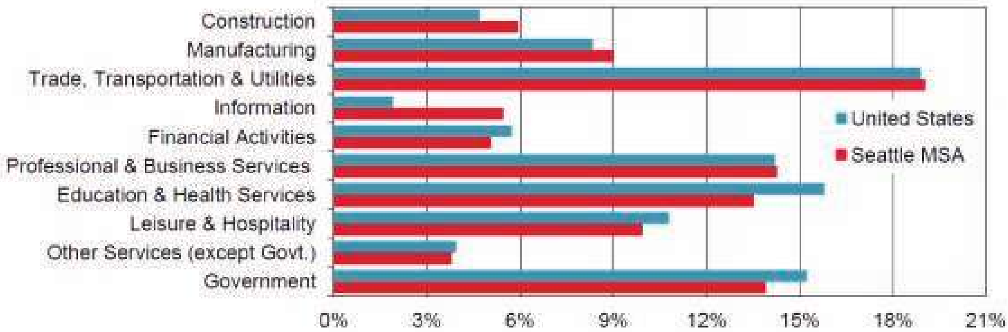
REAL GROSS PRODUCT GROWTH BY YEAR
Seattle MSA vs. United States, 2006-2021



Note: Shaded bars indicate periods of recession

The Seattle MSA benefits from a relatively diverse employment base, and serves as the major service and logistics hub for the US' Northwest region. The Trade, Transportation and Utilities and Professional and Business Services sectors employ the highest percentages of workers in the Seattle MSA, and the Government and Education and Health Services sectors also account for large shares of employment in the metro area. The metro area hosts a relatively large concentration of manufacturing employment relative to the US, due in large part to Boeing's production facilities spread across the Puget Sound region.

EMPLOYMENT BY SECTOR
Seattle MSA vs. United States
2017 Estimates



The Seattle-Bellevue Office market recorded robust growth in the first quarter of 2017. Demand for office space remained strong, with year-to-date leasing activity pacing the ten year high reached in 2016. The overall vacancy rate in the Seattle-Bellevue area decreased 10 basis points over the previous quarter to a rate of 8.1% in first quarter 2017. Many companies in the Seattle area are choosing to move into or grow in the Seattle and Bellevue CBDs, and high levels of absorption, relatively low vacancy, and growth in construction activity are all indicators of a strong preference for space in urban submarkets.

Asking rents in 2017 continued to increase, surpassing 2016 levels to reach US$35.17 per sq ft per annum. Rents in Seattle are likely to continue their upward trend, as the metro area adds more office jobs at a healthy pace and the amount of available office space remains relatively low. The overall average asking rent in the Seattle CBD office markets increased in first quarter 2017, reaching US$40.26 per sq ft. The average asking rent in the Seattle Non-CBD office market increased to US$30.69 per sq ft in first quarter 2017.

Seattle Non-CBD Occupancy and Rental Rates

OVERALL VACANCY RATE & OVERALL ASKING RENT BY YEAR
NON-CBD (including Bellevue), 2007-1Q 2017

The Seattle MSA should continue to experience healthy levels of economic and population growth over the next few years, and will likely remain among the fastest growing metro areas in the country. 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 labour to the metro area.

IPO Portfolio Properties located in Seattle, Washington:

- The Plaza Buildings, located in Bellevue
- Bellevue Technology Center, located in Bellevue

(B) Sacramento, California

The capital of California, the City of Sacramento is the largest incorporated area within the Sacramento MSA and is the economic and cultural core of the metropolitan area. The Sacramento region has a welcoming business climate, an abundant and educated workforce from its world-class research and educational institutions, relatively low housing costs and excellent schools.

The region has experienced steady economic recovery, driven by strong population gains and steady job growth in the last few decades. The diversification and strength of the region's economic base, with a shift from primarily government employment to private sector employment, will aid in the region's expected growth.

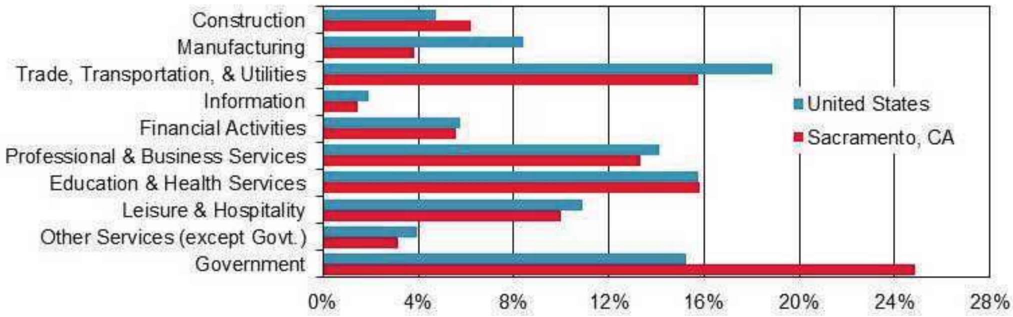
In 2016, Sacramento's GMP growth was 3.8%, exceeding the US growth of 1.6%. Between 2017 through 2021, Sacramento's average annual GMP growth rate is projected to increase to 2.6%, above the projected rate for the US of 2.1% over the same time period.

REAL GROSS PRODUCT GROWTH BY YEAR
Sacramento MSA vs. United States, 2006-2021

Note: Shaded bars indicate periods of recession

Sacramento's employment base is one of the most diverse in the nation, and resembles the overall employment base in the US with similar shares of employment in the construction, information, financial activities, professional and business services, education and health services and leisure and hospitality sectors. As the state's capital, government employment in Sacramento greatly surpasses the national average. At the same time, the Sacramento region is becoming a hub for general and specialised healthcare in Northern California and the California Central Valley, with major healthcare providers amongst the largest employers in the region.

EMPLOYMENT BY SECTOR
Sacramento MSA vs. United States
2017 Estimates



The consistent growth in Sacramento's office-using employment has strengthened the office market in recent time. Favourable demand accompanied by no new supply are expected to continue to benefit the overall vacancy rate and rents, especially in the downtown and midtown submarkets. The non-CBD's overall rental rate of US$22.75 per sq ft per annum was up US$0.34 over the year. Class A average asking rents are expected to continue to increase over the next 12 months.

Sacramento Non-CBD Occupancy and Rental Rates

OVERALL VACANCY RATE & OVERALL ASKING RENT BY YEAR
Sacramento Non-CBD, 2007-1Q 2017

IPO Portfolio Properties located in Sacramento, California:

- Iron Point, located in Folsom

<u>**Central Region**</u>

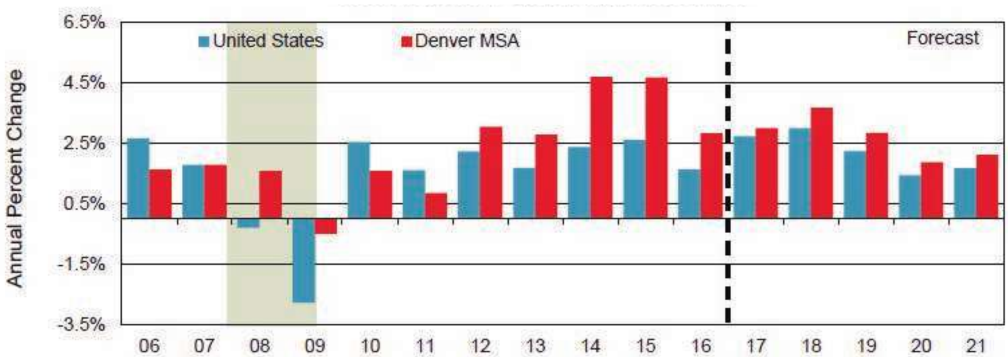
(A) Denver, Colorado

Denver is the capital and the largest city in Colorado.

The Denver metro area has experienced, and is expected to continue to experience steady population, employment, and economic growth. The metro area benefits from below average business costs, a well-educated population and a wide variety of well-established industries, which should allow the Denver MSA to maintain steady levels of growth moving forward.

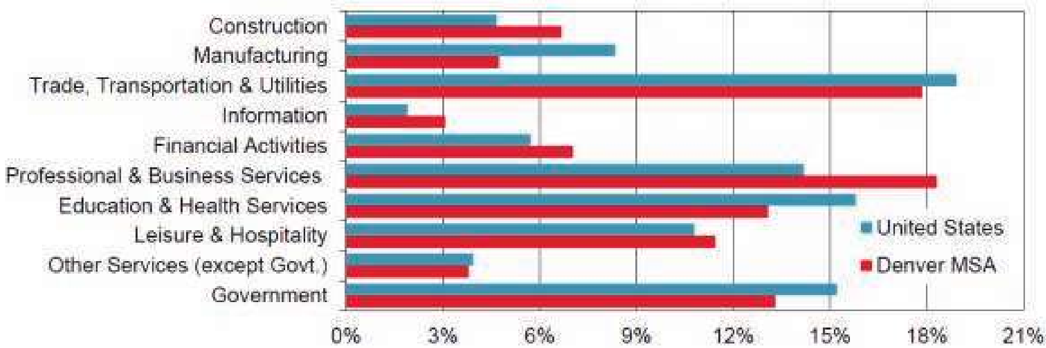
The Denver metro area recorded a GMP of US$1.1 billion in the fourth quarter of 2016, which represents a 0.7% increase from the previous quarter. The economic growth can be attributed to the stable demand for professional services generated by the many corporate headquarters located in the area.

REAL GROSS PRODUCT GROWTH BY YEAR
Denver MSA vs. United States, 2006-2021



Note: Shaded bars indicate periods of recession

EMPLOYMENT BY SECTOR
Denver MSA vs. United States
2017 Estimates



The overall economic conditions in the Denver area remained strong in the first quarter of 2017, as reflected in the robust employment growth rates. The Denver metro area continues to exhibit strong economic and demographic fundamentals, which should benefit local office employers and drive increased local office market activities. The improving sentiments in Denver's office market has seen asking rents increase over the years to reach US$25.80 per sq ft per annum in the first quarter of 2017. The overall asking rents in the Denver metropolitan office market experienced an average increase of US$0.11 per sq ft over the last quarter and a US$1.24 per sq ft increase over the past year.

Denver Non-CBD Occupancy and Rental Rates

DENVER NON-CBD, 2007-1Q 2017

The Denver MSA has consistently attracted new residents and added jobs at a faster rate than the national average over the last several years. In addition to having a variety of well-established industries such as the aerospace and telecommunication industries, the metro area is an attractive location for expanding businesses due to its well-educated workforce and relatively low business costs. High household incomes, a variety of employment opportunities and a high quality of life is expected to continue drawing new residents to the area over the next several years, helping to support above average levels of employment growth relative to the nation. The overall outlook for the Denver MSA is positive, and a stable national economy will likely provide a boost in demand for the high-tech goods and services produced in the region.

IPO Portfolio Properties located in Denver, Colorado:

- Westmoor Center, located in Westminster

(B) Austin, Texas

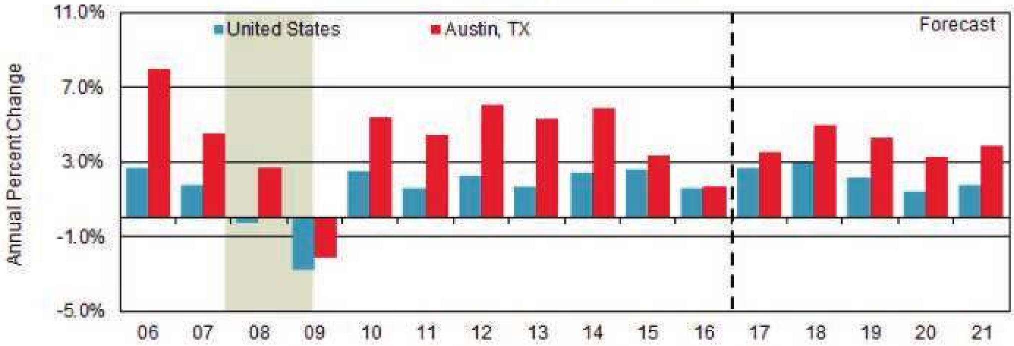
The city of Austin is the capital of Texas and is considered to be a major hub for high technology. At the same time, Austin's well-educated workforce attracts high value-added tech businesses which in turn supports strong population growth.

Austin's local economy remains one of the strongest in the nation, and the metro area is expanding rapidly, with total employment rising at more than twice the national rate over the last two years. Additionally, the local tech industry has been notably growing in recent years and is now further supported by the surge for clean energy. Security technologies and cloud computing will continue to drive growth, coupled with the digitalisation of other industries which will further increase the demand in this sector.

The relatively young and well educated population has created a draw for high tech companies offering high paying jobs. Of Austin's population, 40.4% have a Bachelor degree or higher, compared to the national average of 29.1%, which gives Austin the sixth most educated workforce in the US. Population growth and household formation are projected to outpace the nation due to Austin's relatively low cost of living and growing number of employment opportunities, especially in the technology sector.

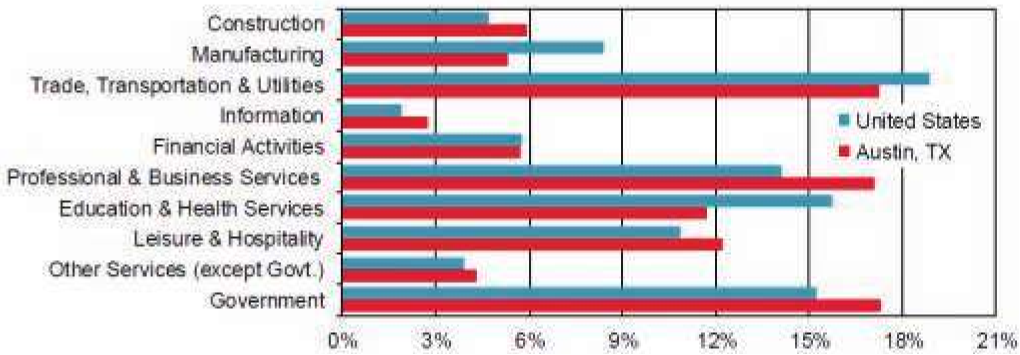
Between 2006 and 2016, the region averaged a 3.7% annual growth in GMP and is projected to grow at 4.1% per year over the next five years from 2017 to 2021.

REAL GROSS PRODUCT GROWTH BY YEAR
Austin MSA vs. United States, 2006-2021



Note: Shaded bars indicate periods of recession

EMPLOYMENT BY SECTOR
Austin MSA vs. United States
2017 Estimates



Through the end of first quarter 2017, the Austin office market demonstrated improving market fundamentals with the technology sector as its driving force. The Austin economy is also supported by a large government employment sector, the University of Texas System and information sector, which attracts and retains a large talent pool of young professionals. The city has a healthy business climate and access to capital. Strong corporate migration and expansion has fed Austin's market fundamentals over the year, dropping vacancy rates and driving positive net absorption.

Sustained momentum in the office market has seen overall asking rents in the Austin MSA up US$1.74 quarter-on-quarter/year-on-year, reporting average asking rents of US$30.35 per sq ft. The region's consistent demand for Class A space and the volume of new, amenity-rich construction has supported rents in recent years.

Austin Non-CBD Occupancy & Rental Rates

OVERALL VACANCY RATE & OVERALL ASKING RENT BY YEAR
AUSTIN NON-CBD, 2007-1Q 2017

IPO Portfolio Properties located in Austin, Texas:

- Great Hills Plaza, located in Austin, Travis County, Texas
- Westech 360, located in Austin, Travis County, Texas

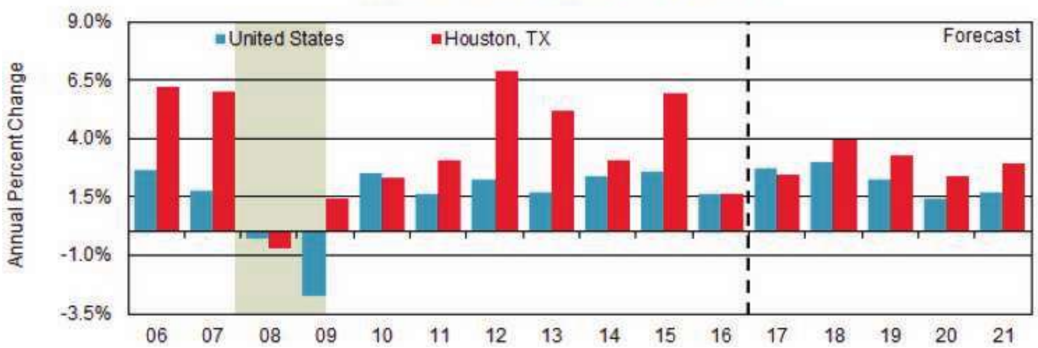
(C) Houston, Texas

The Houston metropolitan area consists of nine counties in southeast Texas. It has a projected 2017 population in excess of 6.9 million and is ranked the fifth largest metropolitan area in the US. The Houston MSA has continued to experience population growth, at a rate outpacing national averages in population growth over the past 30 year, despite the downturn in the oil and energy sector since the 2014 recession. Longer term, a turnaround in the energy industry will contribute to extended growth in Houston. Houston is a business-friendly region that offers a highly-educated and skilled workforce.

While previously at risk due to the decline in the oil and gas industry, projections show that Houston is recovering, albeit at a slower pace.

Given Houston's heavy concentration and reliance on the oil and gas industry, the economy correlates directly with oil prices. Historically, the local economy was dependent on the oil prices and sector, but has since diversified to include other growth industries, such as medical, transportation and business services. Between 2006 and 2016, Houston's GMP grew at an annual rate of 3.4%, outpacing the national average of 1.3%. Through 2021, Houston's GMP growth is expected to grow at an annual rate of 3.1%, compared to 2.1% for the US.

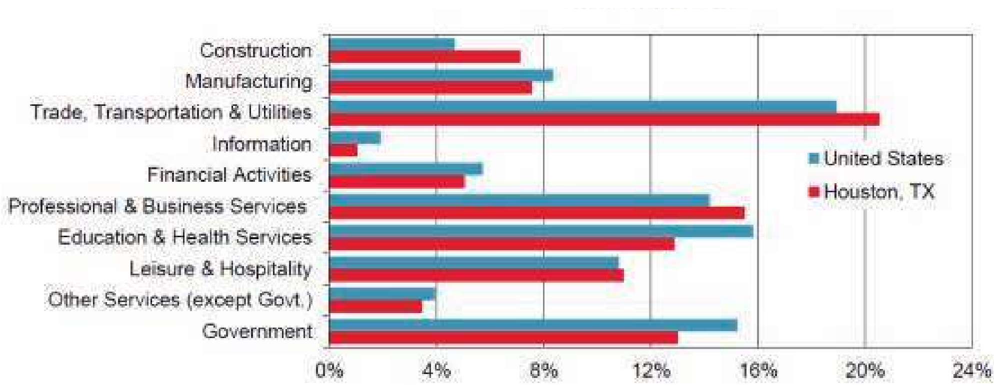
REAL GROSS PRODUCT GROWTH BY YEAR
Houston MSA vs. United States, 2006-2021



Note: Shaded bars indicate periods of recession

The downturn in the energy and related industries has been offset by job growth in non-energy industries. Houston has a comparatively young and well-educated workforce. The area's largest employers include energy industry giants, as well as a diverse group of multi-national corporations, spanning a wide range of industries including healthcare, aviation, and technology. Currently, Houston is home to 24 of the Fortune 500 companies and ranks second among MSAs in the number of Fortune 500 headquarters.

EMPLOYMENT BY SECTOR
Houston MSA vs. United States
2017 Estimates



Houston leverages its core strengths in energy, medical research, healthcare, life sciences, and its strong international ties through its ports. Non-energy employment sectors have helped support the economy but are reliant on performance of the energy industry. Non-energy related industries, such as healthcare and local government, will continue to support the economy as oil prices and production begin to increase.

Houston Non-CBD Occupancy and Rental Rates

OVERALL VACANCY RATE & OVERALL ASKING RENT BY YEAR
HOUSTON NON-CBD, 2007-1Q 2017

The overall rental rates in Houston averaged US$29.29 per sq ft in the first quarter of 2017, across all classes.

IPO Portfolio Properties located in Houston, Texas:

- 1800 West Loop South, located in Houston
- West Loop I & II, located in Bellaire

East Coast

(A) Atlanta, Georgia

Regarded as the capital city of southeastern US, Atlanta is the ninth largest metropolitan area in the US and the 38th largest economy in the world. It is widely regarded as an international gateway. The headquarters for 18 of the Fortune 500 companies, including Delta Air Lines, United Parcel Service and The Coca-Cola Co are located in Atlanta. Atlanta is often ranked as one of the top metropolitan areas for employment and job growth, with its diverse economy, low cost of living and favourable business climate frequently being cited as key factors for companies relocating to the area. Atlanta's core strengths and assets include rapid population growth, superb logistics infrastructure, business-friendly environment, world-class airport, tourism amenities and higher education infrastructure.

The Atlanta MSA continues to witness accelerated job growth, with month-over-month increases. As of February 2017, the region added 95,400 new jobs, pushing total non-farm employment to over 2.7 million. The growing list of relocation and expansion announcements will continue to result in increased investments and the creation of new jobs, as well as stronger population growth.

Atlanta's economy had a GMP measuring US$339.2 billion in 2015, increasing about 5.3%.

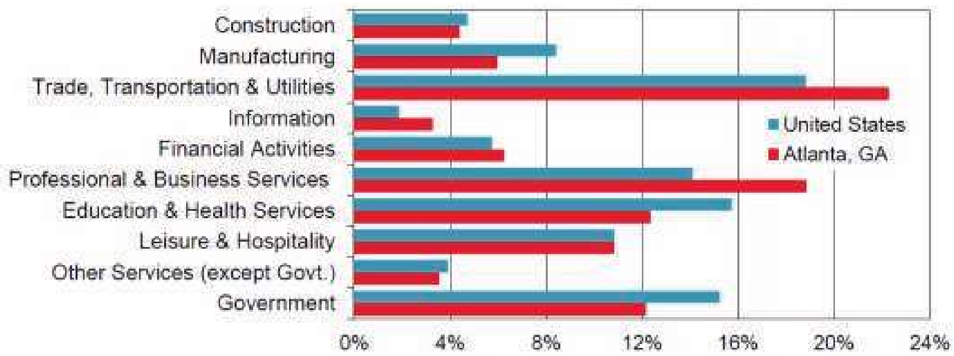
REAL GROSS PRODUCT GROWTH BY YEAR
Atlanta MSA vs. United States, 2006-2021

Note: Shaded bars indicate periods of recession

Atlanta's employment base is one of the most diverse in the nation, with the services and trade sectors accounting for the bulk of total employment. Particularly, Hartsfield-Jackson Atlanta International Airport is the largest employment engine in the state of Georgia (with Delta Air Lines Inc. employing nearly 32,000 persons). As a global logistics hub, the Atlanta MSA has the fifth largest concentration of supply chain companies with over one million people employed in logistics. Atlanta is one of five US markets served by three major interstate highways. Over 80% of US commercial and consumer markets can be reached within two flight hours or two truckload delivery days.

The Atlanta MSA has recorded over-the-year job growth each month for over five consecutive years. According to preliminary data from the US Bureau of Labor Statistics, the Atlanta MSA gained 95,400 jobs during the 12-month period ending February 2017, growing by 3.6% to over 2.7 million jobs.

EMPLOYMENT BY SECTOR
Atlanta MSA vs. United States
2017 Estimates



In the office market, strong occupancy gains pushed vacancy down to its lowest level since 2008. The region's ability to attract large corporate relocations and expansions remain among the primary reasons the state of Georgia is popular for business. Average asking rents rose to US$23.51 per sq ft per annum, increasing 4.8% year-over-year, posting a new rental rate record. Direct Class A rents increased about 3.0%, averaging U$27.01 per sq ft.

The outlook for Atlanta for the remainder of 2017 is expected to be strong with the Atlanta MSA employment performance continuing to lead the state's recovery. Local economists project continued job growth in the region, as companies expand and add to their headcount.

Atlanta Non-CBD Occupancy and Rental Rates

ATLANTA NON-CBD, 2007-1Q 2017

IPO Portfolio Properties located in Atlanta, Georgia

- Powers Ferry, located in Atlanta, Fulton County
- Northridge Center, located in Atlanta, Fulton County

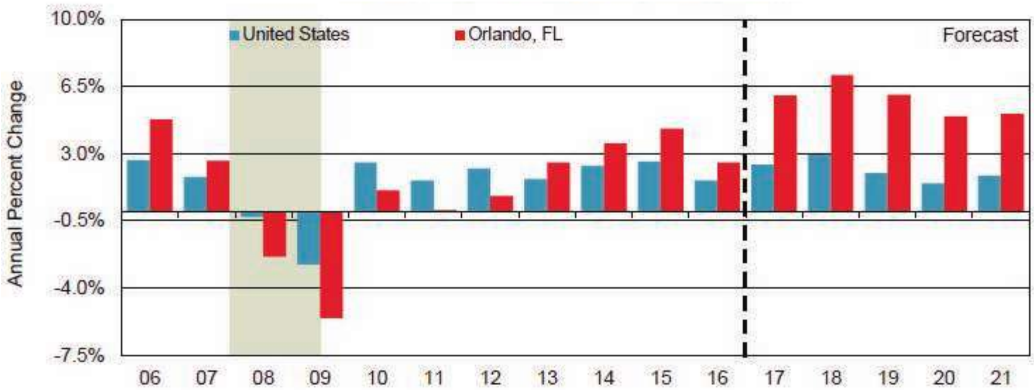
(B) Orlando, Florida

The City of Orlando, located in central Orange County, is the largest incorporated area within the MSA. The region is also the centre of the nation's simulation industry and an emerging hub for entertainment technology and bioscience. The Orlando MSA is a popular tourist destination. Walt Disney World Resort, Universal Orlando Resort and Sea World Orlando are the backbone of the regions tourism industry.

Orlando's economy continues to thrive, and job opportunities encourages migration into Orlando. Tourism continues to fuel growth, accounting for roughly 37.0% of the jobs created in 2016. The retail, technology and medical and healthcare industries are all capitalising on the growing economy. The robust pace of job growth continues to serve as the major catalyst for population growth, as Orlando remains among the fastest growing metropolitan areas in the US.

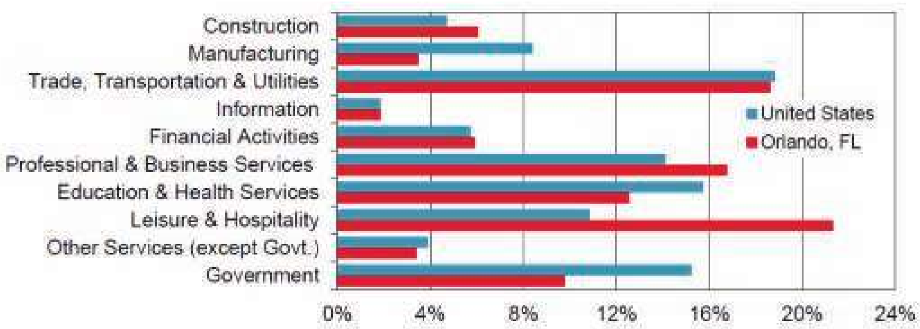
The Orlando economy is a tourist-based economy and is highly sensitive to national and international economic conditions. The tourism sector is reported to have an economic impact of about US$60.0 billion to the local economy. The local economy continues to expand and is projected to approach pre-recession levels in 2017 – increasing to US$129.4 billion in 2016 and increasing further to US$137.2 billion in 2017.

REAL GROSS PRODUCT GROWTH BY YEAR
Orlando MSA vs. United States, 2006-2021



Note: Shaded bars indicate periods of recession

EMPLOYMENT BY SECTOR
Orlando MSA vs. United States
2017 Estimates



The average overall asking rent in Orlando is estimated to be US$20.82 per sq ft. Robust job growth continues to fuel demand for space in the Orlando office market. With companies staying in hiring mode, overall vacancy dropped 1.8 percentage points to measure 11.0% in the first quarter. The consistent increases in office-using employment heightens demand and translates to healthy leasing activity and gains in occupancy, especially in premiere submarkets.

With above-average job growth, a strong in-migration, improving housing market and thriving tourist and medical and healthcare industries, Orlando is performing well.

Orlando Non-CBD Occupancy and Rental Rates

ORLANDO NON-CBD, 2007-1Q 2017

As the main economic engine for the region, the vigorous pace of the tourism industry continues to benefit the metropolitan area, as well as the state of Florida. The long-term outlook for Orlando remains positive as the metropolitan area is forecasted to significantly outpace the national average.

IPO Portfolio Properties located in Orlando, Florida:

- Maitland Promenade II, located in Maitland

THE PLAZA BUILDINGS

10800 & 10900 NE 8th Street, Bellevue, King County, Washington

Property Description

Comprising two Class A multi-tenant office buildings, being Plaza Center and US Bank Plaza, totalling 490,994 sq ft, The Plaza Buildings are prime examples of the new office tenant lifestyle. The buildings are located at 10800 & 10900 NE 8th Street, just minutes from I-405 and the amenity rich culture of downtown Bellevue. The Plaza Buildings have a freestanding garage containing 1,254 spaces, and the buildings are a short walk from the Bellevue Transit Center and are being served by over 20 bus routes around Seattle and the Eastside.

With 84.1% occupancy as at 30 June 2017, the Property contains a mix of unique tenants from diverse industries including finance, technology, and real estate. Recent refurbishments include renovations of both lobbies with new modern designs, along with a refresh of the building exteriors. With energy optimisation and efficiency in mind, The Plaza Buildings was awarded the US Leadership in Energy and Environmental Design (LEED) Gold status.

City Description

Bellevue is the fifth largest city in the state of Washington, and the third largest in the Seattle metropolitan area. Spanning 31 square miles between Lake Washington and Lake Sammamish, the city combines small-town accessibility and metropolitan attributes with an abundance of parks. Bellevue is a quick commute from the Cascade Mountains and the entertainment hub of downtown Seattle. However, with a number of retail amenities, dining options, parks, the city has rapidly grown from a suburban offshoot of Seattle into a vibrant community in its own right.

Bellevue benefits from the large trade industry, highly educated pool of talent and relatively diverse employment base located within the region. The Seattle office market is expected to remain stable over the next few years, continuing to draw large scale expansions.

Surrounding and City Infrastructure

Bellevue enjoys easy access to I-405, I-90 and SR-520 and benefits from a robust public transportation system. The Bellevue Transit Center, located in the heart of downtown, is a hub for more than 20 routes serving the greater Puget Sound region, including the Rapid Ride B line with service directly between Downtown Bellevue and Downtown Redmond. The construction of the East Link Extension will bring light rail services to Bellevue and Seattle's Eastside Suburban office market and further bolster the city's status as a regional business centre. Construction of the East Link Extension began in downtown Bellevue in the first half of 2016, with an expected completion of 2023. The East Link Extension will stop at the Bellevue Transit Center, approximately a five minute-walk away from the Property, and will provide a connection from Seattle's Eastside Suburban office market biggest population and employment centres to downtown Seattle, Sea-Tac Airport and the University of Washington.

The table below sets out a summary of selected information on The Plaza Buildings.

Address	10800 & 10900 NE 8th Street, Bellevue, King County, Washington
Land Tenure	Freehold
Completion Date	1978 – 1983
Refurbishment	2014 to 2015
Occupancy as of 30 June 2017	84.1%
Committed Occupancy as of 30 September 2017	89.2%
Property Manager	Transwestern Commercial Services Washington, L.L.C. d/b/a Transwestern, a Delaware limited liability company
Parking Stalls	1,254
Number of Storeys	Plaza Center: 16 US Bank Plaza: 10
NLA (sq ft)	490,994
Land Area (sq ft)	175,399
Gross Revenue for FY2016 (US$)	17,394,000
Net Property Income for FY2016 (US$)	12,187,000
Annualised Average Rent per sq ft (US$) based on the month of June 2017	38.74
Valuation by Cushman as at 12 June 2017 (US$ million)[1]	243.9
Valuation by JLL as at 1 June 2017 (US$ million)[1]	236.1
Number of Tenants as of 30 June 2017	66
WALE by NLA as at 30 June 2017 (years)	3.0
WALE by Cash Rental Income for the month of June 2017 (years)	3.1

Note:

(1) The valuation of The Plaza Buildings takes into account the value of the development air rights which may be utilised.

Top 10 Tenants

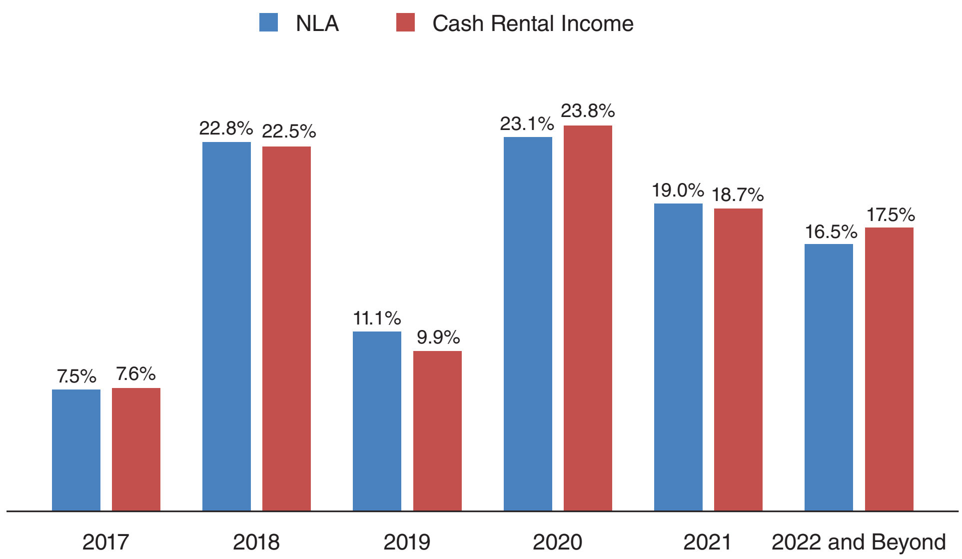
The table below sets out selected information on the top 10 tenants of the Property by percentage of Cash Rental Income for the month of 30 June 2017:

Tenant	Trade Sector	% of Cash Rental Income
US Bank National Association	Finance and Insurance	10.6%
Blucora, Inc.	Technology	9.4%
Visa USA, Inc.	Finance and Insurance	7.1%
Nintex USA LLC	Technology	6.6%
Pointmarc Consulting LLC	Professional Services	6.0%
Futurewei Technologies, Inc	Professional Services	5.1%
Union Bank N.A	Finance and Insurance	3.5%
HNN Associates LLC	Professional Services	3.5%
Construx Software	Technology	3.4%
Premier Office Centers, LLC	Others	3.4%
Top 10 Tenants		**58.6%**
Other Tenants		**41.4%**
Total		**100.0%**

Lease Expiry Profile

The graphs below illustrate the lease expiry profile of The Plaza Buildings by NLA as of 30 June 2017 and Cash Rental Income for the month of June 2017. The Manager is aware that a high percentage of leases is expiring in 2018, and is working with the US Asset Manager, the relevant Property Manager and Leasing Agent to renew the existing leases or procure new tenants.

The Plaza Buildings Lease Expiry Profile

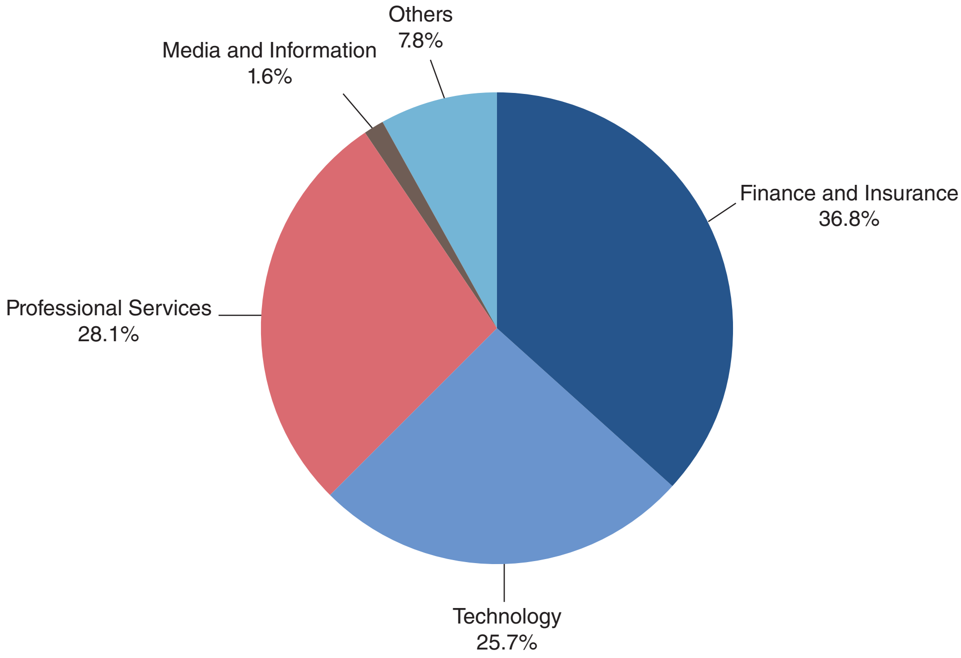


The WALE by NLA as at June 2017 is 3.0 years. The WALE by Cash Rental Income for the month of June 2017 is 3.1 years.

Trade Sector Analysis

The chart below provides a breakdown by NLA by trade sector as of 30 June 2017.

The Plaza Buildings NLA by Trade Sector



Competition

The properties listed below are all Class A or B properties in the Bellevue CBD Submarket. The properties are between 4 and 27 storeys in height, and between 64,446 and 497,076 sq ft in NLA. All comparable properties were built between 1971 and 2001. Average asking rates for competitive office space range from US$35.00 to US$52.00 per sq ft, with an average of US$41.72 per sq ft on an equivalent modified gross (base year) rental basis. Most of the properties are over 90.0% leased, except for Corner Building and 110 Atrium which are 78.6% and 87.9% leased respectively.

The Plaza Buildings' rent of US$38.00 is below the surveyed average with potential to lease up. A future light rail station located two blocks southeast of the subject will open in 2023. The East Link expansion will provide a connection from the Eastside's biggest population and employment centre to downtown Seattle, Sea-Tac Airport and the University of Washington.

No.	Name	Address	Year Built	Investment Class	Vacant Space (sq ft)	Occupancy Rate (%)
1	Key Bank Building	10655 NE 4th St	1971	A	4,708	96.0
2	Skyline Tower	10900 NE 4th St	1983	A	29,699	92.0
3	Corner Building	10400 NE 8th St	1988	A	22,489	78.0
4	Bellevue Place Bank of America	10500 NE 8th St	1988	A	5,141	98.0
5	Bellevue Pacific Center	188 106th Ave NE	1995	A	4,990	95.0
6	Columbia West Building	155 108th Ave NE	1986	A	10,281	92.0
7	South Tower	205 108th Ave NE	2001	A	0	100.0
8	North Tower	225 108th Ave NE	2001	A	6,907	96.0
9	One Bellevue Center	411 108th Ave NE	1984	A	18,357	94.0
10	City Center Bellevue	500 108th Ave NE	1987	A	18,420	96.0
11	Bellevue Corporate Plaza	600 108th Ave NE	1979	B	8,919	96.0
12	Key Center	601 108th Ave NE	2000	A	0	100.0
13	Symetra Center	777 108th Ave NE	1986	A	10,154	98.0
14	Tetra Tech Building	400 112th Ave NE	1981	B	0	100.0
15	South Building	1100 112th Ave NE	2001	A	0	100.0
16	One Twelfth @ Twelfth – West Building	1110 112th Ave NE	2001	A	0	100.0
17	One Twelfth @ Twelfth – East Building	1120 112th Ave NE	2001	A	3,746	97.0

BELLEVUE TECHNOLOGY CENTER

15805 NE 24th Street, Bellevue, King County, Washington

Property Description

The Bellevue Technology Center is an office campus in close proximity to the Global Headquarters of Microsoft Corp.. The Property, which consists 330,508 sq ft in NLA, has four Class A office buildings, five one-storey Class B office buildings and an underground parking garage. Four of the Class B buildings were completed in 1973, the fifth Class B building was completed in 1980 and the four Class A office buildings and the parking garage improvements were completed in 2000. The Class B buildings were renovated between 2001 and 2003.

The aesthetics of the Property's wooded campus and the diverse functionality of its nine different buildings attract institutional-quality tenants. Unlike other suburban assets, the underground parking garage provides secure covered parking, which is a benefit especially with the frequent rain in Seattle.

The Property is approximately 88.9% occupied as at 30 June 2017 after one tenant vacated in May 2017. The committed occupancy rate has reached 90.6% as of 30 September 2017. Main tenants include Trane, Hitachi, Regus and Unigard Insurance Company (a division of QBE Insurance Group).

City Description

Seattle's Eastside Suburban office market has been 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 appeared to be one of the strongest suburban markets in the Seattle area in first quarter 2017, with low vacancy rates and high construction activity.

Surrounding and City Infrastructure

Bellevue Technology Centre is situated near State Route 520, which runs through the north-western portion of the neighbourhood which the Property is situated in, and provides access to the greater Seattle region, including the Seattle-Tacoma International Airport and the entire Puget Sound region.

There are on-and-off ramps from SR-520 at 148th Avenue NE and NE 40th Street, providing businesses and residents convenient access to the greater Seattle region.

In addition to local and regional freeways, the East Link Extension of Sound Transit's Link Light Rail is currently under construction. This extension, which will run from Redmond to downtown Seattle through Bellevue and across the I-90 floating bridge, is scheduled to open in 2023.

The table below sets out a summary of selected information Bellevue Technology Center.

Address	15805 NE 24th Street, Bellevue, King County, Washington
Land Tenure	Freehold
Completion Date	1973, 1980 and 2000 in phases
Refurbishment	2013 to 2014
Occupancy as of 30 June 2017	88.9%
Committed Occupancy as of 30 September 2017	90.6%
Property Manager	Transwestern Commercial Services Washington, L.L.C. d/b/a Transwestern, a Delaware limited liability company
Parking Stalls	1,320
Number of Storeys	One or three-storey buildings
NLA (sq ft)	330,508
Land Area (sq ft)	2,029,754
Gross Revenue for FY2016 (US$)	10,128,000
Net Property Income for FY2016 (US$)	6,482,000
Annualised Average Rent per sq ft (US$) based on the month of June 2017	30.51
Valuation by Cushman as at 9 June 2017 (US$ million)[1]	133.0
Valuation by JLL as at 1 June 2017 (US$ million)[1]	129.3
Number of Tenants as of 30 June 2017	15
WALE by NLA as at 30 June 2017 (years)	4.1
WALE by Cash Rental Income for the month of June 2017 (years)	4.2

Note:

(1) The valuation of the Bellevue Technology Center takes into account the value of the excess parcels which may be developed as the Property has unutilised plot ratio.

Top 10 Tenants

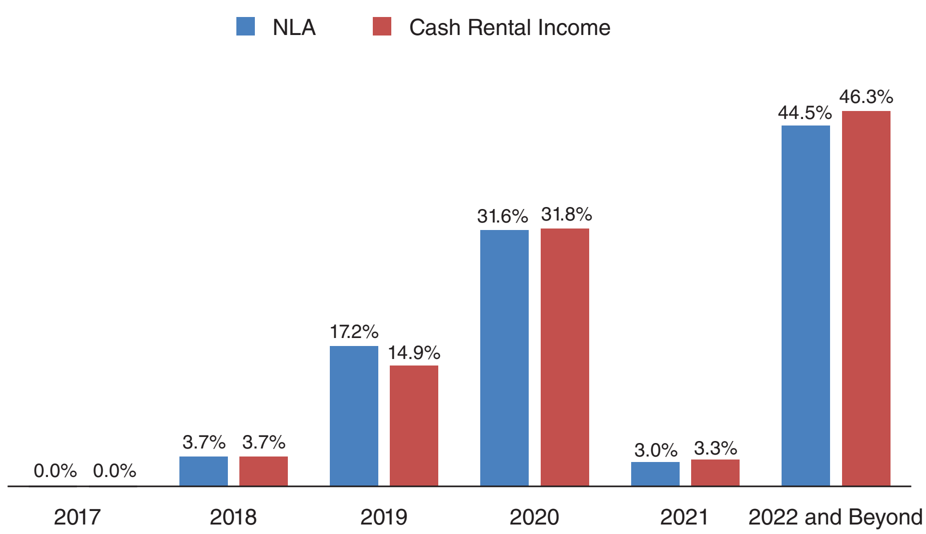
The table below sets out selected information on the top 10 tenants of the Property by percentage of Cash Rental Income for the month of June 2017:

Tenant	Trade Sector	% of Cash Rental Income
Unigard Insurance Company (a division of QBE Insurance Group)	Finance and Insurance	23.8%
Regus PLC	Professional Services	16.6%
Hitachi Data Systems Corporation	Technology	11.6%
Trane U.S. Inc.	Professional Services	9.4%
MOD Super Fast Pizza	Others	8.2%
Hitachi Consulting Corporation	Technology	5.9%
Advanced Micro Devices, Inc	Technology	5.5%
HARMAN Connected Services	Technology	3.7%
SUHRCO Management, Inc.	Professional Services	3.6%
Grant Thornton LLP	Media and Information	3.4%
Top 10 Tenants		**91.7%**
Other Tenants		**8.3%**
Total		**100.0%**

Lease Expiry Profile

The graphs below illustrate the lease expiry profile of Bellevue Technology Center by NLA as of 30 June 2017 and Cash Rental Income for the month of June 2017.

Bellevue Technology Center Lease Expiry Profile

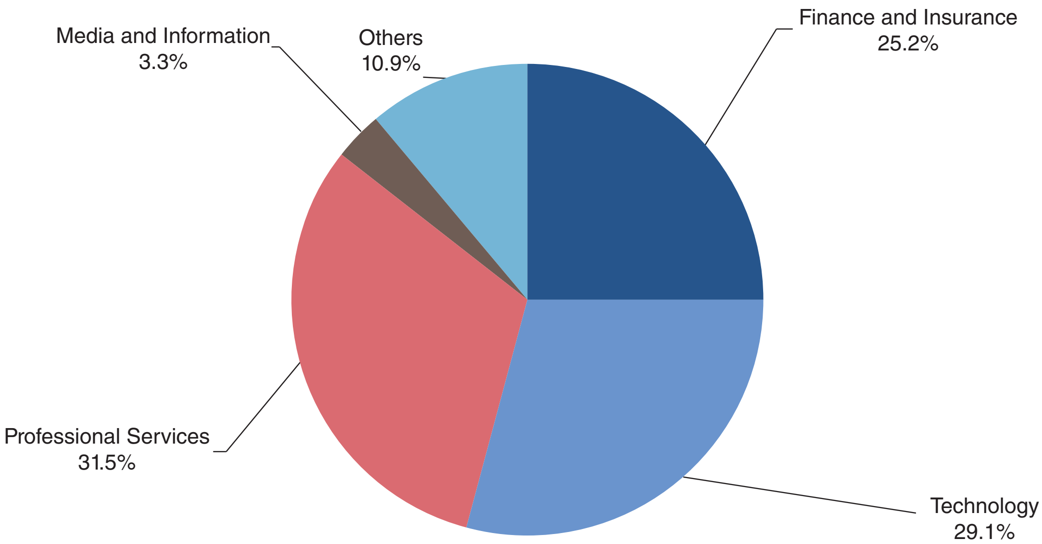


The WALE by NLA for the month of June 2017 is 4.1 years. The WALE by Cash Rental Income for the month of June 2017 is 4.2 years.

Trade Sector Analysis

The chart below provides a breakdown by NLA by trade sector as of 30 June 2017.

Bellevue Technology Center NLA by Trade Sector



Competition

The properties surveyed are located within the Suburban Bellevue/South Redmond micro markets in proximity to Microsoft's global headquarters. Due to the proximity to Microsoft's global headquarters, average vacancy is 2.9%, significantly lower than the current 9.0% rate for the greater Eastside Suburban office market. Most of the 23 properties are 100% leased, except for four, one of which being Bellevue Technology Center with only 88.9% occupancy. Built between 1973 and 2000, the properties are all low-rise with the tallest property being four-storeys high. Bellevue Technology Center has the largest NLA of 330,508 sq ft while the second largest property is Honeywell Building 1 with 152,717 sq ft. Asking rates for competitive office space in the area around Microsoft have recently ranged from approximately US$20.00 to US$27.00 per sq ft on a triple-net lease basis.

The park-like campus provides a level of appeal and amenities that exceed most other buildings in the area. Vacancy has trended downward over the past five years and rental rates have increased. Continued growth in employment will likely result in increased demand for office space in the Seattle CBD. New ventures by Microsoft could result in an increase in vendors and contractors who work with the software company. This could result in an increased demand for space at properties that are in close proximity to the Microsoft campus. Based on Bellevue Technology Center's locational characteristics, project quality and current tenancy, the Property has a good competitive position in comparison to other comparable buildings within the immediate market.

No.	Name	Address	Year Built	Investment Class	Vacant Space (sq ft)	Occupancy Rate (%)
1	Heritage Corporate Center	13427 NE 16th St	2000	B	0	100.0
2	Columbia Plaza – Building C	13431 NE 20th St	2000	B	0	100.0
3	Microsoft Building 19	15660 NE 36th St	1991	B	0	100.0
4	Microsoft Building 21	3925 NE 39th St	1991	B	0	100.0
5	Microsoft Building 18	3860 NE 39th St	1991	B	0	100.0
6	2229 Building	2229 112th Ave NE	1998	B	0	100.0
7	Five Corners	1951 152nd Pl NE	2008	B	0	100.0
8	RidgePointe Corporate Center	2700 156th Ave NE	2002	A	0	100.0
9	Microsoft Building 24	3600 156th Ave NE	1993	B	0	100.0
10	Microsoft Building 28	3028 157th Pl NE	1995	B	0	100.0
11	Ridgewood CS/Building G	11900 NE 1st St	1990	B	0	100.0
12	Ridgewood CS/Building F	150 120th Ave NE	1990	B	985	98.4
13	Building C	15921 NE 8th St	1979	B	0	100.0
14	Liberty Northwest Center	14711 NE 29th Pl	1980	B	1,903	97.2
15	Honeywell Building 1	15001 NE 31st Way	1960	B	0	100.0
16	14777 NE 40th Street	14777 NE 40th St	1979	C	0	100.0
17	Buildings 15 & 16	2015-2025 152nd Ave NE	1979	B	0	100.0
18	Building 17	2425-2495 152nd Ave NE	1979	B	3,703	86.7
19	805 156th Ave NE	805 156th Ave NE	1966	B	0	100.0
20	1260 156th Ave NE	1260 156th Ave NE	1962	C	0	100.0
21	American Income Life Building	15440 Bel Red Rd	1966	C	0	100.0

IRON POINT

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

Property Description

Iron Point is a five building, Class A multi-tenant office campus. Four of the buildings were completed in 1999, and the fifth building in 2001, and consist of one, two- and three-storey buildings that contain a total of 211,887 sq ft of NLA. The Property has an occupancy of 95.7% as at 30 June 2017.

Within the Property, there is onsite parking with an above-market parking ratio of 4.5: 1000 sq ft. There is a mobile car detailing service available for tenants, as well as other lifestyle amenities such as a fitness centre, tenant lounge, outdoor patio, café/deli, showers and locker facilities, a walking/jogging track and private lockers.

The 1180 building underwent complete lobby renovation in 2013 and the other buildings received new furniture and other improvements between 2014 to 2016.

Centrally located within Folsom, Iron Point offers close proximity to numerous retail and service amenities and the area is home to a large percentage of Sacramento's higher income executives.

City Description

Folsom is within Sacramento county and is a forward-looking city, a high-tech town, with firms ranging from small to large international corporations. Folsom also boasts excellent schools, beautiful family-oriented neighbourhoods and outstanding shopping, dining and cultural options.

Folsom is distinctive by nature, home to natural amenities such as Folsom Lake and the American River Bike Trail which provide a year-round playground for recreational enthusiasts on land and water.

Surrounding and City Infrastructure

The building is located directly across the street from Intel Corporation's Folsom Campus, which serves as one of Intel's four major US sites. The Property is situated near the US Highway 50, which is one of the three main throughways into Sacramento providing regional access to Interstate 80 and 5. Iron Point is located in a suburban market area. Public transportation is available through the Sacramento Regional Transit bus and light rail system, which serves the city of Folsom as well as a number of suburban communities.

The table below sets out a summary of selected information on Iron Point.

Address	1110-1180 Iron Point Road, Folsom, Sacramento County, California
Land Tenure	Freehold
Completion Date	1999 and 2001
Refurbishment	2013-2016
Occupancy as of 30 June 2017	95.7%
Committed Occupancy as of 30 September 2017	99.5%
Property Manager	CBRE, Inc., a Delaware corporation
Car Park Stalls	1,351
Number of Storeys	One- to three-storey buildings
NLA (sq ft)	211,887
Land Area (sq ft)	685,350
Gross Revenue for FY2016 (US$)	4,417,000
Net Property Income for FY2016 (US$)	2,687,000
Annualised Average Rent per sq ft (US$) based on the month of June 2017	23.36
Valuation by Cushman as at 31 May 2017 (US$ million)	35.2
Valuation by JLL as at 7 June 2017 (US$ million)	38.2
Number of Tenants as of 30 June 2017	31
WALE by NLA as at 30 June 2017 (years)	2.3
WALE by Cash Rental Income for the month of June 2017 (years)	2.5

Top 10 Tenants

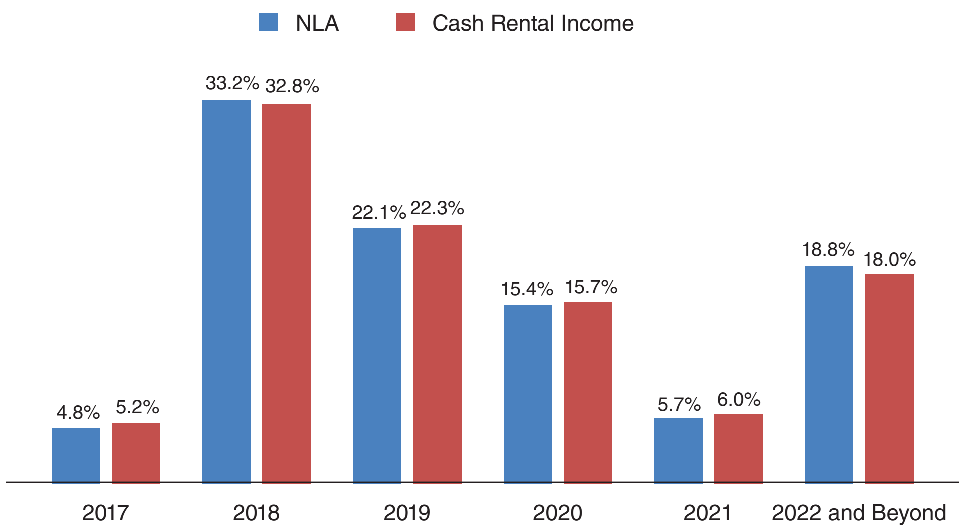
The table below sets out selected information on the top 10 tenants of the Property by percentage of Cash Rental Income for the month of June 2017.

Tenant	Trade Sector	% of Cash Rental Income
Sierra Pacific Mortgage Co Inc	Professional Services	18.3%
CorVel Healthcare Corporation	Medical and Healthcare	12.1%
Pro Unlimited, Inc.	Professional Services	12.0%
Wells Fargo Bank, N.A.	Finance and Insurance	7.9%
Aerojet	Technology	7.5%
FPI Management, Inc.	Professional Services	4.9%
First American Title	Professional Services	4.4%
Ingram Entertainment, Inc.	Media and Information	4.3%
Coldwell Banker Residential	Professional Services	2.6%
Barrett Business Services, Inc	Professional Services	2.3%
Top 10 Tenants		**76.3%**
Other Tenants		**23.7%**
Total		**100.0%**

Lease Expiry Profile

The graphs below illustrate the lease expiry profile of Iron Point by NLA as of 30 June 2017 and Cash Rental Income for the month of June 2017. The Manager is aware that a high percentage of leases is expiring in 2018 and 2019, and is working with the US Asset Manager, the relevant Property Manager and Leasing Agent to renew the existing leases or procure new tenants.

Iron Point Lease Expiry Profile

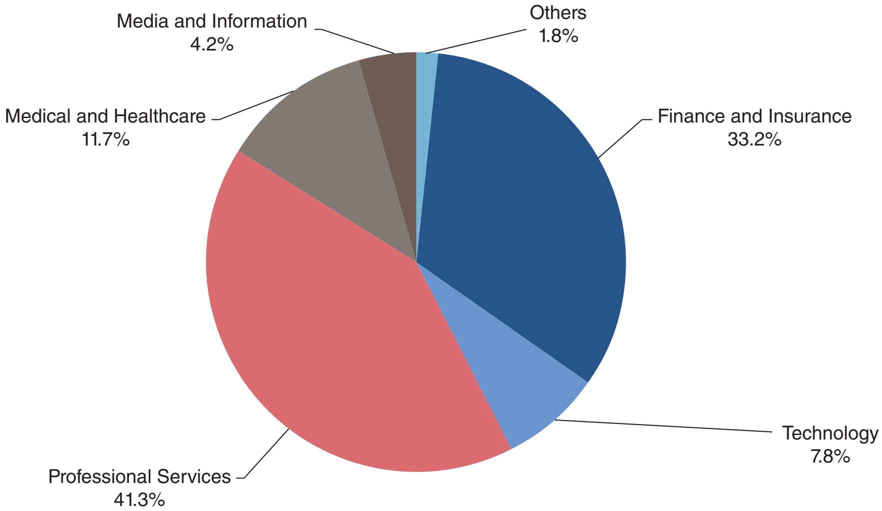


The WALE by NLA for the month of June 2017 is 2.3 years. The WALE by Cash Rental Income for the month of June 2017 is 2.5 years.

Trade Sector Analysis

The chart below provides a breakdown by NLA by trade sector as of 30 June 2017.

Iron Point NLA by Trade Sector



Competition

The properties listed below are Class A, B or C properties. The properties are between one and four-storey in height, and between 28,000 and 211,829 sq ft in size, Iron Point being the largest. All the properties were built between 1983 and 2011. Average asking rates for competitive office space range from US$10.80 to US$27.00 per sq ft, with an average of US$22.06 per sq ft on an equivalent full service rental basis. The average vacancy is approximately 14.2%, which is slightly below the city-wide average of 15.5%.

Iron Point, which is a Class A Property, falls generally in the upper end of this set in terms of access to amenities, overall quality/condition, and parking facilities. The Property also benefits from being located near major thoroughfares and public transportation with good accessibility from surrounding markets. The Property offers adequate amenities that are attractive to prospective tenants as evidenced by its current tenancy. Thus, based on the Property's locational characteristics, project quality and current tenancy, Iron Point has a good competitive position in comparison to other comparable buildings within the immediate market.

No.	Name(1)	Address	Year Built	Investment Class	Vacant Space (sq ft)	Occupancy Rate (%)
1	–	2330 E Bidwell St	2000	B	11,740	77.4
2	Folsom Health & Wellness Center	2575 E Bidwell St	2005	B	3,937	89.4
3	College Point Business Center	2600 E Bidwell St	2004	B	5,712	85.7
4	Lake Forest Tech Center	80 Blue Ravine Rd	1990	B	9,784	77.9
5	–	81 Blue Ravine Rd	1985	B	8,671	81.6
6	–	110 Blue Ravine Rd	1984	C	4,716	88.2
7	–	160 Blue Ravine Rd	1984	C	1,204	95.9

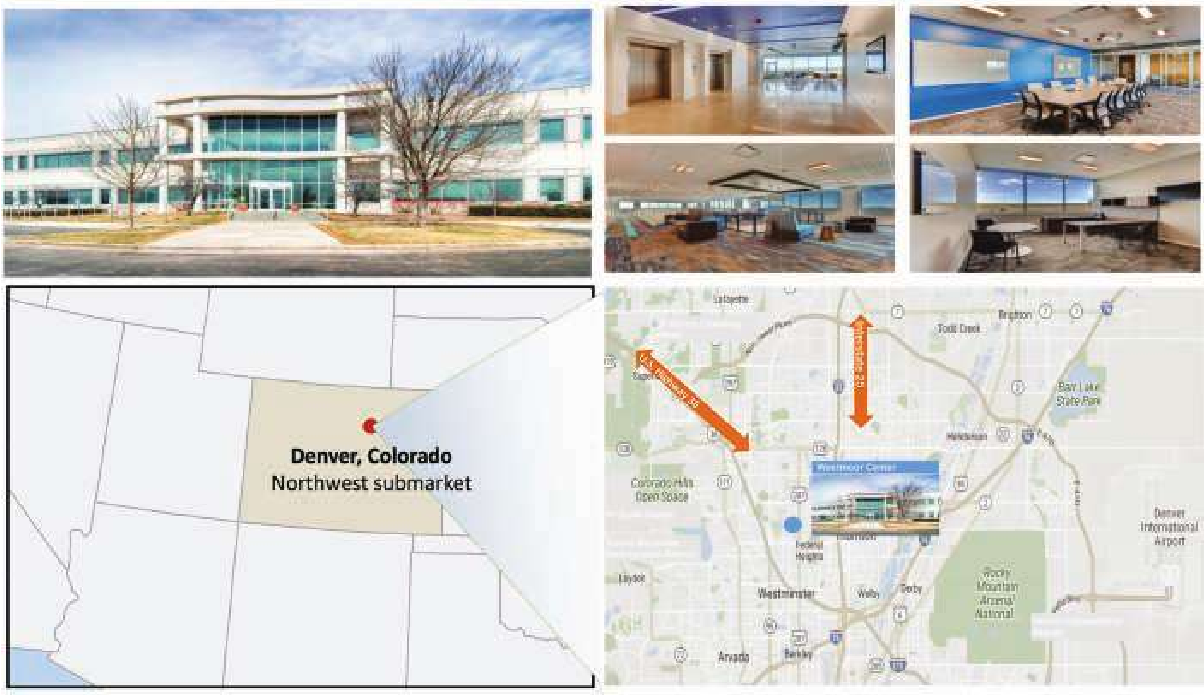
No.	Name(1)	Address	Year Built	Investment Class	Vacant Space (sq ft)	Occupancy Rate (%)
8	Lake Forest Technical Center	180 Blue Ravine Rd	1983	B	9,272	78.6
9	Folsom Professional Centre	193 Blue Ravine Rd	2005	B	13,975	80.0
10	–	600 Coolidge Dr	1999	A	26,070	83.4
11	–	620 Coolidge Dr	1999	A	0	100.0
12	–	1600 Creekside Dr	1990	C	1,449	95.2
13	–	950 Glenn Dr	2007	B	4,051	93.8
14	–	35 Iron Point Cir	2001	A	0	100.0
15	Iron Point Office	50 Iron Point Cir	2004	A	21,211	56.3
16	Broadstone Business Center	80 Iron Point Cir	2000	B	3,726	94.3
17	Natoma Station Corporate Center	950 Iron Point Rd	1998	A	41,616	60.6
18	–	1130 Iron Point Rd	1999	B	969	97.1
19	–	1180 Iron Point Rd	2001	A	3,130	97.5
20	Folsom Corp Center Building 6	2365 Iron Point Rd	2003	A	27,575	81.4
21	–	785 Orchard Dr	2000	B	12,116	70.1
22	–	340 Palladio Pky	2011	A	0	100.0
23	–	101 Parkshore Dr	2000	B	0	100.0
24	–	145 Parkshore Dr	2008	B	10,517	78.3
25	–	400 Plaza Dr	1999	B	4,646	89.4
26	–	110 Woodmere Rd	1998	B	44,983	18.6
27	–	111 Woodmere Rd	2003	B	1,720	94.5
28	Heller Executive Center	1024 Iron Point Rd	2007	B	0	100.0

Note:

(1) Certain buildings are being recognised by their addresses as they do not have names.

WESTMOOR CENTER

10055-10385 Westmoor Drive, Westminster, Jefferson County, Colorado



Property Description

Westmoor Center is located at 10055-10355 Westmoor Drive, Westminster, Jefferson County, Colorado. The Property is a Class A office campus comprised of six buildings containing an NLA of 607,755 sq ft. The Property is part of the wider Westmoor Technology Park, which is a developing 425-acre office/high-tech campus with several major tenants.

Capital improvements have been made since 2006, including the build-out of the business centre in Westmoor Center III and mechanical upgrades, including elevator modifications and lobby renovations. Westmoor Center's location offers convenient access to corporate travel via the Rocky Mountain Metropolitan Airport, more than 200 shops at the Flatiron Crossing Mall and the 1st Bank Center, a new 180,000-square-foot event centre.

The Property is located within a well-established submarket located along the US Highway 36 corridor serving Denver and Boulder, proximate to primary demand generators and local area amenities. The Property is currently 82.6% occupied as at 30 June 2017. Some of the major tenants include Ball Aerospace, Oracle America, Convergys Corporation, Reed Group, Cabela's Inc., Health Inventures, LLC, and Zimmer Biomet Spine, Inc..

The Property has been built with a commitment to energy efficiency and environmental conservation and is a recipient of the US Environmental Protection Agency's prestigious Energy STAR © label.

City Description

Westminster has a significant residential base that supports numerous corporate headquarters, professional and financial services, high-tech firms, major healthcare-organisations, research and development ("**R&D**") in aerospace and software technology. With direct access to major highways, Westminster's central location between Denver and Boulder puts it within one of the most highly educated workforces in the country. Surrounded by communities such as Broomfield, Superior, Arvada, and Louisville, Westmoor Center is within easy reach of large retail centres and a variety of entertainment and recreational facilities.

Surrounding and City Infrastructure

Westmoor Center is located west of the Denver-Boulder Turnpike (US Highway 36) and the Church Ranch Boulevard interchange and south of the US Highway 36 and Wadsworth Parkway interchange providing access to the City of Boulder to the west and Interstate 25 to the east. Interstate 25 is the major north-south highway providing access to the CBD, located only 6.5 miles to the east of the Property.

Just to the north of the subject campus, the area is dominated by the presence of the Rocky Mountain Metropolitan Airport and related regional airport uses. This regional airport is considered one of the Nation's busiest general aviation executive airports. Denver International Airport is also just a 30-minute drive from Westminster, offering non-stop service to 180 destinations.

The table below sets out a summary of selected information on Westmoor Center.

Address	10055-10385 Westmoor Drive, Westminster, Colorado
Land Tenure	Freehold
Completion Date	1999 – 2000
Refurbishment	2014 – 2016
Occupancy as of 30 June 2017	82.6%
Committed Occupancy as of 30 September 2017	82.6%
Property Manager	CBRE, Inc., a Delaware corporation
Parking Stalls	2,809
Number of Storeys	Two- to three-storey buildings
NLA (sq ft)	607,755
Land Area (sq ft)	1,904,706
Gross Revenue for FY2016 (US$)	11,025,000
Net Property Income for FY2016 (US$)	4,807,000
Annualised Average Rent per sq ft (US$) based on the month of June 2017	23.88
Valuation by Cushman as at 15 June 2017 (US$ million)	121.4
Valuation by JLL as at 27 June 2017 (US$ million)	118.2
Number of Tenants as of 30 June 2017	21
WALE by NLA as at 30 June 2017 (years)	4.7
WALE by Cash Rental Income for the month of June 2017 (years)	4.6

Top 10 Tenants

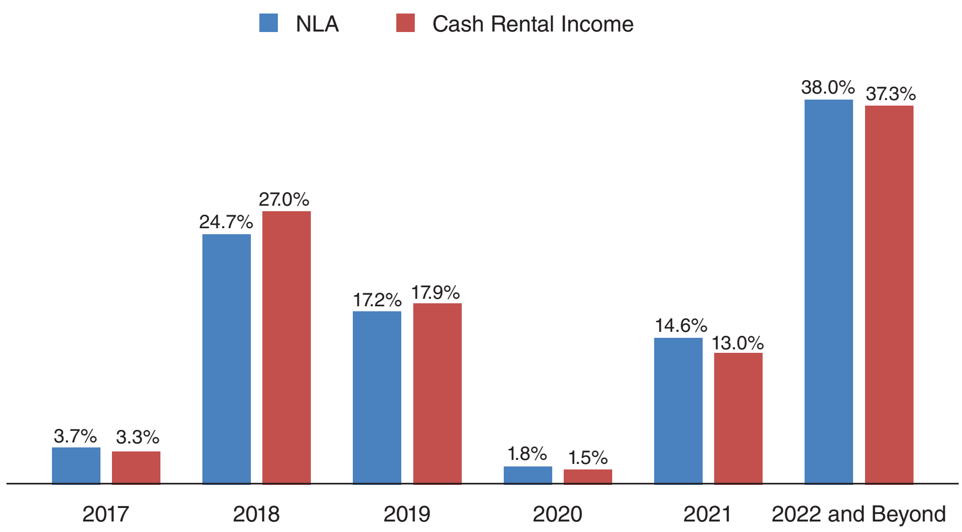
The table below sets out selected information on the top 10 tenants of the Property by percentage of Cash Rental Income for the month of June 2017.

Tenant	Trade Sector	% of Cash Rental Income
Zimmer Biomet Spine, Inc.	Technology	19.9%
ServiceLink Field Services LLC	Finance and Insurance	15.4%
Ball Aerospace & Tech Corp	Professional Services	14.6%
Reed Group, LTD	Finance and Insurance	14.5%
Oracle America, Inc.	Professional Services	13.5%
HID Global Corporation	Professional Services	6.6%
Convergys Corporation	Professional Services	2.9%
General Services Administration	Professional Services	2.7%
Cabela's Incorporated	Technology	2.6%
Health Inventures LLC	Professional Services	2.5%
Top 10 Tenants		**95.2%**
Other Tenants		**4.8%**
Total		**100.0%**

Lease Expiry Profile

The graphs below illustrate the lease expiry profile of Westmoor Center by NLA as of 30 June 2017 and Cash Rental Income for the month of June 2017. The Manager is aware that a high percentage of leases is expiring in 2018 and 2019, and is working with the US Asset Manager, the relevant Property Manager and Leasing Agent to renew the existing leases or procure new tenants.

Westmoor Center Lease Expiry Profile

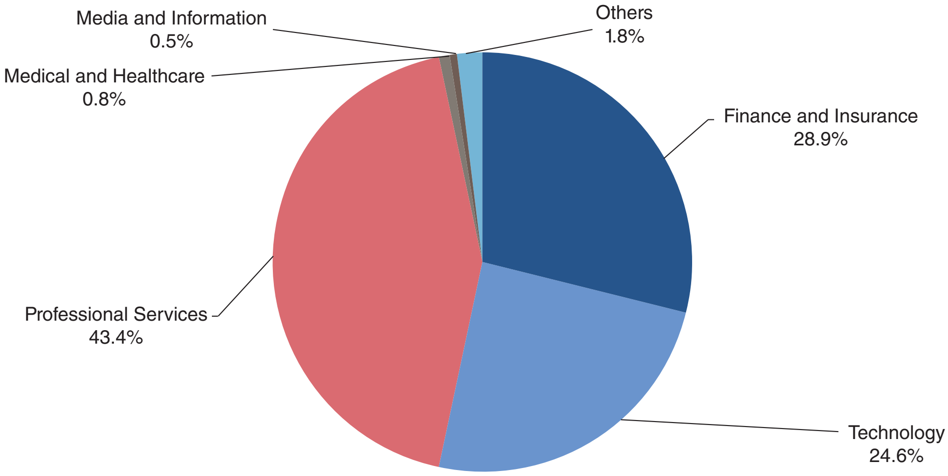


The WALE by NLA for the month of June 2017 is 4.7 years. The WALE by Cash Rental Income for the month of June 2017 is 4.6 years.

Trade Sector Analysis

The chart below provides a breakdown by NLA by trade sector as of 30 June 2017.

Westmoor Center NLA by Trade Sector



Competition

The properties listed below are all Class A or B properties built between 1986 and 2016. The properties are all between two and six stories in height and 94,582 and 612,890 sq ft in size. Average asking rates for competitive office space range from US$14.00 to US$24.50 per sq ft, with an average of US$18.45 per sq ft on a triple net rental basis. The average vacancy is approximately 16.7%, which falls in line with the 16.2% vacancy witnessed in the Northwest submarket and the metro Denver average of 16.9%.

Westmoor Center is considered a Class A office campus based on its quality, condition and tenancy. The Property benefits from being located within a well-established submarket located along the US Highway 36 corridor serving Denver and Boulder. In addition, the Property is located within the community of Westminster, which has a significant residential base that supports professional and financial services, high-tech firms, and healthcare-related office tenancy. The Property offers good amenities that are attractive to prospective tenants as evidenced by its current tenancy. Thus, based on the Property's locational characteristics, project quality and current tenancy, Westmoor Center has a good competitive position in comparison to other comparable buildings within the immediate market.

No.	Name	Address	Year Built	Investment Class	Vacant Space (sq ft)	Occupancy Rate (%)
1	Eldorado Ridge III	10901 W 120th Ave	2001	A	16,239	85.0
2	Eldorado Ridge I	11001 W 120th Ave	1999	B	31,816	70.5
3	Eldorado Ridge II	11101 W 120th Ave	1999	A	5,830	94.6
4	Mountain View – Building 2	12101 Airport Way	2000	A	0	100.0

No.	Name	Address	Year Built	Investment Class	Vacant Space (sq ft)	Occupancy Rate (%)
5	Mountain View – Building 1	12303 Airport Way	1999	A	9,937	91.4
6	8001 Arista Place	8001 Arista Pl	2008	A	0	100.0
7	8181 Arista Place	8181 Arista Pl	2016	A	35,520	65.5
8	Circle Point I	11030 Circle Point Rd	2001	A	73,495	40.6
9	Circle Point Corporate Center II	11080 Circle Point Rd	2001	A	16,865	88.9
10	Gogo Building	105 Edgeview Dr	2012	A	4,371	97.7
11	370 Interlocken	370 Interlocken Blvd	1998	A	8,472	94.4
12	310 Interlocken	310 Interlocken Pky	1986	B	67,688	44.5
13	Westmoor Place Building 10	11000 Westmoor Cir	2002	A	4,924	97.0
14	Westmoor Place Building 8	11400 Westmoor Cir	2001	A	15,483	88.4

GREAT HILLS PLAZA

9600 Great Hills Trail, Austin, Texas

Property Description

Great Hills Plaza is a three-storey Class B office building located at 9600 Great Hills, Austin, Texas. Great Hills Plaza was originally constructed in 1985 and received significant upgrades in 2014. The Property has an NLA of 139,252 sq ft and is currently 89.1% occupied as at 30 June 2017 with tenants from a diverse range of trade sectors.

The Property features a three-storey glass atrium with floor-to-ceiling glass and abundant natural light. A complete renovation of the lobby in 2014 added wood tones, custom artwork, new modern furniture and a concierge desk to enhance tenants' and visitor's experience at the Property. Great Hills Plaza is located next to the Arboretum – one of Austin's major destination retail centres. Situated just off of Loop 360 on Great Hills Trail, the Property has excellent access to major thoroughfares and numerous amenities. The park-like, tree-filled setting gives Great Hills Plaza an intimate campus-like environment.

The Property was built with a commitment to energy efficiency and environmental conservation. Great Hills Plaza is a recipient of the US Environmental Protection Agency's prestigious Energy STAR © label.

City Description

Located at the intersection of Great Hills Trail and Loop 360 (Capital of Texas Highway), Great Hills Plaza has excellent access to the major thoroughfares in Northwest Austin. In addition, this area of town is home to a high concentration of technology companies and is where most of Austin's suburban residential housing is located. The Arboretum lifestyle centre is nearby, which contains over 40 retail shops and restaurants, as well as the Renaissance Austin Hotel, a 500-room upscale hotel and spa.

Surrounding and City Infrastructure

Great Hills Plaza has good access to two limited-access freeways as well as a more than adequate network of primary and secondary neighbourhood roads.

The primary north/south arteries in this portion of the city include MoPac Expressway (Loop 1) and US Highway 183 (Research Boulevard). US Highway 183 extends from Lampasas, through Northwest Austin, and then along the east side of the MSA. Loop 360 (Capital of Texas Highway) is another major road in the local area.

Beyond the freeways, a network of neighbourhood roadways and secondary and tertiary streets also provide access to and through the local market area.

Austin's public bus system is part of a 500 square-mile Central Texas system of more than 3,000 bus stops and 53 routes. Accessibility in the local market has been further enhanced recently with the addition of a commuter rail line. Capital MetroRail opened its 32-mile, Red Line in March 2010 that extends from Leander, along the southern edge of the local market, and eventually to the Austin CBD.

The table below sets out a summary of selected information on Great Hills Plaza.

Address	9600 Great Hills Trail, Austin, Texas
Land Tenure	Freehold
Completion Date	1985
Refurbishment	2014
Occupancy as of 30 June 2017	89.1%
Committed Occupancy as of 30 September 2017	91.9%
Property Manager	Transwestern Property Company SW GP, L.L.C. dba Transwestern
Parking Stalls	471
Number of Storeys	Three
NLA (sq ft)	139,252
Land Area (sq ft)	365,272
Gross Revenue for FY2016 (US$)	3,462,000
Net Property Income for FY2016 (US$)	1,677,000
Annualised Average Rent per sq ft (US$) based on the month of June 2017	31.09
Valuation by Cushman as at 31 May 2017 (US$ million)	33.0
Valuation by JLL as at 12 June 2017 (US$ million)	33.3
Number of Tenants as of 30 June 2017	15
WALE by NLA as at 30 June 2017 (years)	4.4
WALE by Cash Rental Income for the month of June 2017 (years)	4.4

Top 10 Tenants

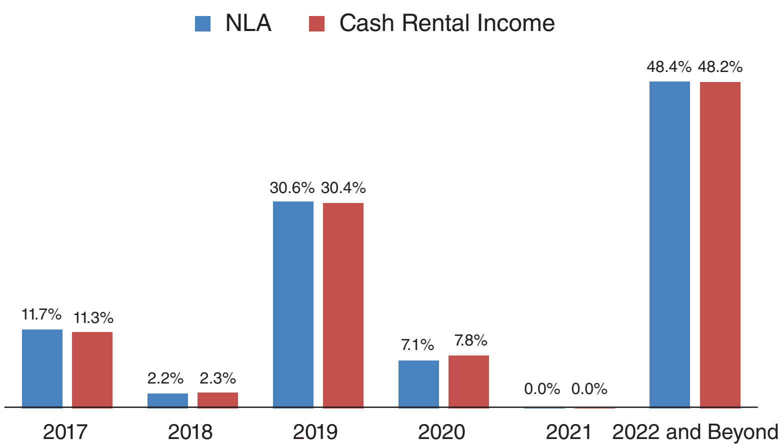
The table below sets out selected information on the top 10 tenants of the Property by percentage of Cash Rental Income for the month of June 2017.

Tenant	Trade Sector	% of Cash Rental Income
RGN-Austin VI, LLC	Professional Services	18.6%
E2Open, LLC	Media and Information	16.7%
Cintra US LLC	Technology	16.7%
RTI Surgical, INC.	Medical and Healthcare	8.1%
Guaranty Insurance Services	Finance and Insurance	7.2%
Ferrovial Agroman US Corp	Professional Services	6.7%
GSI Environmental, Inc.	Professional Services	5.7%
Buchanan DiMasi Dancy & Grabou	Professional Services	5.2%
One Affiniti LLC	Professional Services	3.3%
Patten Law Firm, P.C.	Professional Services	3.1%
Top 10 Tenants		**91.3%**
Other Tenants		**8.7%**
Total		**100.0%**

Lease Expiry Profile

The graph below illustrates the lease expiry profile of Great Hills Plaza by NLA as of 30 June 2017 and Cash Rental Income for the month of June 2017.

Great Hills Plaza Lease Expiry Profile

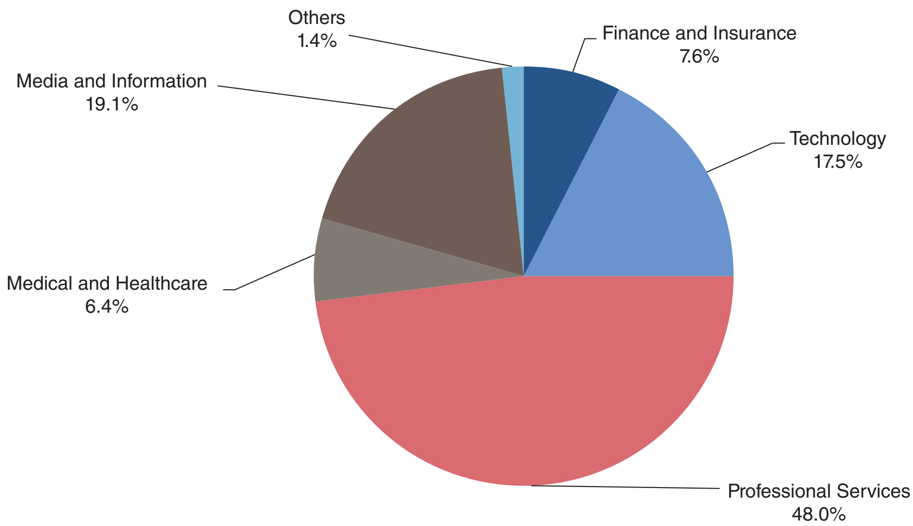


The WALE by New Lettable Area for the month of June 2017 is 4.4 years. The WALE by Cash Rental Income for the month of June 2017 is 4.4 years.

Trade Sector Analysis

The chart below provides a breakdown by NLA by trade sector as of 30 June 2017.

Great Hills Plaza NLA by Trade Sector



Competition

The surveyed properties, which have a desirable locale along the Capital or Texas Highway corridor from US 183 on the north to FM 2222 on the south, are either Class A or B properties and fall in the low to mid-rise category. They are built between 1982 and 2015, ranging from 2 to 9 storeys in height and 25,000 to 182,311 sq ft in size. Where information was available, the net asking rents range from US$17.05 to US$28.00 per sq ft, with an average of US$20.98 per sq ft. Again, these are net lease rates in which the tenant is also required to pay a pro rata share of operating expenses. Average occupancy of the buildings is 91.6%.

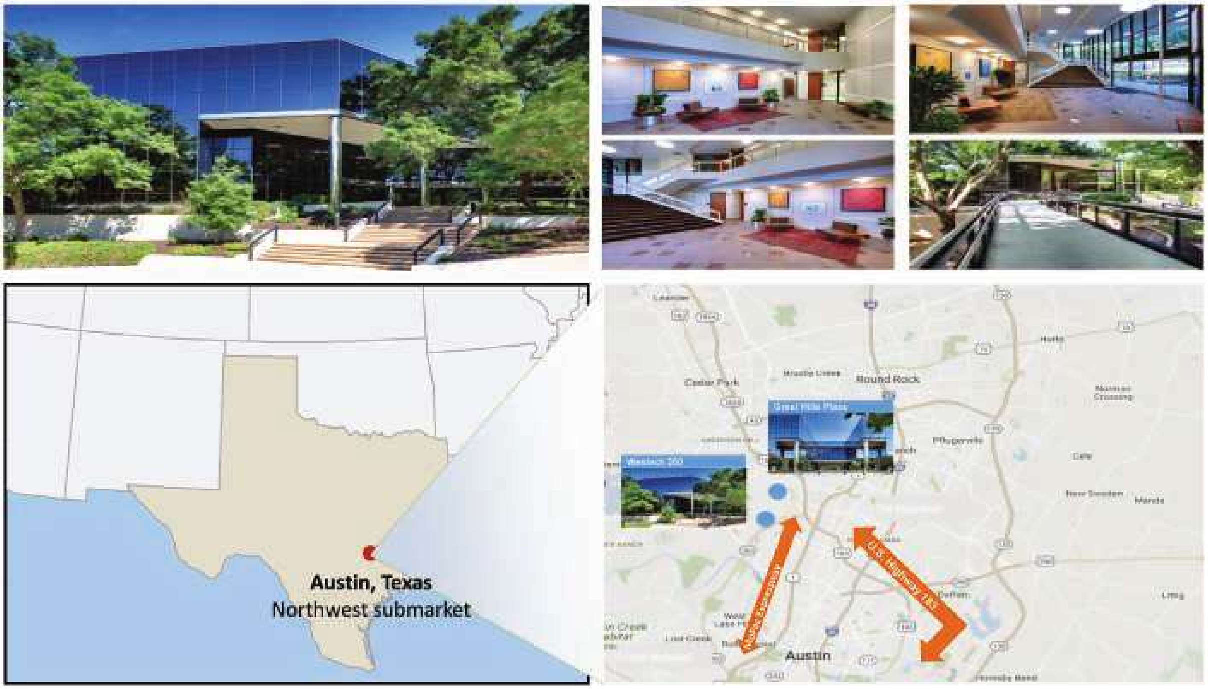
Great Hills Plaza is considered a Class A office campus based on its quality, condition and tenancy. The Property's local market area is well-served by supportive commercial uses. Access to the local market area is rated good, provided by a number of major roads and freeways. Vacancy in the subject's Northwest Submarket has trended downward since 2012. Further, this trend is expected to continue over the next five years. With available land for future development relatively limited in the local market area, a surge in office demand will likely result in rental rate increases higher than anticipated (at inflation). The Property offers more than adequate amenities that are attractive to prospective tenants. Thus, based on the Property's locational characteristics, project quality, and condition, the Property has a good competitive position in comparison to other comparable buildings within the immediate market. Further, the Property falls generally in the middle of this set in terms of access to amenities, overall quality/condition, and parking facilities. Thus, it should command rent near the average of the micro-market.

No.	Name	Address	Year Built	Investment Class	Vacant Space (sq ft)	Occupancy Rate (%)
1	Arboretum Atrium	9737 Great Hills Trl	1984	A	8,222	91.0
2	Arboretum Plaza I	9442 Capital of Texas Hwy N	1984	A	5,029	96.1
3	Arboretum Plaza II	9442 Capital of Texas Hwy N	1985	A	0	100.0
4	Arboretum Point	9505 Arboretum Blvd N	1985	A	0	100.0
5	Building A Great Hills Village	8500 Bluffstone Cv	2001	B	0	100.0
6	Building B Great Hills Village	8500 Bluffstone Cv	2001	B	0	100.0
7	9500 Arboretum Blvd	7501 Capital of Texas Hwy N	1998	B	2,688	93.9
8	Reserve at Bull Creek Building B	7501 N Capital of Texas Hwy	1999	B	0	100.0
9	Reserve at Bull Creek Building C	7501 Capital of Texas Hwy N	2000	B	0	100.0
10	Champion Office I	6433 N Champion Grandview Way	2014	B	0	100.0
11	Champion Office II	6433 N Champion Grandview Way	2015	B	0	100.0
12	Colina West	8834 Capital of Texas Hwy N	1985	A	1,020	98.5
13	Echelon I	9430 Research Blvd	1983	B	41,049	34.8
14	Echelon II	9430 Research Blvd	1984	B	0	100.0
15	Echelon III	9420 Research Blvd	1982	B	1,392	98.1
16	Echelon IV	9430 Research Blvd	1982	B	0	100.0
17	Great Hills Corporate Center Bldg III	9050 N Capital of Texas Hwy	1986	A	2,834	95.0
18	Great Hills Corporate Center Building I	9020 N Capital of Texas Hwy	1985	A	5,820	90.2

No.	Name	Address	Year Built	Investment Class	Vacant Space (sq ft)	Occupancy Rate (%)
19	Great Hills Corporate Center Building II	9020 N Capital of Texas Hwy	1985	A	8,183	86.5
20	Kaleido I	9390 Research Blvd	1984	B	2,698	91.9
21	Kaleido II	9390 Research Blvd	1984	B	8,602	78.5
22	Lakewood A	7600 Capital of Texas Hwy N	1998	B	0	100.0
23	Lakewood B	7600 Capital of Texas Hwy N	1997	B	29,324	71.3
24	Lakewood C	7600 Capital of Texas Hwy N	1997	B	12,808	83.7
25	Lakewood Center I	6801 Capital of Texas Hwy N	1999	B	45,620	50.9
26	Lakewood Center II	6801 Capital of Texas Hwy N	1999	B	0	100.0
27	Oakpointe Office Bldg	9111 Jollyville Rd	1985	B	8,934	86.6
28	Presidio	6907 Capital of Texas Hwy N	1984	B	0	100.0
29	Prominent Pointe I	8310 N Capital of Texas Hwy	1986	A	28,131	88.1
30	Prominent Pointe II	8310 N Capital of Texas Hwy	2008	A	0	100.0
31	StoneCliff	7801 Capital of Texas Hwy N	2002	A	13,238	80.0
32	The Citadel	6805 Capital of Texas Hwy N	1993	B	5,252	92.6
33	Westech 360 Building I	8911 N Capital of Texas Hwy	1986	A	0	100.0
34	Westech 360 Building II	8911 N Capital of Texas Hwy	1986	A	3,689	91.8
35	Westech 360 Building III	8911 N Capital of Texas Hwy	1986	A	4,025	91.0
36	Westech 360 Building IV	8911 N Capital of Texas Hwy	1986	A	2,200	94.9
37	9500 Arboretum	9500 Arboretum Blvd	1987	A	0	100.0

WESTECH 360

8911 N Capital of Texas Hwy, Austin, Texas



Property Description

Westech 360 is a four-building, Class B office park that with 173,058 sq ft of NLA. Each of the buildings is three storeys in height and similar in size and design. The buildings were completed in 1986 and underwent significant capital improvements in 2014, to both the exterior and interior common areas of the asset. The Property is currently 94.3% occupied as at 30 June 2017 by tenants from a diverse range of trade sectors.

The Property was recently refurbished. The capital improvements included a complete remodel of the restrooms and lobby upgrades to each building to create a warmer, inviting atmosphere for tenants and visitors, as well as a major landscaping overhaul of the campus that included clearing overgrowth and installing improved outdoor lighting and new monument signage to increase the visibility of the Property. Located off Loop 360 in the Texas Hill country, Westech 360 is nestled among the trees in a park-like setting. The Property offers 628 parking stalls located in both structured and surface parking, on-site fitness facilities, building conference rooms, an onsite management office, a newly created tenant lounge and a grab-and-go market. The Property is located at a signalled intersection which makes ingress and egress easy for tenants and visitors. The Property has been built with a commitment to energy efficiency and environmental conservation. Westech 360 is a recipient of the US Environmental Protection Agency's prestigious Energy STAR © label.

City Description

Westech 360 is located along the Loop 360 Corridor (also known as Capital of Texas Hwy) in Northwest Austin. This area of town is home to a high concentration of technology companies and is also where most of Austin's suburban residential housing is located. The Arboretum lifestyle centre is nearby, which contains over 40 retail shops and restaurants, as well as the Renaissance Austin Hotel, a 500-room upscale hotel and spa.

Surrounding and City Infrastructure

Located near Loop 360 (Capital of Texas Highway), Westech 360 has easy access to other parts of Austin. The surrounding area of the Property has excellent ingress and egress via a signalled intersection on Loop 360, as well as two limited-access freeways and a more than adequate network of primary and secondary neighbourhood roads.

The primary north/south arteries in this portion of the city include MoPac Expressway (Loop 1) and US Highway 183 (Research Boulevard). US Highway 183 extends from Lampasas, through Northwest Austin, and then along the east side of the MSA. Loop 360 (Capital of Texas Highway) is another major road in the local area.

Beyond the freeways, a network of neighbourhood roadways and secondary and tertiary streets also provide access to and through the local market area.

Austin's public bus system is part of a 500 square-mile Central Texas system of more than 3,000 bus stops and 53 routes. Accessibility in the local market has been further enhanced in recent times with the addition of a commuter rail line. Capital MetroRail opened its 32-mile, Red Line in March 2010 that extends from Leander, along the southern edge of the local market, and eventually to the Austin CBD.

The table below sets out a summary of selected information on Westech 360.

Address	8911 N Capital of Texas Hwy, Austin, Texas
Land Tenure	Freehold
Completion Date	1986
Refurbishment	2014
Occupancy as of 30 June 2017	94.3%
Committed Occupancy as of 30 September 2017	94.3%
Property Manager	Transwestern Property Company SW GP, L.L.C. dba Transwestern
Parking Stalls	628
Number of Storeys	Three
NLA (sq ft)	173,058
Land Area (sq ft)	441,655
Gross Revenue for FY2016 (US$)	5,272,000
Net Property Income for FY2016 (US$)	2,747,000
Annualised Average Rent per sq ft (US$) based on the month of June 2017	33.52
Valuation by Cushman as at 31 May 2017 (US$ million)	39.8
Valuation by JLL as at 12 June 2017 (US$ million)	43.8
Number of Tenants as of 30 June 2017	31
WALE by NLA as at 30 June 2017 (years)	2.8
WALE by Cash Rental Income for the month of June 2017 (years)	2.9

Top 10 Tenants

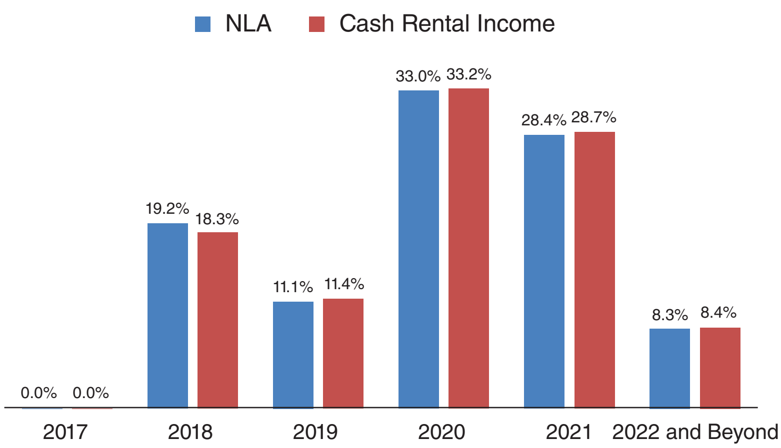
The table below sets out selected information on the top 10 tenants of the Property by percentage of Cash Rental Income for the month of June 2017:

Tenant	Trade Sector	% of Cash Rental Income
Maxpoint Interactive Inc	Media and Information	13.0%
D&S Residential Holdings, Inc.	Finance and Insurance	9.6%
Flahive, Ogden, & Latson, PC	Professional Services	7.8%
Roku, Inc.	Technology	7.3%
Lockwood Andrews & Newnam Inc	Others	5.9%
Kevin W. Lange	Finance and Insurance	5.2%
Abel Law Group, LLP	Professional Services	4.8%
Tetra Tech, Inc.	Professional Services	4.3%
Carollo Engineers, P.C.	Others	4.1%
Burns & McDonnell Engineering	Others	4.1%
Top 10 Tenants		**66.1%**
Other Tenants		**33.9%**
Total		**100.0%**

Lease Expiry Profile

The graph below illustrates the lease expiry profile of Westech 360 by NLA as of 30 June 2017 and Cash Rental Income for the month of June 2017.

Westech 360 Lease Expiry Profile

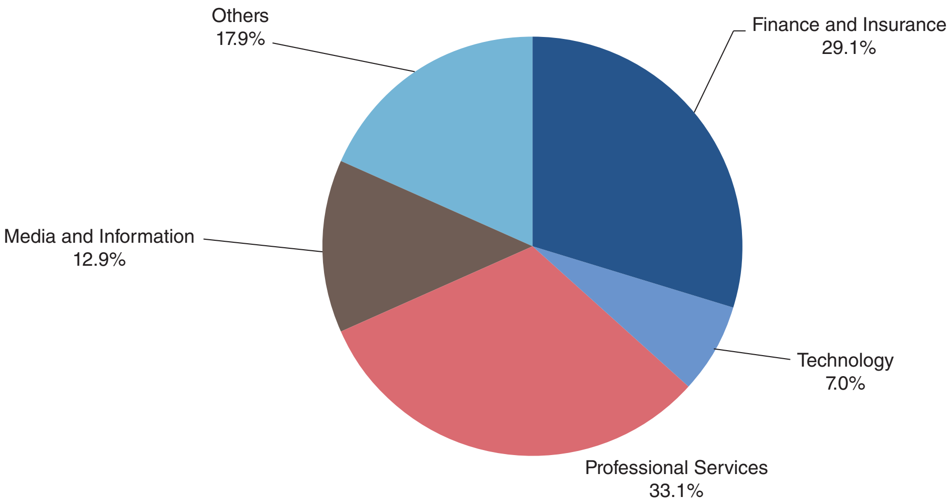


The WALE by NLA for the month of June 2017 is 2.8 years. The WALE by Cash Rental Income for the month of June 2017 is 2.9 years.

Trade Sector Analysis

The chart below provides a breakdown by NLA by trade sector as of 30 June 2017.

Westech 360 NLA by Trade Sector



Competition

The properties listed below are all Class A or B properties located along the Loop 360 (Capital of Texas Highway) corridor from US 183 on the north and FM 2222 on the south. Austin is one of the fastest growing metropolitan areas in the US in terms of population. The properties are between four and 27 storeys in height, and between 25,000 and 182,311 sq ft in size. Most of the properties were built between 1984 and 2001. Where information was available, the net asking rents range from US$17.05 to US$28.00 per sq ft, with an average of US$20.98 per sq ft. Again, these are net lease rates in which the tenant is also required to pay a pro rata share of operating expenses. The average occupancy of the buildings included range from 34.8% to 10%, with an average of 91.6%.

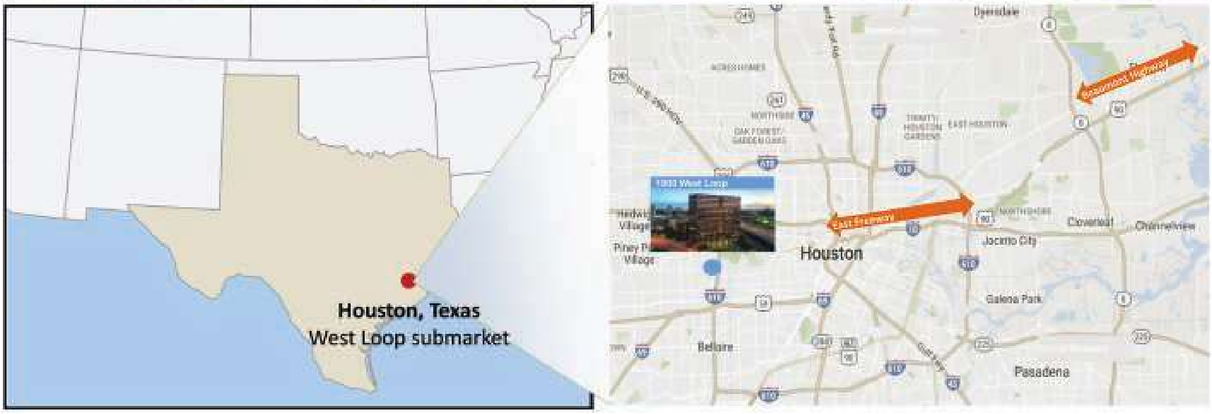
Westech 360 is considered a desirable Class B office building by market participants and is of good quality, in good condition, and well leased. Vacancy in the Property's Northwest Submarket has trended downward since 2012. This trend is expected to continue over the next five years. With available land for future development relatively limited in the local market area, a surge in office demand will likely result in rental rate increases higher than anticipated (at inflation). The Property offers more than adequate amenities that are attractive to prospective tenants. Thus, based on the Property's locational characteristics, project quality, and condition, the Property has a good competitive position in comparison to other comparable buildings within the immediate market. Further, the Property falls generally in the middle of this set in terms of access to amenities, overall quality/condition, and parking facilities. Thus, it should command rent near the average of the micro-market.

No.	Name	Address	Year Built	Investment Class	Vacant Space (sq ft)	Occupancy Rate (%)
1	Arboretum Atrium	9737 Great Hills Trl	1984	A	8,222	91.0
2	Arboretum Plaza I	9442 Capital of Texas Hwy N	1984	A	5,029	96.1
3	Arboretum Plaza II	9442 Capital of Texas Hwy N	1985	A	0	100.0
4	Arboretum Point	9505 Arboretum Blvd N	1985	A	0	100.0
5	Building A Great Hills Village	8500 Bluffstone Cv	2001	B	0	100.0
6	Building B Great Hills Village	8500 Bluffstone Cv	2001	B	0	100.0
7	9500 Arboretum Blvd	7501 Capital of Texas Hwy N	1998	B	2,688	93.9
8	Reserve at Bull Creek Building B	7501 N Capital of Texas Hwy	1999	B	0	100.0
9	Reserve at Bull Creek Building C	7501 Capital of Texas Hwy N	2000	B	0	100.0
10	Champion Office I	6433 N Champion Grandview Way	2014	B	0	100.0
11	Champion Office II	6433 N Champion Grandview Way	2015	B	0	100.0
12	Colina West	8834 Capital of Texas Hwy N	1985	A	1,020	98.5
13	Echelon I	9430 Research Blvd	1983	B	41,049	34.8
14	Echelon II	9430 Research Blvd	1984	B	0	100.0
15	Echelon III	9420 Research Blvd	1982	B	1,392	98.1
16	Echelon IV	9430 Research Blvd	1982	B	0	100.0
17	Great Hills Corporate Center Building III	9050 N Capital of Texas Hwy	1986	A	2,834	95.0
18	Great Hills Corporate Center Building I	9020 N Capital of Texas Hwy	1985	A	5,820	90.2

No.	Name	Address	Year Built	Investment Class	Vacant Space (sq ft)	Occupancy Rate (%)
19	Great Hills Corporate Center Building II	9020 N Capital of Texas Hwy	1985	A	8,183	86.5
20	Great Hills Plaza	9600 Great Hills Trl	1984	A	6,843	95.1
21	Kaleido I	9390 Research Blvd	1984	B	2,698	91.9
22	Kaleido II	9390 Research Blvd	1984	B	8,602	78.5
23	Lakewood A	7600 Capital of Texas Hwy N	1998	B	0	100.0
24	Lakewood B	7600 Capital of Texas Hwy N	1997	B	29,324	71.3
25	Lakewood C	7600 Capital of Texas Hwy N	1997	B	12,808	83.7
26	Lakewood Center I	6801 Capital of Texas Hwy N	1999	B	45,620	50.9
27	Lakewood Center II	6801 Capital of Texas Hwy N	1999	B	0	100.0
28	Oakpointe Office Building	9111 Jollyville Rd	1985	B	8,934	86.6
29	Presidio	6907 Capital of Texas Hwy N	1984	B	0	100.0
30	Prominent Pointe I	8310 N Capital of Texas Hwy	1986	A	28,131	88.1
31	Prominent Pointe II	8310 N Capital of Texas Hwy	2008	A	0	100.0
32	StoneCliff	7801 Capital of Texas Hwy N	2002	A	13,238	80.0
33	The Citadel	6805 Capital Of Texas Hwy N	1993	B	5,252	92.6
34	9500 Arboretum	9500 Arboretum Blvd	1987	A	0	100.0

1800 WEST LOOP SOUTH

1800 West Loop South, Houston, Harris County, Texas



Property Description

Located in Houston's Galleria West Loop submarket, 1800 West Loop South is a 21-storey, 398,490 sq ft, Class A landmark office tower.

1800 West Loop South provides a comprehensive offering of first-class, onsite amenities such as a café and weekly food trucks service. Tenants also enjoy the convenience of a 12-storey structured parking garage which offers direct access to four levels of the office tower.

The Property offers highly functional floorplates that average 20,000 sq ft and can accommodate up to eight corner offices per storey. Tenant suites enjoy panoramic views of the Galleria, Greenway and CBD skylines, Memorial Park, Tanglewood, and River Oaks.

Recent upgrades include a complete renovation of the building lobby, elevator modernisation and a new conference room facility. Renovated with a commitment to energy efficiency and environmental conservation, 1800 West Loop South was the first high-rise office building in the city of Houston, and in the state of Texas, to receive LEED Silver Certification by the US Green Building Council for Existing Buildings. The building has since achieved LEED Gold status. Additionally, it is a multiple-time recipient of the US Environmental Protection Agency's prestigious ENERGY STAR © label.

With a prestigious address at the intersection of I-610 (West Loop Freeway) and San Felipe, just two blocks east of Post Oak Boulevard, 1800 West Loop South is situated within one of Houston's most sought-after neighbourhoods and nestled among a dynamic mix of popular retail, restaurants and hotels.

City Description

The Property is located in Uptown Houston, which is among the largest suburban business districts in the United States. The area is a diversified economic centre, densely developed with office, retail, hotel, restaurant, and residential use, and is regarded as Houston's second CBD.

Surrounding and City Infrastructure

The Property is located at the corner of West Loop South and San Felipe Street roughly 5 miles west of the Houston CBD. Major freeway accessible includes the Beaumont Highway or East Freeway (I-10 East), which is between downtown and Baytown which splits the city from the middle connecting from east to west. METRO Rail is a light rail in Houston that provides service along nearly 23 miles of central Houston.

The Property is also located in the vicinity of the Port of Houston, which is a 25-mile long complex of 150-plus diversified facilities, including nine public terminals managed or leased by the Port of Houston Authority. As one of the world's busiest ports, the Port of Houston handles more than 8,000 vessels annually.

The table below sets out a summary of selected information on 1800 West Loop South.

Address	1800 West Loop South, Houston, Harris County, Texas
Land Tenure	Freehold
Completion Date	1982
Refurbishment	2013 – 2014
Occupancy as of 30 June 2017	83.2%
Committed Occupancy as of 30 September 2017	85.8%
Property Manager	Transwestern Property Company SW GP, L.L.C. d/b/a Transwestern
Parking Stalls	1,024
Number of Storeys	21
NLA (sq ft)	398,490
Land Area (sq ft)	82,095
Gross Revenue for FY2016 (US$)	10,673,000
Net Property Income for FY2016 (US$)	5,338,000
Annualised Average Rent per sq ft (US$) based on the month of June 2017	29.57
Valuation by Cushman as at 12 June 2017 (US$ million)	75.1
Valuation by JLL as at 8 June 2017 (US$ million)	82.0
Number of Tenants as of 30 June 2017	54
WALE by NLA as at 30 June 2017 (years)	2.8
WALE by Cash Rental Income for the month of June 2017 (years)	2.8

Top 10 Tenants

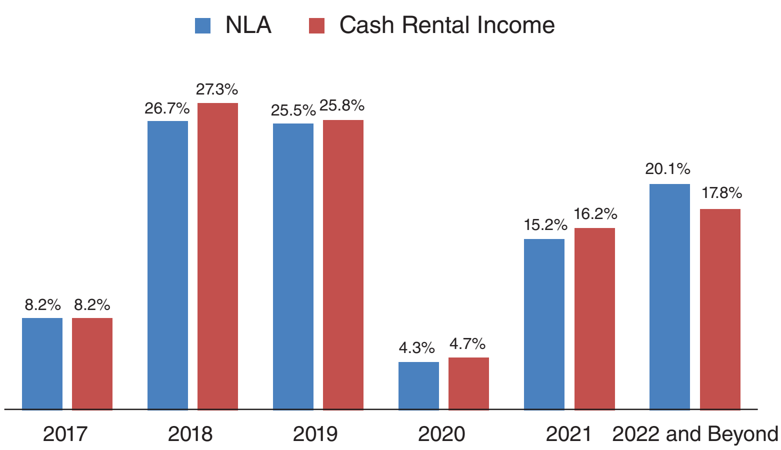
The table below sets out selected information on the top 10 tenants of the Property by percentage of Cash Rental Income for the month of June 2017:

Tenant	Trade Sector	% of Cash Rental Income
Health Care Service Corp	Finance and Insurance	14.7%
Forgarty and Klein	Media and Information	12.3%
Quanex Building Products	Professional Services	5.9%
Project Consulting Services	Professional Services	4.9%
Knowledge Reservoir	Professional Services	4.8%
General Service Administration	Professional Services	4.1%
Institute Of International	Professional Services	3.0%
Caldwell Boudreaux Lefler Pllc	Professional Services	3.0%
Exp Energy Services Inc	Others	2.8%
Third Coast Bank Ssb	Finance and Insurance	2.6%
Top 10 Tenants		**58.1%**
Other Tenants		**41.9%**
Total		**100.0%**

Lease Expiry Profile

The graphs below illustrate the lease expiry profile of 1800 West Loop South by NLA as of 30 June 2017 and Cash Rental Income for the month of June 2017. The Manager is aware that a high percentage of leases is expiring in 2018 and 2019, and is working with the US Asset Manager, the relevant Property Manager and Leasing Agent to renew the existing leases or procure new tenants.

1800 West Loop South Lease Expiry Profile

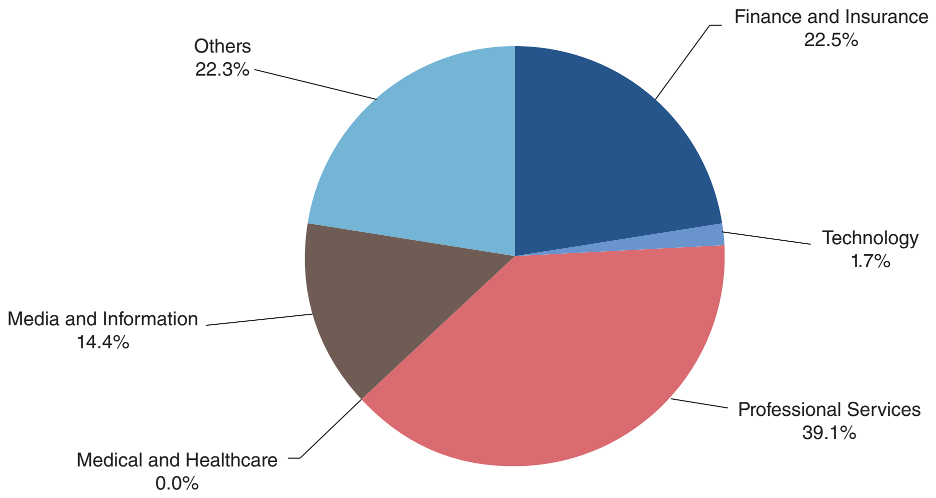


The WALE by NLA as of 30 June 2017 is 2.8 years. The WALE by Cash Rental Income for the month of June 2017 is 2.8 years.

Trade Sector Analysis

The chart below provides a breakdown by NLA by trade sector as of 30 June 2017.

1800 West Loop South NLA by Trade Sector



Competition

The properties surveyed are all Class A properties built between 1970 and 2017. They are located in the West Loop submarket. The properties are mid to high-rise buildings, ranging from 15 to 64 storeys in height. Average Rentable Building Area of 817,443 sq ft is skewed as a result of the two largest properties (1,476,973 and 2,333,321 sq ft). Most of the buildings have areas between 100 to 600 sq ft. The range of asking rates for competitive office spaces are US$19.00 to US$35.00 per sq ft, with an average of US$25.64 per sq ft on a triple-net lease basis.

1800 West Loop South is considered a Class A office property by market participants based on its quality, condition and tenancy. The Property benefits from being located within a well-established submarket west of the CBD, proximate to primary demand generators and local area amenities. In addition, the Property is located within the Uptown area which has a significant household base to the north (Tanglewood) that is one of the wealthiest neighbourhoods in the Houston area. The Property also benefits from being located near major thoroughfares and public transportation with good accessibility from surrounding markets. The Property's immediate market reflects a competitive supply of available office space with competitive rental rates. The Property offers adequate amenities that are attractive to prospective tenants as evidence by its current tenancy. Thus based on the subject's locational characteristics, project quality and current tenancy, the Property has good competitive position in comparison to other comparable buildings within the immediate market.

No.	Name	Address	Year Built	Investment Class	Vacant Space (sq ft)	Occupancy Rate (%)
1	The Post Oak	1600 West Loop South	2017	A	104,579	0.0
2	Burn & McDonnell Plaza	1700 West Loop South	1976	A	44,255	83.0
3	Amegy Bank Building	1717 West Loop South	2017	A	37,227	90.0
4	1900 West Loop South Building	1900 West Loop South	1978	A	40,358	94.0
5	2000 West Loop South Building	2000 West Loop South	1970	A	20,054	94.0
6	2100 West Loop South Building	2100 West Loop South	1974	A	33,991	89.0
7	Four & Five Oaks Office Complex	1300-1500 Post Oak Boulevard	1991	A	385,490	87.0
8	BBVA Plaza	2200 Post Oak Boulevard	2016	A	42,047	87.0
9	Five Post Oak Park	4400 Post Oak Parkway	1982	A	257,725	56.0
10	Williams Tower	2800 Post Oak Boulevard	1983	A	113,020	94.0

WEST LOOP I & II

6565 & 6575 West Loop South Bellaire, Harris County, Texas

Property Description

West Loop I & II is located in Bellaire, Texas. West Loop was originally constructed between 1980 and 1981 and significantly refurbished during 2013 and 2014. The Property includes two buildings with 313,873 sq ft NLA and an attached, shared eight-storey parking garage with 1,044 parking stalls with an additional 96 surface parking stalls.

West Loop I & II is located southeast of West Loop 610 and Beech Street, roughly 6 miles west of the Houston CBD. The Property benefits from its location near several high-end residential communities (including Bellaire and West University).

West Loop I & II is approximately 88.3% leased with the largest percentage of tenants in the medical trade sector.

City Description

The West Loop/Galleria submarket is Houston's largest suburban (non-CBD) office submarkets. The Property is located within the Bellaire area which has a significant residential household base.

Surrounding and City Infrastructure

The Property benefits from being located near major thoroughfares and public transportation with good accessibility from surrounding markets. The neighbourhood primarily consists of commercial office and retail positioned along the West Loop South feeder road near the Property. The area is largely influenced by the Galleria Mall which is located just over three miles north of the Property and the Medical Center which located three miles east of the Property.

The local area has good regional access via Interstate Highway 610, Westpark Tollway, and US Highway 59, which extends from South Texas (the Valley), through Houston, and continues northward through the easterly portion of the state.

The Metropolitan Transit Authority of Harris County (METRO) offers several local and commuter bus routes providing transportation within the local area and from the local area into various locations in the Houston CBD.

The table below sets out a summary of selected information on West Loop I & II.

Address	6565 and 6575 West Loop South, Bellaire, Harris County, Texas
Land Tenure	Freehold
Completion Date	1980 – 1981
Refurbishment	2013 – 2014
Occupancy as of 30 June 2017	88.3%
Committed Occupancy as of 30 September 2017	90.5%
Property Manager	PM Realty Group, L.P.
Parking Stalls	1,044
Number of Storeys	West Loop I: Eight West Loop II: Seven
NLA (sq ft)	313,873
Land Area (sq ft)	243,486
Gross Revenue for FY2016 (US$)	6,891,000
Net Property Income for FY2016 (US$)	3,363,000
Annualised Average Rent per sq ft (US$) based on the month of June 2017	26.31
Valuation by Cushman as at 12 June 2017 (US$ million)	41.9
Valuation by JLL as at 8 June 2017 (US$ million)	50.7
Number of Tenants as of 30 June 2017	54
WALE by NLA as at 30 June 2017 (years)	4.5
WALE by Cash Rental Income for the month of June 2017 (years)	4.5

Top 10 Tenants

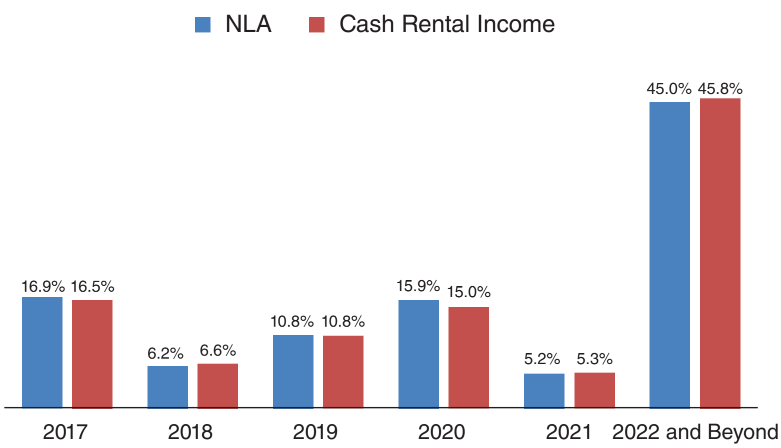
The table below sets out selected information on the top 10 tenants of the Property by percentage of Cash Rental Income for the month of June 2017.

Tenant	Trade Sector	% of Cash Rental Income
Synergy Healthcare	Medical and Healthcare	11.1%
The Rand Group LLC	Technology	7.8%
Mitratech Holdings, Inc.	Technology	7.3%
Sightline Health, LLC	Medical and Healthcare	6.9%
BBC USA Chartering, LLC	Professional Services	6.2%
OrthoAccel Technologies, Inc	Medical and Healthcare	5.9%
Bellaire Dermatology	Medical and Healthcare	5.6%
Eye Centers of Texas, LLP	Medical and Healthcare	5.1%
Regus Executive Suites	Professional Services	4.3%
H J Gruy & Associates	Professional Services	2.2%
Top 10 Tenants		**62.4%**
Other Tenants		**37.6%**
Total		**100.0%**

Lease Expiry Profile

The graphs below illustrate the committed lease expiry profile of West Loop I & II by NLA as of 30 June 2017 and Cash Rental Income for the month of June 2017.

West Loop I & II Lease Expiry Profile

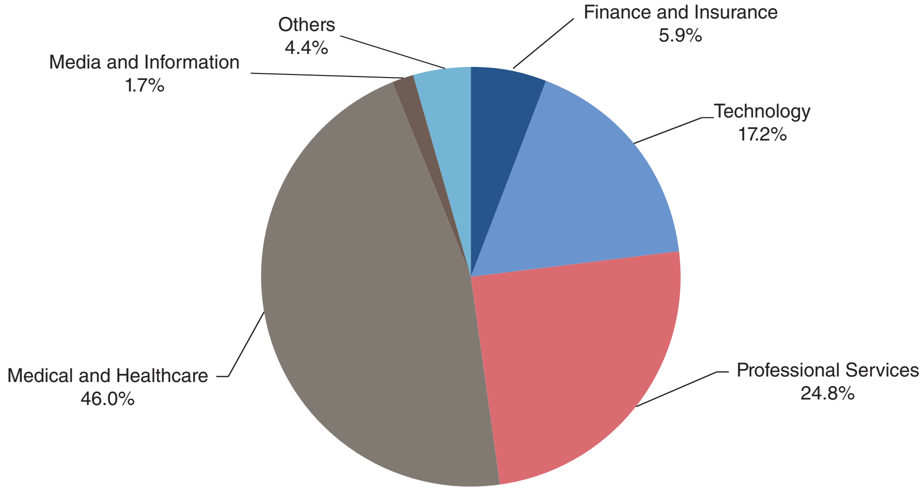


The WALE by NLA as of 30 June 2017 is 4.5 years. The WALE by Cash Rental Income for the month of June 2017 is 4.5 years.

Trade Sector Analysis

The chart below provides a breakdown by NLA by trade sector as of 30 June 2017.

West Loop I & II NLA by Trade Sector



Competition

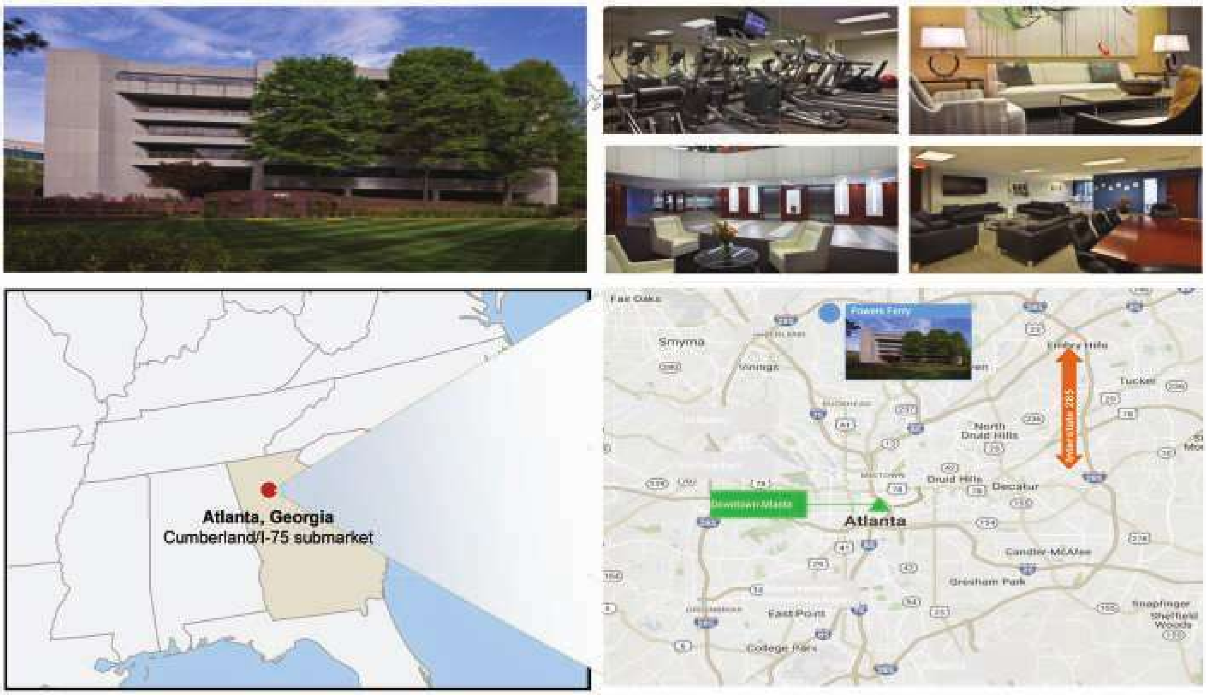
The properties listed below are all Class A or B properties located in the immediate Bellaire vicinity. They are built between 1972 and 1981. The properties are mid to high-rise office buildings with heights between five and 14 storeys and sizes between 76,222 and 313,873 sq ft. Average asking rates for competitive office space range from US$23 – US$29.40 per sq ft, with an average of $26.43 per sq ft on base year basis. The average vacancy is approximately 9%, which is under the metro-area average of 17.3% as of the quarter ended 31 March 2017.

West Loop I & II is considered a Class A office complex by market participants based on its quality, condition and tenancy. The Property benefits from being located within a well-established submarket just west of the CBD, proximate to primary demand generators and local area amenities. In addition, the Property is located within the Bellaire area which has a significant household base. The Property also benefits from being located near major thoroughfares and public transportation with good accessibility from surrounding markets. The Property's immediate market reflects a competitive supply of available office space with competitive rental rates. The Property offers adequate amenities that are attractive to prospective tenants as evidence by its current tenancy. Thus based on the Property's locational characteristics, project quality and current tenancy, the Property has good competitive position in comparison to other comparable buildings within the immediate market.

No.	Name	Address	Year Built	Investment Class	Vacant Space (sq ft)	Occupancy Rate (%)
1	The Offices at Pin Oak Park	4747 Bellaire Boulevard	1979	B	12,473	90.0
2	Bellaire Atrium I & II	5909 & 5959 West Loop South	1975	B	5,384	93.0
3	6300 West Loop South Building	6300 West Loop South	1972	B	7,982	92.0
4	6330 West Loop South Building	6330 West Loop South	1976	A	40,054	86.0
5	The Offices at Pin Oak Park	6700 West Loop South	1974	B	3,823	95.0
6	The Offices at Pin Oak Park	6750 West Loop South	1977	A	19,678	94.0
7	The Offices at Pin Oak Park	6800 West Loop South	1979	B	5,886	95.0

POWERS FERRY

6190 Powers Ferry Road, Atlanta, Fulton County, Georgia



Property Description

Powers Ferry is a six-storey, Class B, multi-tenant office building that contains 146,352 sq ft of NLA. Onsite, amenities include a fitness centre, storage, showers, and mobile car detailing service. A café/deli and an outdoor patio are also available for the tenants to enjoy.

The Property is located near SunTrust Park, a newly constructed stadium where the Atlanta Braves MLB baseball team plays, as well as the surrounding mixed-use development known as The Battery. The Battery offers a host of new restaurants and bars that make it one of the newest and most popular retail developments in the southeast United States. The building is well situated on Powers Ferry Road which can easily access the neighbourhoods of Buckhead and Sandy Springs.

The Property has been completely renovated, including the lobby, restrooms, corridor and café in 2013. The fitness centre in the basement was also upgraded and a conference room with restrooms was added in previously underutilised storage space.

The Property is currently 94.8% occupied.

City Description

Powers Ferry is situated in the Cumberland/I-75 submarket of the Atlanta Office Market. As a premier location, Atlanta has enjoyed a steady stream of announcements of businesses relocating and expanding in the region. These announcements translate to high demand of office space which has been scarce.

Surrounding and City Infrastructure

The Property's proximity to major Atlanta highways lends itself well to an office use as the Property can be easily accessed by many potential tenants in the Atlanta metro area. The subject is well located just south of I-285 and is accessible via Northside Drive to the west. I-285, known locally as "the Perimeter," rings the city and intersects with other interstate highways.

Atlanta also boasts one of the nation's cutting-edge rapid transit systems, known as MARTA (Metropolitan Atlanta Rapid Transit Authority). The system operates 240 electric rail cars over 62.7 kilometers (39 miles) of track.

The table below sets out a summary of selected information on Powers Ferry.

Address	6190 Powers Ferry Road, Atlanta, Fulton County, Georgia
Land Tenure	Freehold
Completion Date	1985
Refurbishment	2013
Occupancy as of 30 June 2017	94.8%
Committed Occupancy as of 30 September 2017	94.8%
Property Manager	PM Realty Group, L.P., a Delaware limited partnership
Parking Stalls	569
Number of Storeys	Six
NLA (sq ft)	146,352
Land Area (sq ft)	420,946
Gross Revenue for FY2016 (US$)	2,401,000
Net Property Income for FY2016 (US$)	1,197,000
Annualised Average Rent per sq ft (US$) based on the month of June 2017	18.68
Valuation by Cushman as at 16 June 2017 (US$ million)	19.2
Valuation by JLL as at 19 June 2017 (US$ million)	18.3
Number of Tenants as of 30 June 2017	22
WALE by NLA as at 30 June 2017 (years)	3.8
WALE by Cash Rental Income for the month of June 2017 (years)	3.7

Top 10 Tenants

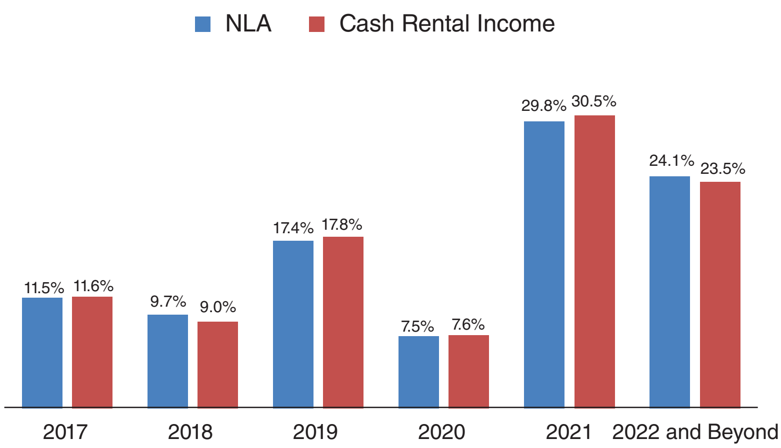
The table below sets out selected information on the top 10 tenants of the Property by percentage of Cash Rental Income for the month of June 2017:

Tenant	Trade Sector	% of Cash Rental Income
LL Global Inc	Finance and Insurance	18.2%
Georgia Banking Company	Finance and Insurance	12.8%
Penton Business Media Inc	Media and Information	8.8%
Mortgage Guaranty Ins Corp	Professional Services	6.9%
N3 LLC	Media and Information	5.7%
Stern and Edlin Family Law PC	Professional Services	5.3%
ELCO Administrative Services	Media and Information	5.0%
Southern Polymer Inc	Others	5.0%
Columbia Hospitality Mgmt LLC	Professional Services	4.8%
White Horse Advisors LLC	Media and Information	4.2%
Top 10 Tenants		**76.7%**
Other Tenants		**23.3%**
Total		**100.0%**

Lease Expiry Profile

The graphs below illustrate the lease expiry profile of the Powers Ferry by NLA as of 30 June 2017 and Cash Rental Income for the month of June 2017.

Powers Ferry Lease Expiry Profile

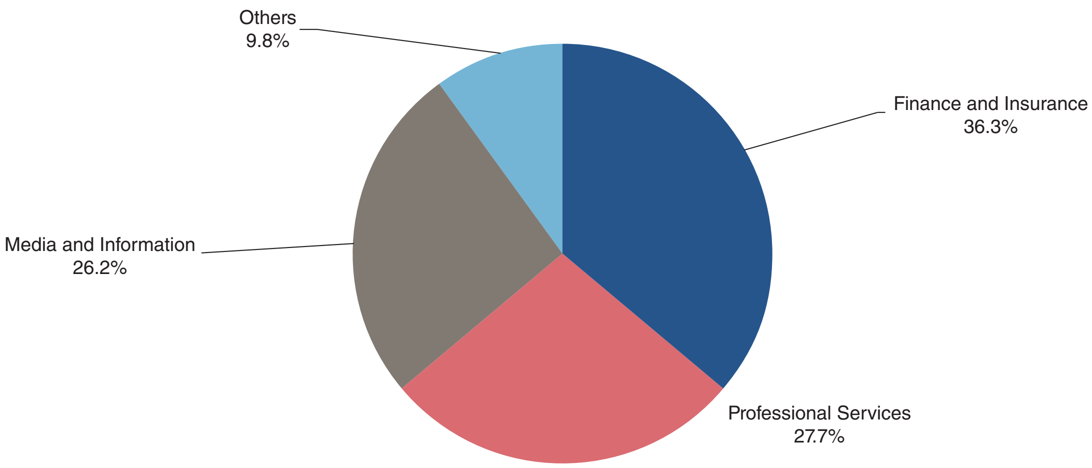


The WALE by NLA for the month of June 2017 is 3.8 years. The WALE by Cash Rental Income for the month of June 2017 is 3.7 years.

Trade Sector Analysis

The chart below provides a breakdown by NLA by trade sector as of 30 June 2017.

Powers Ferry NLA by Trade Sector



Competition

The properties listed below are all Class A or B properties located within a two-mile radius of each other in the Cumberland/Galleria submarket. The properties are built between 1981 and 1989. They are low to mid rise office buildings between one to 14 storeys high and 122,000 to 457,131 sq ft large. Average asking rates for competitive office space range from US$22.00 to US$26.25 per sq ft (Riveredge Summit is a larger asset and may be considered an outlier with regard to being a direct competitor), with an average of US$23.30 per sq ft on an equivalent full service rental basis. The average vacancy is approximately 12.3%, which is slightly below the MSA-wide average of 13.1% (Class B Office).

Powers Ferry has had recent renovations to enhance its position within the submarket. The Property's vacancy rate is outperforming the greater Class B Cumberland/Galleria office submarket. The Property also has the potential to increase contract rent to market rate as leases expire. The Property benefits from being located within a well-established submarket that is easily accessible via Interstates 285 and 75, proximate to primary demand generators and local area amenities. In addition, the Property is located within the city of Sandy Springs, which has a significant household base that supports professional and financial services and healthcare-related office tenancy. The Property also benefits from being located near major thoroughfares and public transportation with good accessibility from surrounding markets. The Property's immediate market reflects a competitive supply of available office space with stable rental rates. The Property offers adequate amenities that are attractive to prospective tenants as evidenced by its current tenancy. Thus, based on the Property's locational characteristics, project quality and current tenancy, the subject has a good competitive position in comparison to other comparable buildings within the immediate market.

No.	Name	Address	Year Built	Investment Class	Vacant Space (sq ft)	Occupancy Rate (%)
1	RiverEdge One	5500 Interstate N Pky NW	1981	B	22,398	85.0
2	ADP Building	5680 New Northside Dr	1981	B	0	100.0
3	–	5660 New Northside Dr NW	1989	A	0	100.0
4	Powers Pointe Office Park	5665 New Northside Dr NW	1982	B	1,709	98.6
5	The Pavilion Building	5770 Powers Ferry Rd NW	1985	A	128,311	0.0
6	Riveredge Center – MEAG	1470 Riveredge Pky NW	1981	B	0	100.0
7	Riveredge Summit	1500-1600 Riveredge Pky NW	1983	A	45,251	90.1
8	Riveredge Place	2000 Riveredge Pky NW	1984	A	41,434	85.3
9	NSD Building	3100 Windy Hill Rd SE	1984	B	0	100.0

Note:

(1) Certain buildings are being recognised by their addresses as they do not have names.

NORTHRIDGE CENTER

365 and 375 Northridge Road, Atlanta, Fulton County, Georgia

Property Description

Northridge Center is a four-and six-storey, Class B, multi-tenant office park that contains 186,580 sq ft of NLA.

The Property has a typical office layout with elevators in the central core and office space to the exterior. The Property is unique in that it offers an above market parking ratio of 3.84 spaces per 1,000 sq ft of NLA, or 724 parking stalls, both covered and surface.

The Property also benefits from its proximity to the North Springs Station, a MARTA mass transit station, and a major road project that just completed in late 2016. The city reconstructed the Northridge Road exit overpass on GA-400 which included adding lanes, creating dedicated turn lanes and restriping which has helped with the flow of traffic in the area. With the buildings situated on the south side of Northridge Road, tenants have easy access to GA-400, which is one of the largest and most important thoroughfares in the city.

Amenities include a fitness centre with men's and women's shower/locker rooms and a café. The building also offers a dry cleaning service, outdoor patio, mobile car detailing service and food truck service.

The Property is 91.5% occupied by tenants from a diverse range of trade sectors as of 30 June 2017.

City Description

The Property is situated in the Central Perimeter submarket of the Atlanta Office Market, which is one of the largest in Atlanta and has continued to be a prestigious location for corporations due to its proximity to housing, medical facilities, interstate access and MARTA. Companies such as Mercedes Benz US headquarters, UPS headquarters, StateFarm, Veritiv and more have large and growing commitments to the submarket.

Surrounding and City Infrastructure

Local routes include Roswell Road, which traverses the area in a north-south direction and provides access into the Buckhead neighbourhood to the south. Spalding Drive traverses the area in a northeast-southwest direction and provides access to Dunwoody to the east. Other significant local roadways include Spalding Drive, Riverside Road, and Roberts Drive.

GA-400 is located immediately east of the Property and is accessible via North Ridge Road. The highway runs through the Atlanta communities of Sandy Springs, Dunwoody, Roswell, Alpharetta. More importantly, it created a more direct route to Downtown Atlanta and Atlanta Hartsfield International Airport.

Another major freeway is the I-285 also known as Atlanta's Perimeter Highway, as it forms a 60-mile loop around metropolitan Atlanta. It is accessible via GA-400 five miles south of the subject.

Atlanta boasts one of the nation's cutting-edge rapid transit systems, known as MARTA (Metropolitan Atlanta Rapid Transit Authority). The system operates 240 electric rail cars over 62.7 kilometers (39 miles) of track. Lines running north-south and east-west converge at the Five Points Station in the heart of the city. MARTA has three train stations within the Property area. These stations are Dunwoody Station, Sandy Springs Station at Abernathy Road, and North Springs, which is closest to the subject (3.5 miles to the south).

The table below sets out a summary of selected information on Northridge Center.

Address	365 and 375 Northridge Road, Atlanta, Fulton County, Georgia
Land Tenure	Freehold
Completion Date	1985 and 1989
Refurbishment	2013
Occupancy as of 30 June 2017	91.5%
Committed Occupancy as of 30 September 2017	92.1%
Property Manager	PM Realty Group, L.P., a Delaware limited partnership
Parking Stalls	724
Number of Storeys	Building 1: 4 Building 2: 6
NLA (sq ft)	186,580
Land Area (sq ft)	498,675
Gross Revenue for FY2016 (US$)	3,098,000
Net Property Income for FY2016 (US$)	1,281,000
Annualised Average Rent per sq ft (US$) based on the month of June 2017	18.74
Valuation by Cushman as at 16 June 2017 (US$ million)	20.2
Valuation by JLL as at 19 June 2017 (US$ million)	20.5
Number of Tenants as of 30 June 2017	27
WALE by NLA as at 30 June 2017 (years)	2.6
WALE by Cash Rental Income for the month of June 2017 (years)	2.5

Top 10 Tenants

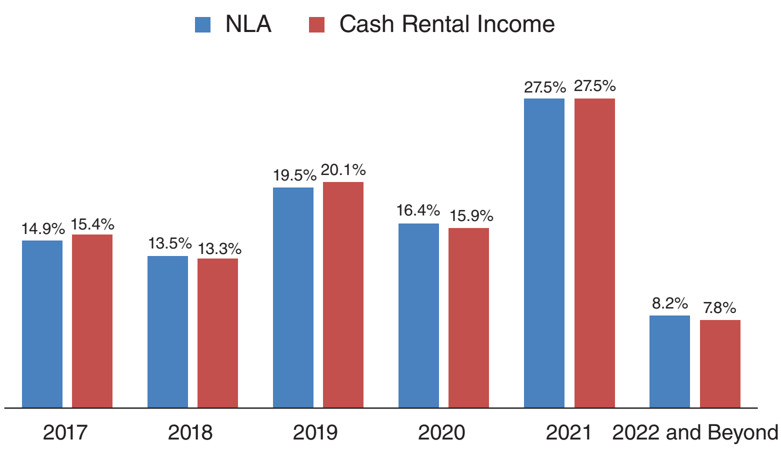
The table below sets out selected information on the top 10 tenants of the Property by percentage of Cash Rental Income for the month of June 2017:

Tenant	Trade Sector	% of Cash Rental Income
Mercury Insurance Services LLC	Finance and Insurance	14.7%
Allstar Financial Group Inc	Finance and Insurance	12.1%
Kuck Immigration Partners LLC	Professional Services	7.8%
Nolan Transportation Group Inc	Professional Services	7.7%
Calero Software LLC	Media and Information	6.4%
OneSource Relocation LLC	Professional Services	6.2%
Woolpert Inc	Media and Information	5.6%
Hire Velocity LLC	Professional Services	4.9%
Roberts Capital Partners LLC	Professional Services	4.5%
General Dynamics Inform Tech	Professional Services	3.6%
Top 10 Tenants		**73.5%**
Other Tenants		**26.5%**
Total		**100.0%**

Lease Expiry Profile

The graphs below illustrate the lease expiry profile of Northridge Center by NLA as of 30 June 2017 and Cash Rental income for the month of June 2017.

The Northridge Center Lease Expiry Profile

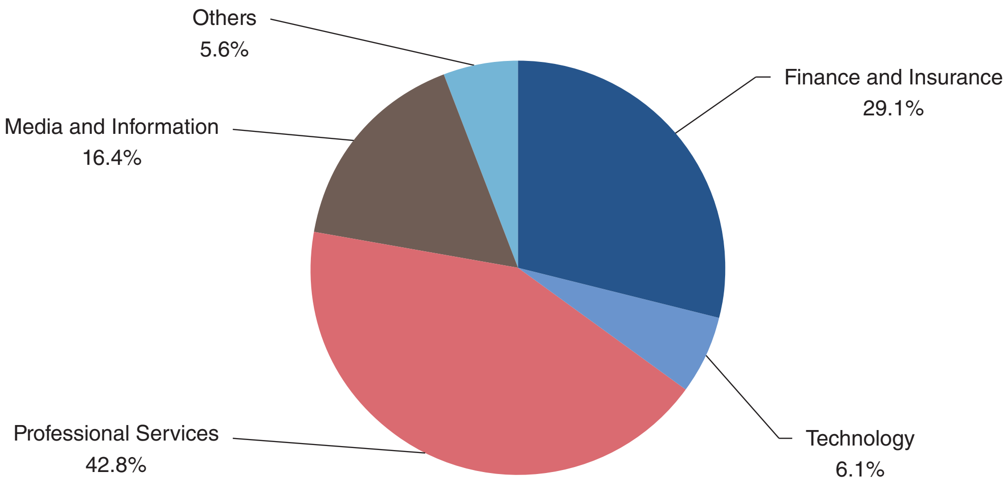


The WALE by NLA for the month of June 2017 is 2.6 years. The WALE by Cash Rental Income for the month of June 2017 is 2.5 years.

Trade Sector Analysis

The chart below provides a breakdown by NLA by trade sector as of 30 June 2017.

The Northridge Center NLA by Trade Sector



Competition

The properties listed below are all Class A or B properties located within the North Central/I-285/GA 400 submarket. The properties are built between 1981 and 2000. The buildings vary from three to 12 storeys in height and from 65,293 to 105,717 sq ft in size. Average asking rates for competitive office space range from US$17.50 to US$25.00 per sq ft, with an average of US$22.33 per sq ft on an equivalent full service rental basis. The average vacancy is approximately 26.9%, which is well above the MSA-wide average of 13.1% (Class B Office).

Northridge Center has had recent renovations to enhance its position within the submarket. The Property benefits from being located within a well-established submarket that is easily accessible via I-285 and GA-400, proximate to primary demand generators and local area amenities. In addition, the Property is located within the city of Sandy Springs, which has a significant household base that supports professional and financial services and healthcare-related office tenancy. The Property also benefits from being located near major thoroughfares and public transportation with good accessibility from surrounding markets. The Property's immediate market reflects a competitive supply of available office space with stable rental rates that have continued to grow. The Property offers adequate amenities that are attractive to prospective tenants as evidenced by its current tenancy. Thus, based on the Property's locational characteristics, project quality and current tenancy, the Property has a good competitive position in comparison to other comparable buildings within the immediate market.

No.	Name	Address	Year Built	Investment Class	Vacant Space (sq ft)	Occupancy Rate (%)
1	Falls Pointe	620 Morgan Falls Rd	1990	A	105,717	3.4
2	The Pointe – Building 400	400 Northridge Rd	1985	A	76,834	71.9
3	The Pointe – Building 500	500 Northridge Rd	1981	A	25,616	83.5
4	Northridge Plaza	8200 Roberts Dr	2000	A	17,731	86.2
5	Building 100	7840 Roswell Rd	1986	B	35,240	46.0
6	River Ridge	9040 Roswell Rd	1985	B	18,298	89.7

MAITLAND PROMENADE II

495 N Keller Road, Maitland, Orange County, Florida

Property Description

Maitland Promenade II is a five-storey, Class A, multi-tenant office building with an NLA of 226,990 sq ft.

The Property is designed and built with contemporary architecture, modern building systems, highly functional floor plates, which can accommodate large and small users. In addition, the Property features a detached three-storey parking garage with covered canopy walkway and amenities, on-site café, conference facilities and fitness centre.

The Property is currently 99.0% occupied by 12 tenants. Major tenants include Zurich American Insurance, United Health Care Services, and Akerman, Senterfitt & Edison.

Maitland Promenade II benefits from being located near major thoroughfares and public transportation with good accessibility from surrounding markets.

City Description

Maitland is a suburban city in Orange County, Florida, part of the Greater Orlando area. It is one of the oldest incorporated municipalities in Central Florida and a city rich in history.

The community of Maitland has a significant household base that supports professional and financial services and healthcare-related office tenancy.

Surrounding and City Infrastructure

Maitland Promenade II is situated in the heart of Orlando's largest submarket, the Maitland Center, and the Property is a few miles away from the Orlando CBD. Access to the Property is via Keller Road, which is a four-lane divided north/south roadway that provides access to Maitland Boulevard. The major local arterial is Maitland Boulevard, which provides direct access to Interstate 4, less than 0.25 half mile north of the subject.

The table below sets out a summary of selected information on Maitland Promenade II.

Address	495 N Keller Road, Maitland, Orange County, Florida
Land Tenure	Freehold
Completion Date	2001
Refurbishment	2013 – 2016
Occupancy as of 30 June 2017	99.0%
Committed Occupancy as of 30 September 2017	99.0%
Property Manager	PM Realty Group, L.P., a Delaware limited partnership
Parking Stalls	1,052
Number of Storeys	5
NLA (sq ft)	226,990
Land Area (sq ft)	398,216
Gross Revenue for FY2016 (US$)	5,312,000
Net Property Income for FY2016 (US$)	2,827,000
Annualised Average Rent per sq ft (US$) based on the month of June 2017	23.77
Valuation by Cushman as at 20 June 2017 (US$ million)	43.4
Valuation by JLL as at 20 June 2017 (US$ million)	37.0
Number of Tenants as of 30 June 2017	12
WALE by NLA as at 30 June 2017 (years)	5.1
WALE by Cash Rental Income for the month of June 2017 (years)	5.2

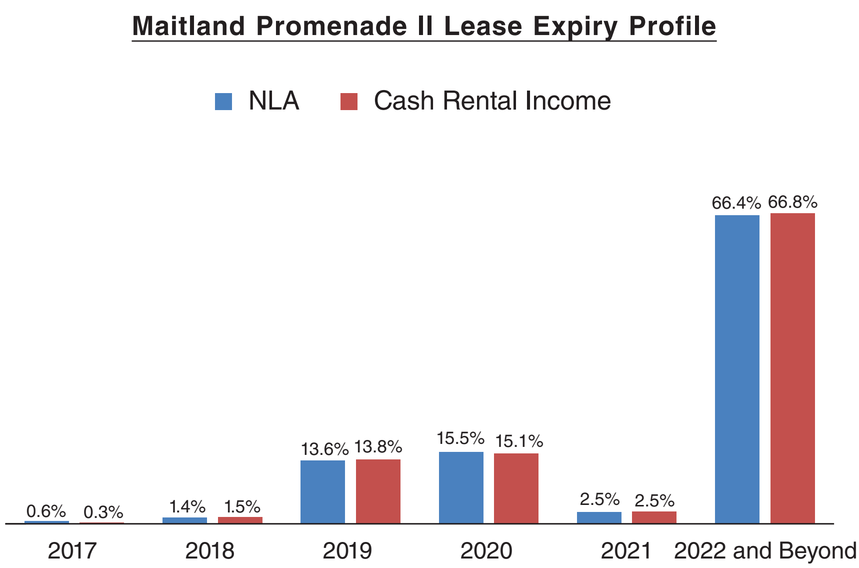
Top 10 Tenants

The table below sets out selected information on the top 10 tenants of the Property by percentage of Cash Rental Income for the month of June 2017.

Tenant	Trade Sector	% of Cash Rental Income
Zurich American Insurance Co	Finance and Insurance	15.0%
Akerman, Senterfitt & Edison	Professional Services	14.0%
United Health Care Services	Finance and Insurance	13.7%
Sonepar Management US Inc	Professional Services	12.6%
New York Life Insurance Co.	Finance and Insurance	11.7%
Centene Management Company	Medical and Healthcare	11.1%
Taylor Morrison Home Funding	Professional Services	9.0%
Amtrust North America, Inc.	Finance and Insurance	8.2%
Principal Life Insurance Co	Finance and Insurance	2.5%
Embrace Home Loans	Professional Services	1.5%
Top 10 Tenants		**99.3%**
Other Tenants		**0.7%**
Total		**100.0%**

Lease Expiry Profile

The graphs below illustrate the lease expiry profile of Maitland Promenade II by NLA as of 30 June 2017 and Cash Rental Income for the month of June 2017.

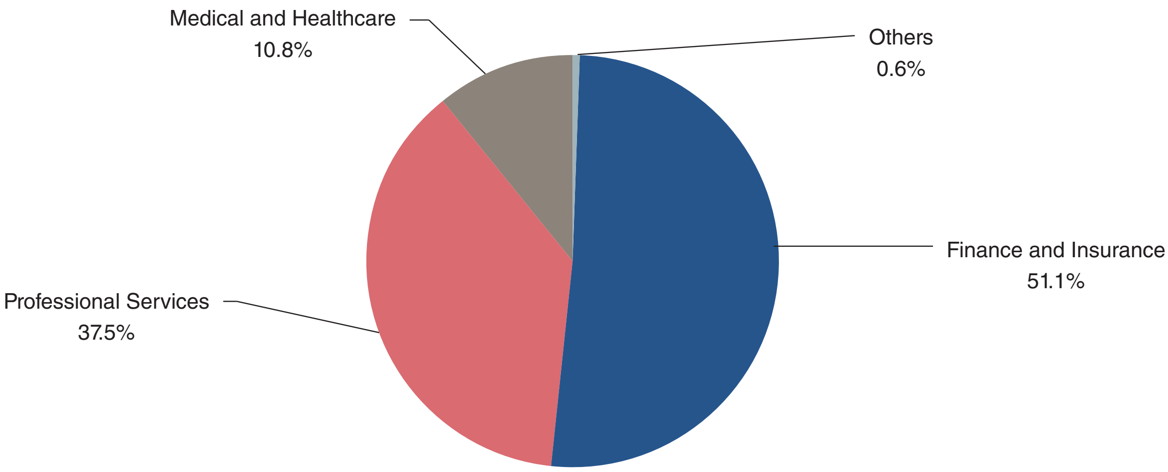


The WALE by NLA for the month of June 2017 is 5.1 years. The WALE by Cash Rental Income for the month of June 2017 is 5.2 years.

Trade Sector Analysis

The chart below provides a breakdown by NLA by trade sector as of 30 June 2017.

Maitland Promenade II NLA by Trade Sector



Competition

The properties listed below are all Class A properties except one Class B property located in the immediate Maitland vicinity. The properties are built between 1985 and 2019. They range from two to 14 storeys in height and from 113,402 to 367,920 sq ft in size. Average asking rates for competitive office space range from US$17.50 to US$26.50 per sq ft, with an average of US$21.89 per sq ft on an equivalent full service rental basis. The average vacancy is approximately 9.7%, which is well below the metro-area average of 11.7%.

Maitland Promenade II benefits from being located within a well-established submarket centrally located within the Maitland Center, proximate to primary demand generators and local area amenities. In addition, the Property is located within the community of Maitland, which has a significant household base that supports professional and financial services and healthcare-related office tenancy. The Property also benefits from being located near major thoroughfares and public transportation with good accessibility from surrounding markets. The Property's immediate market reflects a competitive supply of available office space with stable rental rates. The Property offers adequate amenities that are attractive to prospective tenants as evidenced by its current tenancy. Thus, based on the Property's locational characteristics, project quality and current tenancy, the Property has a good competitive position in comparison to other comparable buildings within the immediate market.

No.	Name	Address	Year Built	Investment Class	Vacant Space (sq ft)	Occupancy Rate (%)
1	The Mardian J. Blair Administrative Center	900 Hope Way	2011	A	0	100.0
2	Maitland Promenade One	485 N Keller Rd	1999	A	16,025	98.1
3	901 Maitland Center	901 N Lake Destiny Dr	1986	A	10,581	93.2
4	Maitland Forum	2600 Lake Lucien Dr	1985	A	88,062	67.0
5	Eastwoods	2405 Lucien Way	1998	A	0	100.0

No.	Name	Address	Year Built	Investment Class	Vacant Space (sq ft)	Occupancy Rate (%)
6	Paragon @ Maitland	1060 Maitland Center Commons	1986	B	10,714	91.7
7	Pembrook Commons	1800 Pembrook Dr	1998	A	5,195	95.5
8	Keller Center	101 Southhall Ln	1986	A	28,601	82.1
9	Southpoint Executive Center	151 Southhall Ln	1990	A	14,891	89.2
10	College Corner	638 State Road 434	2019	B	0	35.7
11	Summit Park I	1950 Summit Park Dr	1992	A	0	100.0
12	Summit Park II	1958 Summit Park Dr	1996	A	0	100.0
13	Building III	2001 Summit Park Dr	2009	A	0	100.0
14	Tower Place at the Summit	1900 Summit Tower Blvd	1990	A	0	100.0
15	Liberty Summit	1901 Summit Tower Blvd	1998	A	18,107	84.9
16	The Spectrum Building	900 Winderley Pl	1987	A	0	100.0
17	Maitland Colonnades	2301 Lucien Way	1986	A	24,728	91.9

RECORDING AND TITLE INSURANCE

In the United States, fee simple title to real property is transferred by delivery of a deed (the form of which varies by state). The recordation of a deed is not necessary to accomplish a transfer of title between the parties to a deed. However, a purchaser's title will generally not be enforceable against third parties (as opposed to the applicable seller) until the deed is recorded in the proper local county or city recording office ("**Recording Authority**" and collectively, the "**Recording Authorities**"). The recording of a deed in the office of a Recording Authority is an administrative process. Recording Authorities generally do not have discretion to refuse to record a deed so long as the deed is in recordable form (varies by state), has been properly signed and notarised, and all taxes and other recording fees are paid.

Specifically, the Vendors' titles to the Properties in the IPO Portfolio will be transferred from the Vendors to the Lower Tier Sub-US REITs upon delivery of the executed deeds from the respective Vendor to the respective Lower Tier Sub-US REITs pursuant to the Portfolio Purchase and Sale Agreement. Each deed will be recorded with the applicable Recording Authority. Each Lower Tier Sub-US REIT will obtain all of the applicable Vendor's title to the applicable Property upon the delivery of the deed for such Property to such Lower Tier Sub-US REIT, which will occur prior to the completion of the recording of such deed with the applicable Recording Authority. For the avoidance of doubt, the recording of the deeds with the relevant Recording Authorities is not necessary to complete the transfer of the Vendors' titles to the Properties in the IPO Portfolio.

The title company selected by the Vendors and the Lower Tier Sub-US REITs and to be named in the Portfolio Purchase and Sale Agreement (the "**Title Company**") will be issuing a title insurance policy to the purchasing Lower Tier Sub-US REIT for the applicable Property in the IPO Portfolio. First American Title Insurance Company, one of the largest and most recognised title insurance companies in the United States will serve as the Title Company. The maximum amount to be insured under the title insurance policy for each Property will be equal to the corresponding purchase price for such Property as set forth in the Portfolio Purchase and Sale Agreement. Each title insurance policy will remain in effect for as long as the relevant Lower Tier Sub-US REIT retains ownership of or has liabilities with respect to such title.

The transfers of the Vendors' titles to the Properties are expected to take place prior to the listing of Keppel-KBS US REIT on the Main Board of the SGX-ST on the Listing Date (the "**Closing Date**") by way of an escrow closing (the "**Closing**") coordinated through the Title Insurance Company. The Vendors and the purchasing Lower Tier Sub-US REITs will deliver all relevant documents and funds in respect of each Property to the Title Insurance Company to be held in escrow on or before the Closing Date. The Title Insurance Company will review the relevant deeds to confirm that they are sufficient to transfer the Vendor's title to the corresponding Property. The purchase price for each Property will also be transferred by the purchasing Lower Tier Sub-US REIT to an escrow account controlled by the Title Insurance Company retained to administer the closing escrow of the applicable Property. The Title Insurance Company will be responsible for releasing the funds to the Vendors once the Title Insurance Company is satisfied with the documents delivered to it by the Vendors and the purchasing Lower Tier Sub-US REITs and that all conditions precedent to the Title Insurance Company's obligation to issue its title insurance policy have been satisfied. However, as the purchase price would need to be placed in the escrow account controlled by the Title Insurance Company prior to the Listing Date, a portion of the aggregate purchase price for the Properties will be partially financed through the Joint Bookrunners pre-funding part of the proceeds raised from the Offering and the Cornerstone Units.

The Closing will occur once the Title Insurance Company are satisfied that:

- all relevant documents for the transfers of the relevant titles have been received in proper form and fully executed;

- all conditions precedent specified by the Vendors and the Lower Tier Sub-US REITs to the release and recordation of all relevant documents for the transfers of the relevant titles have been satisfied;

- all conditions precedent to the Title Insurance Company's obligations to issue their respective title insurance policies have been satisfied; and

- the Vendors and the purchasing Lower Tier Sub-US REITs have given their authorisation to close,

provided that the Manager has not communicated to the Title Insurance Company prior to the listing of Keppel-KBS US REIT on the Main Board of the SGX-ST that listing would not occur.

In connection with the Closing, the Title Insurance Company will execute a legally binding and enforceable escrow agreement whereby the Title Insurance Company will irrevocably commit to issue a title insurance policy to the applicable Lower Tier Sub-US REIT in the form of the title commitment or the pro forma title policy attached to such escrow agreement. For the avoidance of doubt, notwithstanding that the final title insurance policies will not be issued at the Closing, each Lower Tier Sub-US REIT will be entitled to the benefits of the coverage provided by the applicable title insurance policy for the relevant Property upon Closing. The accepted custom and practice is for title insurance companies to issue their title insurance policies after the applicable deeds have been recorded. However, for the avoidance of doubt, the recording of the deed is not a condition precedent to the applicable Lower Tier Sub-US REIT receiving the benefit of the coverage provided by the applicable title insurance policy for the affected Property. In the event that any deed is not recorded, the applicable Lower Tier Sub-US REIT would still receive the Vendor's title for the affected Property, as well as the benefit of the coverage provided by the title insurance policy for such Property, with effect from the Closing Date. The Manager will update Unitholders on the status of the recording of the title deeds with the Relevant Authorities through announcements on SGXNET.

The recording and title transfer process for the Properties as described above is summarised below:

- **Step 1**: The Title Insurance Company will execute an enforceable escrow agreement governing the handling of the documents and funds which they will receive in connection with the Closing. The escrow agreement will irrevocably commit the Title Insurance Company upon Closing to release funds and issue their title insurance policies.

- **Step 2**: All relevant documents and funds in respect of each Property, including the deed and the purchase price, will be delivered to the Title Insurance Company to be held in escrow pursuant to the terms of the escrow agreement.

- **Step 3**: The Title Insurance Company will review the closing documents and confirm that all the conditions precedent for the transfer of title and for the issuance of their title insurance policies have been satisfied.

- **Step 4**: Upon receiving final authorisations from the Vendors and the Lower Tier Sub-US REITs, the Title Insurance Company will release the documents and funds from escrow; the Closing takes place and title is transferred to the Lower Tier Sub-US REITs.

- **Step 5**: Upon Closing, and in accordance with the terms of the escrow agreement, the Lower Tier Sub-US REITs will have the benefit of the coverage provided by their title insurance policies which the Title Insurance Company has already irrevocably committed to issue.

- **Step 6**: The Title Insurance Company will record the deeds with the relevant Recording Authorities and the title insurance policies, which are to be in the agreed forms provided in the escrow agreement executed by the Title Insurance Company, will be issued after the applicable deeds have been recorded and the relevant recording information has been included. The length of time it takes to record a deed can vary depending on the work load and practices of the applicable Recording Authorities. It is expected that the deeds will be recorded on the day after the Closing Date.

- **Step 7**: It is expected that Closing would take place prior to the listing of Keppel-KBS US REIT on the Main Board of the SGX-ST on the Listing Date.

An exact timeline of the recording and title transfer process for the Properties cannot be provided as circumstances outside of the parties' control may affect the exact timing of each step. However, assuming Step 1 occurs at Time T, it would be expected that most commercial real estate transactions would reach Step 6 by (T+10 days).

INSURANCE

Keppel-KBS US REIT has insurance coverage for the Properties that the Manager believes are consistent with industry practice in the United States. The coverage includes fire accident, property damage, terrorism, quake, business interruption and public liability (including personal injury). There are no significant or unusual excess or deductible payments required under such policies. All insurances contracts periodically undergo a competitive bid process. The Property Managers, directly or through insurance brokers, will identify requirements, create specifications and evaluate bids with a view to determining the most appropriate coverage and pricing.

There are, however, certain types of risks that are not covered by such insurance policies, including acts of war, intentional or dishonest acts, nuclear reaction or radioactive contamination, asbestos, contamination or other long-term environmental impairments.

(See "Risk Factors – Risks Relating to the Properties – 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" for further details.)

LEGAL PROCEEDINGS

None of Keppel-KBS US REIT and the Manager is currently involved in any material litigation nor, to the best of the Manager's knowledge, in any material litigation currently contemplated or threatened against Keppel-KBS US REIT or the Manager.

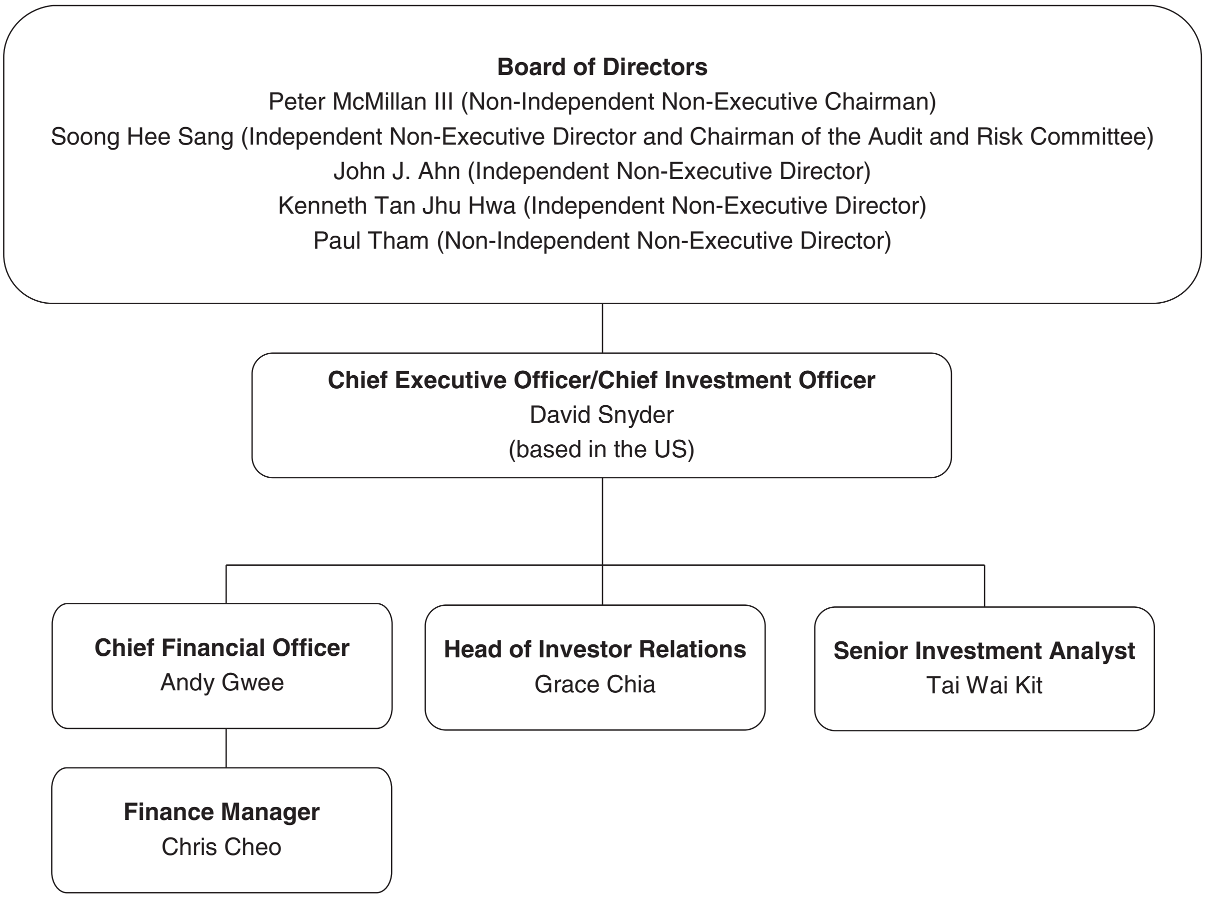
THE MANAGER AND CORPORATE GOVERNANCE

THE MANAGER OF KEPPEL-KBS US REIT

The Manager, Keppel-KBS US REIT Management Pte. Ltd., was incorporated in Singapore under the Companies Act on 13 July 2017. It has an issued and paid-up capital of US$1,000,002 comprising of 1,000,000 ordinary shares and 2 non-voting convertible preferential shares. Its principal place of business is located at 230 Victoria Street, #05-08 Bugis Junction Towers, Singapore 188024, and its telephone number is +65 6803 1818. The Manager is a joint venture held between the Sponsors, being KC and KPA, in equal share with KPA holding the 2 non-voting convertible preferential shares as at the date of this Prospectus, and KPA would shortly after the Listing Date transfer 1 non-voting preferential share to KC. The shareholders of KPA are (i) Peter McMillan III, (ii) Keith D. Hall, (iii) Rahul Rana, and (iv) Richard Bren. Peter McMillan III and Keith D. Hall are founding partners of KBS, and together they indirectly hold a 1/3 stake of KBS. KBS performs the role of manager of KBS SOR, which in turn wholly-owns the vendors of the properties forming the IPO Portfolio.

The Manager and the Manager US Sub have entered into outsourcing arrangements with GKP (which has in the same agreement procured KBS (as the US Asset Manager)) for the provision of asset management, investments, property level finance/financing and compliance support in the US and with KCI (which is a wholly-owned subsidiary of KC) for the provision of investor relations, financial reporting, capital management, human resource, legal, corporate secretarial and compliance support in Singapore. The Manager has been issued a CMS Licence pursuant to the SFA on 23 October 2017.

Management Reporting Structure



Board of Directors of the Manager

The Board is entrusted with the responsibility for the overall management of the Manager. The following table sets forth certain information regarding the Directors:

Name	Age	Address	Position
Peter McMillan III	60	c/o 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632	Chairman and Non-Independent Non-Executive Director
Soong Hee Sang	59	c/o 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632	Independent Non-Executive Director, Chairman of the Audit and Risk Committee
John J. Ahn	52	c/o 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632	Independent Non-Executive Director, Audit and Risk Committee Member
Kenneth Tan Jhu Hwa	43	c/o 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632	Independent Non-Executive Director, Audit and Risk Committee Member
Paul Tham	35	c/o 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632	Non-Independent, Non-Executive Director, Audit and Risk Committee Member

Listed Company Expertise

Appropriate arrangements have been made to orientate the Directors in acting as a director of a manager of a public-listed REIT. The Board collectively has the appropriate experience to act as the Directors and is familiar with the rules and responsibilities of a director of a public-listed company and/or manager of a public-listed REIT.

Family Relationship

None of the Directors are related to one another, any substantial shareholder of the Manager or any Substantial Unitholder.

Independent Directors

None of the Independent Directors of the Board sits on the boards of the principal subsidiaries of Keppel-KBS US REIT that are based in jurisdictions other than in Singapore. Each of the Independent Directors of the Manager confirms that they are able to devote sufficient time to discharge their duties as an Independent Director of the Manager. The Board is of the opinion that the Independent Directors are able to devote sufficient time to discharge their duties as Independent Directors of the Manager.

Experience and Expertise of the Board of Directors of the Manager

Information on the business and working experience of the Directors is set out below:

Mr Peter McMillan III is a Non-Independent Non-Executive Chairman of the Manager.

Mr McMillan is the co-founder of KBS and also the co-founder and managing partner of Willowbrook Capital Group, LLC.

Prior to forming Willowbrook Capital Group in 2000, Mr McMillan served as the Executive Vice President and Chief Investment Officer of SunAmerica Investments, Inc., which was later acquired by AIG. As Chief Investment Officer, he was responsible for over US$75 billion in assets, including residential and commercial mortgage-backed securities, public and private investment-grade and non-investment-grade corporate bonds and commercial mortgage loans and real estate investments. Before joining SunAmerica Investments, Inc. in 1989, he served as Assistant Vice President for Aetna Life Insurance and Annuity Company with responsibility for the company's US$6 billion fixed-income portfolios.

Mr McMillan received his Master of Business Administration degree in finance from the Wharton Graduate School of Business at the University of Pennsylvania and his Bachelor of Arts degree with honours in economics from Clark University. Mr McMillan is a director of TCW/MetWest Mutual Funds.

Mr Soong Hee Sang is an Independent Non-Executive Director of the Manager.

Mr Soong has extensive experience in the investment management and real estate sectors. From 1983 to 1987, he was with DBS Land Limited (now known as CapitaLand Limited following the merger with Pidemco Land Limited) as a valuer for various types of properties for mortgage purposes and the investment analysis of potential acquisitions. He joined Richard Ellis Pte Ltd (now known as CB Richard Ellis Pte Ltd) as a property manager from 1987 to 1990 where he had overall responsibility of the asset management department. Subsequently, he joined GIC Real Estate Pte Ltd where he was investment manager covering investment analysis and acquisition of real estate investment opportunities in the United States from 1991 to 1995 and for Southeast Asia from 1995 to 1996. Mr Soong was also with Arcasia Land Pte Ltd (now known as Ascendas Pte Ltd) from January 1997 to December 1997 where he was responsible for business development and the marketing and leasing of high tech industrial parks and industrial buildings.

Mr Soong joined CapitaLand Limited in 1998 where he held various senior executive positions in the CapitaLand Group. From 1998 to 2002, Mr Soong was Country Director and Managing Director for London where he was responsible for real estate investment and asset management of CapitaLand UK's operations. From 2002 to 2004, he was the Deputy Chief Executive Officer, Commercial of CapitaLand Commercial Limited, where he had overall responsibility for the commercial and industrial property portfolios totalling more than S$7 billion in value and 9.5 million sq ft in NLA. Subsequently, he was also appointed as the Chief Executive Officer of CapitaCommercial Trust and was involved in the listing of CapitaCommercial Trust as Singapore's first real estate investment trust for office properties in 2004. From 2004 to 2006, Mr Soong was the Chief Executive Officer (New Markets) of CapitaLand Residential Limited where he was in charge of CapitaLand Residential Limited's foray into new and existing markets for residential developments such as India, Vietnam, Malaysia and Japan. From 2006 to 2016, he was with GIC Real Estate Pte Ltd, where he held the positions of Managing Director (Deputy Head Asia) from 2006 to 2013 and Managing Director (London) from 2013 to 2016. His responsibilities included real estate investment and asset management of GIC Real Estate Pte Ltd's investments which cover global markets and a diverse range of risk/return profiles, including all sectors of direct property, private and public companies, real estate funds and debt instruments.

Mr Soong has a Bachelor of Science (Estate Management) (Honours) degree from the National University of Singapore and a Master of Business Administration from the same university.

Mr John J. Ahn is an Independent Non-Executive Director of the Manager.

Mr Ahn is currently the President of Great American Capital Partners, a middle market direct lending fund. Mr Ahn led the initial fund capital raising process and actively manages all aspects of the fund's activities.

Mr Ahn started out as an Associate with Security Pacific National Bank before moving to Rivkin & Company in 1993 as the Vice President, Sales and Trading. From 1995 to 1997, Mr Ahn was the Senior Vice President, Sales and Trading Department in Dabney/Resnick, Inc. where he was responsible for sourcing private debt and bank loan opportunities for the sales and trading desk. Mr Ahn was a Partner in Standard Capital Group Inc. from 1997 to 2003 where he took charge of originating, structuring and syndicating transactions. From 2003 to 2004, Mr Ahn was with Maxcor Financial Inc. as its Managing Director, Sales and Trading in High Yield and Distressed Group where he originated and syndicated both private and public high yield and distressed credit opportunities. From 2004 to 2015, Mr Ahn was the President of B. Riley & Company, LLC where he oversaw its investment banking business.

Mr Ahn is the Vice Chairman and board director of Hanmi Bank, a NASDAQ-listed company.

Mr Ahn graduated with a Bachelor of Arts in Economics, with a minor in political science from Williams College.

Mr Kenneth Tan Jhu Hwa is an Independent Non-Executive Director of the Manager.

Mr Tan is currently the Co-Managing Partner and Managing Director of Southern Capital Group where he has oversight on the fund management process and is responsible for deal generation, execution, portfolio monitoring, post-acquisition exits via trade sale and recaps. In addition, Mr Tan also serves as a member of the group's investment committee.

Mr Tan started his career with Credit Suisse First Boston in New York City in 1997, where he assisted in developing valuation and leverage buyout analyses. During his tenure with the bank, he raked up considerable experience in mergers and acquisitions by representing various multinational conglomerates in their corporate actions such as Thyssen AG in its merger of equals with Fried. Hoesch-Krupp AG. From 1999 to 2002, Mr Tan was the Assistant Vice President of GIC Special Investments, San Francisco where he led over US$500 million of private equity/venture capital fund commitments and investments.

In 2002, Mr Tan co-founded Cassis International, a leading regional provider of smart card management products and services. As Co-Founder and Executive Vice President, he played a multi-functional role and was instrumental in the management of the company.

Mr Tan holds a B.A. in Economics (First Class Honours) from Cambridge University and a Royal Society of Arts Diploma in Fine Arts from Christie's Education, London, U.K..

Mr Paul Tham is a Non-Independent Non-Executive Director of the Manager.

Mr Tham is currently the Chief Financial Officer of KCI, which is the asset management arm of Keppel Corporation Limited. He joined KCI in July 2016. In this capacity, his responsibilities include managing the financial and reporting functions, including accounting, taxation, and treasury. He also oversees the compliance and investor relations functions across KC and led the integration of KC in 2016.

Prior to joining KCI, Mr Tham was part of Keppel's Group Strategy & Development division, responsible for developing the Group's strategy and business model. Before joining the Keppel Group in November 2014, Mr Tham served as a management consultant for Bain & Company from February 2010 to September 2014, working with leading global Industrial Goods & Services companies in Asia-Pacific and Europe across a range of topics including financial performance management and growth strategy.

Mr Tham started his career in 2001 as a structural engineer in New York and has experience with US building developments and infrastructure. He has a Bachelor of Science in Civil & Environmental Engineering from Cornell University and a Master of Business Administration from Singapore Management University.

List of Present and Past Principal Directorships of Directors

A list of the present and past directorships of each director of the Manager over the last five years preceding the Latest Practicable Date is set out in Appendix H, "List of Present and Past Principal Directorships of Directors and Executive Officers".

Roles of the Board of Directors

The key roles of the Board are to:

- guide the corporate strategy and directions of the Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise; and
- oversee the proper conduct of the Manager.

The Board comprises five directors. The audit and risk committee of the Board (the "**Audit and Risk Committee**") comprises Mr Soong Hee Sang, Mr John J. Ahn, Mr Kenneth Tan Jhu Hwa and Mr Paul Tham. Mr Soong Hee Sang will assume the position of Chairman of the Audit and Risk Committee.

The Manager does not intend to have a nominating and remuneration committee. In view that there is no immediate need to refresh the Board which is freshly constituted, and taking into account the activities and scale of business of Keppel-KBS US REIT and the fact that independent Directors constitute more than half of the Board, the Manager is of the view that the objectives of a nominating and remuneration committee may be achieved by the full Board (of which independent Directors comprise more than half of the Board) undertaking the responsibilities of a nominating and remuneration committee.

The Board shall meet to review the key activities and business strategies of the Manager. The Board intends to meet regularly, at least once every quarter, to deliberate the strategies of Keppel-KBS US REIT, including acquisitions and divestments, funding and hedging activities, approval of the annual budget and review of the performance of Keppel-KBS US REIT. The Board or the relevant board committee will also review Keppel-KBS US REIT's key financial risk areas and the outcome of such reviews will be disclosed in the annual report or where the findings are material, immediately announced via SGXNET.

Each director of the Manager has been appointed on the basis of his professional experience and ability to contribute to the proper guidance of Keppel-KBS US REIT.

The Board will have in place a set of internal controls which sets out approval limits for operational and capital expenditures, investments and divestments, bank borrowings and cheque signatory arrangements. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency.

Taking into account the fact that Keppel-KBS US REIT was constituted only on 22 September 2017 and will only acquire its portfolio on the Listing Date, the Board, in concurrence with the Audit and Risk Committee, is of the opinion that the internal controls as further described in:

- "The Manager and Corporate Governance – The Manager of Keppel-KBS US REIT – Board of Directors of the Manager – Roles of the Board of Directors";

- "The Manager and Corporate Governance – Corporate Governance of the Manager – Board of Directors of the Manager";

- "The Manager and Corporate Governance – Corporate Governance of the Manager – Audit and Risk Committee";

- "The Manager and Corporate Governance – Corporate Governance of the Manager – Compliance Officer";

- "The Manager and Corporate Governance – Corporate Governance of the Manager – Dealings in Units";

- "The Manager and Corporate Governance – Corporate Governance of the Manager – Management of Business Risk";

- "The Manager and Corporate Governance – Corporate Governance of the Manager – Potential Conflicts of Interest";

- "The Manager and Corporate Governance – Related Party Transactions – The Manager's Internal Control System";

- "The Manager and Corporate Governance – Related Party Transactions – Role of the Audit and Risk Committee for Related Party Transactions";

- "The Manager and Corporate Governance – Related Party Transactions – Related Party Transactions in Connection with the Setting Up of Keppel-KBS US REIT and the Offering";

- "The Manager and Corporate Governance – Related Party Transactions – Exempted Agreements"; and

- "The Manager and Corporate Governance – Related Party Transactions – Future Related Party Transactions",

will be adequate in addressing financial, operational and compliance risks faced by Keppel-KBS US REIT.

The members of the Audit and Risk Committee will monitor changes to regulations and accounting standards closely. To keep pace with regulatory changes, where these changes have an important bearing on the Manager's or its directors' disclosure obligations, the Directors will be briefed either during Board meetings or at specially convened sessions involving relevant professionals.

Management will also provide the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments.

At least half of the Directors are non-executive and independent. This enables the management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It would also enable the Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles of the Chairman and the Chief Executive Officer, provide a healthy professional relationship between the Board and the management, with clarity of roles and robust oversight as they deliberate on the business activities of the Manager.

The positions of Chairman of the Board and Chief Executive Officer are separately held by two persons in order to maintain an effective check and balance. The Chairman of the Board is Mr Peter McMillan III, while the Chief Executive Officer is Mr David Snyder.

There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer of the Manager. The Chairman is responsible for the overall management of the Board as well as ensuring that the members of the Board and the management work together with integrity and competency, and that the Board engages the management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Manager.

The Board has separate and independent access to senior management and the company secretary(s) at all times. The company secretary(s) attends to corporate secretarial administration matters and attends all Board meetings. The Board also has access to independent professional advice where appropriate and when requested.

Executive Officers of the Manager

The executive officers of the Manager are entrusted with the responsibility for the daily operations of the Manager. The following table sets forth information regarding the executive officers of the Manager:

Name	Age	Address	Position
David Snyder	46	c/o 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632	Chief Executive Officer/ Chief Investment Officer
Andy Gwee	41	c/o 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632	Chief Financial Officer
Grace Chia	38	c/o 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632	Head, Investor Relations
Chris Cheo	33	c/o 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632	Finance Manager
Tai Wai Kit	28	c/o 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632	Senior Investment Analyst

Experience and Expertise of the Executive Officers of the Manager

Information on the working experience of the executive officers of the Manager is set out below:

Mr David Snyder is the Chief Executive Officer/Chief Investment Officer of the Manager.

Prior to his employment with the Manager, Mr Snyder was a consultant to KBS where he oversaw overall management of the AFRT portfolio and assisted in formulating the operational strategy and tactics for the portfolio. From 2008 to 2015, Mr Snyder was the Chief Financial Officer at KBS. He oversaw, directed and participated in all aspects of investor relations, finance, financial reporting, accounting and financial planning including the negotiation and management of a portfolio transfer of over 800 properties with a value of over US$1 billion.

Mr Snyder started out as a Senior Accountant with Arthur Andersen LLP in 1993 where he was responsible for the design, testing and supervision of the financial statements of various public and private enterprises. From 1996 to 1997, Mr Snyder joined Regency Health Services as its Director of Financial Reporting and took care of all monthly internal financial reporting, SEC financial reporting, audit coordination and debt covenant compliance calculations. From 1998 to 2008, Mr Snyder was with Nationwide Health Properties, starting out as a Financial Controller before rising to become Vice President & Financial Controller in 2005. He was one of four members on the senior management team which determined the corporate strategy and financial decisions of the firm. Mr Snyder also supervised and oversaw areas including financial reporting, accounting and internal audit.

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

Mr Andy Gwee is the Chief Financial Officer of the Manager.

Previously, Mr Gwee was the Head of Finance of Keppel DC REIT Management Pte. Ltd., which is the manager of Keppel DC REIT. Mr Gwee has more than 16 years of experience in the accounting, finance and auditing industry. Prior to joining Keppel DC REIT Management Pte. Ltd., Mr Gwee was the Senior Finance Manager of Keppel Corporation Limited from 2012 to 2015, where he assisted the Chief Financial Officer and Group Controller in the Keppel Group's financial and reporting functions. These included group consolidation, management reporting, statutory and financial reporting, annual group budgeting and certain compliance matters. In addition to these functions, he provided accounting and technical advisory to the various business units of the Keppel Group. From 2000 to 2012, Mr Gwee spent 12 years at PricewaterhouseCoopers LLP Singapore in an audit function where he had been the engagement manager for leading clients and local listed groups.

Mr Gwee graduated with a Bachelor of Accountancy, Second Class Honours (Upper Division), from Nanyang Technological University of Singapore in 2000. He is a Chartered Accountant (Singapore) and is a member of the Institute of Singapore Chartered Accountants.

After making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the members of the Audit and Risk Committee to cause them to believe that Mr Andy Gwee does not have the competence, character and integrity expected of a Chief Financial Officer of the Manager. The Audit and Risk Committee is of the opinion that Mr Andy Gwee is suitable as the Chief Financial Officer on the basis of his qualifications and relevant past experience. The Audit and Risk Committee considers that Mr Andy Gwee's chartered accountant qualification coupled with his extensive experience in corporate finance, financial reporting and compliance makes him a suitable candidate to be Chief Financial Officer of the Manager. In addition, prior to joining the Manager, Mr Andy Gwee was the Head of Finance of Keppel DC REIT. Mr Andy Gwee confirms that he is familiar with the finance and accounting functions and internal control systems of Keppel-KBS US REIT.

Ms Grace Chia is the Head of Investor Relations of the Manager.

Ms Chia has over 16 years of experience in corporate communications and investor relations. She started her career with Keppel Corporation Limited, and has held various positions within the Keppel Group over the last 16 years. Prior to joining the Manager, she was the Head, Investor Relations & Communications, of KCI. From 2014 to 2016, she was the Senior Manager, Investor Relations, at Keppel REIT Management Limited (as manager of Keppel REIT). In this role, she facilitated continuous two-way communication with investors, analysts and key stakeholders, as well as ensured clear and timely disclosure of pertinent information. Prior to this, Ms Chia was with the Group Corporate Communications division at Keppel Corporation Limited from 1999 to 2013, where her last held position was Senior Manager. In this role, she managed the communications efforts for Keppel Group's offshore and marine division and subsequently the property division.

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

The Manager may hire or appoint another person to assist Ms Chia in carrying out Keppel-KBS US REIT's investor relations functions. In such a circumstance, Ms Chia may take on a more supervisory role as the Head of Investor Relations of KCI.

Mr Chris Cheo is the Finance Manager of the Manager.

Prior to his appointment to the Manager, Mr Cheo was the Finance Manager of KCI, where he was responsible for the financial and reporting functions. These included group consolidation, management reporting, statutory and financial reporting, annual budgeting and certain compliance matters.

Mr Cheo started out as an Auditor at Deloitte & Touche LLP in 2008 in the general audit team where he performed audit assurances to various industries including real estate fund management. From 2010 to 2014, he joined DBS Bank Ltd. as an associate in the finance function of the stockbroking arm, where he led the general ledger accounting team and assisted in various functions including tax, statutory, financial and regulatory reporting. From 2014 to 2017, Mr Cheo was the Senior Manager of Leeden National Oxygen Ltd., where he oversaw the group consolidation and financial reporting function, established finance policies and conducted training for finance staff.

Mr Cheo graduated with a Bachelor of Accountancy, Second Class Honours (Upper Division), from Nanyang Technological University of Singapore in 2008. He is a Chartered Accountant (Singapore) and is a member of the Institute of Singapore Chartered Accountants.

Mr Tai Wai Kit is the Senior Investment Analyst for the Manager.

Mr Tai will provide the CEO/CIO of Keppel-KBS US REIT with analytical, underwriting, and investment thesis support within the Manager. As investment support is also partially outsourced to the co-Sponsors, Mr Tai's knowledge of KCI's US investment and deal sourcing capabilities and network are important in providing the CEO/CIO the best understanding to both fully leverage and also fairly assess the outsourcing provider.

Prior to joining the Manager, Mr Tai was a Senior Analyst in KCI. where he was responsible for sourcing and executing M&A opportunities. Mr Tai has been a key investment team member in developing Keppel-KBS US REIT listing and was responsible for leading the review of all 11 properties on Keppel and the manager's behalf. Additionally, Mr Tai had been involved in providing portfolio analysis and asset management support to the REITs and Trusts under KC.

Prior to this, Mr Tai was an analyst in Alpha Investment Partners Limited from 2013 to 2016, where he was involved in various aspects of acquisition, asset management and portfolio management activities for the US and European real estate and data centre markets. Both stints have provided Mr Tai with significant exposure in real estate investment management and the capability to manage extensive portfolios.

Mr Tai graduated with a Bachelor of Science (Real Estate) (Honours) with Specialisation in Real Estate Finance from the National University of Singapore. He is also a recipient of the Keppel Group Scholarship.

List of Present and Past Principal Directorships of Executive Officers

A list of the present and past directorships of each executive officer of the Manager over the last five years preceding the Latest Practicable Date is set out in Appendix H, "List of Present and Past Principal Directorships of Directors and Executive Officers".

Roles of the Executive Officers of the Manager

The **Chief Executive Officer** of the Manager will work with the Board to determine the strategy for Keppel-KBS US REIT. The Chief Executive Officer will also work with the other members of the management team to ensure that Keppel-KBS US REIT operates in accordance with the Manager's stated investment strategy. Additionally, the Chief Executive Officer will be responsible for planning the future strategic development of Keppel-KBS US REIT. The Chief Executive Officer is also responsible for the overall day-to-day management and operations of Keppel-KBS US REIT and working with the Manager's investment, financial and legal and compliance personnel and the US Asset Manager in meeting the strategic, investment and operational objectives of Keppel-KBS US REIT.

The **Chief Investment Officer** of the Manager will work with the other members of the management team to execute the investment and asset management programme of the Keppel-KBS US REIT which, working with the US Asset Manager, is responsible for identifying, researching and evaluating potential acquisitions and related investments with a view to enhancing Keppel-KBS US REIT's portfolio, or divestments where a property is no longer strategic, fails to enhance the value of Keppel-KBS US REIT's portfolio or fails to be yield accretive. In order to support these various initiatives, the investment team develops financial models to test the financial impact of different courses of action.

The **Chief Financial Officer** of the Manager will work with the Chief Executive Officer and the other members of the management team to formulate strategic plans for Keppel-KBS US REIT in accordance with the Manager's stated investment strategy. The Chief Financial Officer will be responsible for applying the appropriate capital management strategy, including tax and treasury matters, as well as finance and accounting matters, overseeing implementation of Keppel-KBS US REIT's short and medium-term business plans, fund and asset management activities and financial condition.

The **Head of Investor Relations** of the Manager is responsible for facilitating communications and liaising with the Unitholders. This includes producing annual reports to the Unitholders, preparation for investor presentations, result briefings and other engagement activities with investors, managing investor queries and developing the investor relations strategy. The Head of Investor Relations will be responsible for maintaining transparent communications with the Unitholders and the market.

The **Finance Manager** of the Manager is responsible for assisting the Chief Financial Officer in the financial and reporting functions of Keppel-KBS US REIT. This includes timely periodic financial and management reporting for the funds under management, providing detailed analysis of data to support decision making, compliance with audit, statutory and tax requirements and monitoring of financing covenants. The Finance Manager will also assist the Chief Financial Officer to develop and maintain appropriate policies, procedures and processes for finance and other operational areas to ensure appropriate internal controls are in place to safeguard Keppel-KBS US REIT's assets, optimise the use of cash and ensure the accuracy and validity of financial information required for management's decision making.

The **Senior Investment Analyst** of the Manager is responsible for providing the CEO/CIO of Keppel-KBS US REIT with acquisition, portfolio management and asset management support within the Manager. The Senior Investment Analyst will analyse potential investment targets and optimise portfolio returns for Keppel-KBS US REIT by developing appropriate investment strategies with the CEO/CIO and the US Asset Manager.

Roles and Responsibilities of the Manager

The Manager has general powers of management over the assets of Keppel-KBS US REIT. The Manager's main responsibility is to manage Keppel-KBS US REIT's assets and liabilities for the benefit of Unitholders.

The Manager will set the strategic direction and provide, among others, the following services to Keppel-KBS US REIT:

- **Investment**: Formulating Keppel-KBS US REIT's investment strategy, including determining the location, sub-sector type and other characteristics of Keppel-KBS US REIT's property portfolio. Overseeing the negotiations and providing supervision in relation to investments of Keppel-KBS US REIT and making final recommendations to the Trustee.

- **Asset management**: Formulating Keppel-KBS US REIT's asset management strategy, including determining the tenant mix, asset enhancement works and rationalising operation costs. Providing supervision in relation to asset management of Keppel-KBS US REIT and making final recommendations to the Trustee on material matters.

- **Capital management**: Formulating the plans for equity and debt financing for Keppel-KBS US REIT's property acquisitions, distribution payments, expense payments and property maintenance payments. Executing the capital management plans, negotiating with financiers and underwriters and making final recommendations to the Trustee.

- **Accounting**: Preparing accounts, financial reports and annual reports for Keppel-KBS US REIT on a consolidated basis.

- **Compliance**: Making all regulatory filings on behalf of Keppel-KBS US REIT, and using its commercially reasonable best efforts to assist Keppel-KBS US REIT in complying with the applicable provisions of the relevant legislation pertaining to the location and operations of Keppel-KBS US REIT, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Take-over Code, the Trust Deed, the CMS Licence, any tax ruling and all relevant contracts.

- **Investor relations**: Communicating and liaising with investors, analysts and the investment community.

The Manager has covenanted in the Trust Deed to use its best endeavours to:

- carry on and conduct its business in a proper and efficient manner;

- ensure that Keppel-KBS US REIT's operations are carried on and conducted in a proper and efficient manner; and

- conduct all transactions with or for Keppel-KBS US REIT on an arm's length basis and on normal commercial terms.

The Manager will prepare property plans on a regular basis, which may contain proposals and forecasts on Gross Revenue, capital expenditures, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions. The purpose of these plans is to explain the performance of Keppel-KBS US REIT's properties.

The Manager may require Keppel-KBS US REIT to borrow or may recommend that its subsidiaries borrow, (upon such terms and conditions as the Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the Manager considers, among others, that such borrowings are necessary or desirable in order to enable Keppel-KBS US REIT to meet any liabilities or to finance the acquisition of any property. However, the Manager must not direct the Trustee, or such subsidiary, to incur a borrowing if to do so would mean that Keppel-KBS US REIT's total borrowings and deferred payments will exceed the limit stipulated by the MAS based on the value of its Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units).

In the absence of fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Trust Deed. In addition, the Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as Manager, to have recourse to the Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager.

The Manager may, in managing Keppel-KBS US REIT and in carrying out and performing its duties and obligations under the Trust Deed, with the written consent of the Trustee, appoint such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Trust Deed, provided always that the Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

Fees Payable to the Manager

Management Fee

The Manager is entitled under the Trust Deed to the following management fee:

- a Base Fee at the rate of 10.0% per annum of Keppel-KBS US REIT's Annual Distributable Income (calculated before accounting for the Base Fee and the Performance Fee); and

- a Performance Fee equal to the rate of 25.0% per annum of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

The Performance Fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year where the Performance Fee is payable may be less than the DPU in any preceding financial year.

For the avoidance of doubt, where the DPU in a financial year is less than the DPU in any preceding financial year, the Manager shall not be required to return any Performance Fee paid to it in any preceding financial year.

For the purpose of the computation of the Performance Fee only, the DPU shall be calculated based on all income of Keppel-KBS US REIT arising from the operations of Keppel-KBS US REIT, such as, but not limited to, rentals, interest, dividends, divestment gains (to the extent it is distributed to Unitholders) and other similar payments or income arising from the Authorised Investments (as defined herein) of Keppel-KBS US REIT.

For each of Forecast Year 2018 and Projection Year 2019, the difference in DPU shall be the difference in actual DPU in such financial year with the projected DPU, as set out in the Profit Forecast and Profit Projection.

The Manager may elect to receive the Base Fee and Performance Fee in the form of cash and/or Units (as the Manager may elect), in such proportions as may be determined by the Manager.

Any increase in the rate or any change in the structure of the Management Fee must be approved by an Extraordinary Resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed. For the avoidance of doubt, the Manager's change in its election to receive cash or Units or a combination of cash and Units is not considered as a change in structure of the Management Fee.

Where the Base Fee and the Performance Fee are payable in the form of Units, such payment shall be made within 30 days of the last day of every calendar quarter, or such other period as the Manager may determine (in relation to the Base Fee), and every FY (in relation to the Performance Fee), or such longer period as the Manager may determine in the event that the Base Fee and/or Performance Fee cannot be computed within 30 days of the last day of the relevant period), in arrears.

Where the Base Fee and the Performance Fee is payable in the form of cash, such payment shall be made within 30 days of the last day of every calendar month (in relation to the Base Fee) or FY (in relation to the Performance Fee) or such other period as the Manager may determine (or such longer period as the Manager may determine in the event that the Base Fee cannot be computed within 30 days of the last day of the relevant period), in arrears and in the event that cash is not available to make the whole or part of such payment, then payment of such Base Fee or Performance Fee due and payable to the Manager shall be deferred to the next calendar month when cash is available.

Acquisition Fee and Divestment Fee

The Manager is also entitled to:

- an Acquisition Fee of 1.0% (or such lower percentage as may be determined by the Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double counting):

  – the acquisition price of any real estate purchased, whether directly or indirectly through one or more SPVs, by Keppel-KBS US REIT (plus any other payments[1] in addition to the acquisition price made by Keppel-KBS US REIT or its SPVs to the vendor in connection with the purchase of the real estate) (pro-rated, if applicable, to the proportion of Keppel-KBS US REIT's interest);

1 "**Other payments**" refer to additional payments to the vendor of the asset, for example, where the vendor has already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

- the underlying value[1] of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased by Keppel-KBS US REIT, whether directly or indirectly through one or more SPVs (plus any additional payments made by Keppel-KBS US REIT or its SPVs to the vendor in connection with the purchase of such equity interests) (pro-rated, if applicable, to the proportion of Keppel-KBS US REIT's interest); or

- the acquisition price of any investment purchased by Keppel-KBS US REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate; and

• a Divestment Fee equivalent to 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double-counting):

  - the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by Keppel-KBS US REIT (plus any other payments[2] in addition to the sale price received by Keppel-KBS US REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated, if applicable, to the proportion of Keppel-KBS US REIT's interest);

  - the underlying value[3] of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested, whether directly or indirectly through one or more SPVs, by Keppel-KBS US REIT (plus any additional payments received by Keppel-KBS US REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests) (pro-rated, if applicable, to the proportion of Keppel-KBS US REIT's interest); or

  - the sale price of any investment sold or divested by Keppel-KBS US REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

For the avoidance of doubt, the acquisition price, or as the case may be, the acquisition value, shall take into account any completion or other price or value adjustment to be made post-completion.

For the avoidance of doubt, the Divestment Fee is payable in respect of any divestment of real estate assets to both third parties and interested parties.

For the avoidance of doubt, the sale price, or as the case may be, the sale value, shall take into account any completion or other price or value adjustment to be made post-completion.

---

1 For example, if Keppel-KBS US REIT acquires an SPV which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity ascribed to the asset which will be paid to Keppel-KBS US REIT as the purchase price and any debt of the SPV.

2 "**Other payments**" refer to additional payments to Keppel-KBS US REIT or its SPVs for the sale of the asset, for example, where Keppel-KBS US REIT or its SPVs have already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

3 For example, if Keppel-KBS US REIT sells or divests an SPV which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity ascribed to the asset which will be paid to Keppel-KBS US REIT as the sale price and any debt of the SPV.

No acquisition fee is payable for the acquisition of the Properties in the IPO Portfolio. In accordance with the Property Funds Appendix, where the Manager receives a percentage-based fee when Keppel-KBS US REIT acquires real estate from an interested party, or disposes of real estate to an interested party, the Acquisition Fee or, as the case may be, the Divestment Fee will be in the form of Units issued at prevailing market price(s). Such Units may not be sold within one year from the date of issuance.

Any payment to third party agents[1] or brokers in connection with the acquisition or divestment of any real estate of Keppel-KBS US REIT (other than the US Asset Manager) shall be paid to such persons out of the Deposited Property of Keppel-KBS US REIT or the assets of the relevant SPV, and not out of the Acquisition Fee or the Divestment Fee received or to be received by the Manager.

The Acquisition Fee and Divestment Fee are payable to the Manager in the form of cash and/or Units (as the Manager may elect), in such proportions as may be determined by the Manager, at the issue price of Units issued to finance or part finance the acquisition in respect of which the Acquisition Fee is payable or in all other instances the then prevailing market price(s). In respect of any acquisition and sale or divestment of real estate assets from/to interested parties, such a fee should be in the form of Units issued by Keppel-KBS US REIT at prevailing market price(s) and such Units should not be sold within one year from the date of their issuance.

The Acquisition Fee and Divestment Fee are payable as soon as practicable after completion of the acquisition or, as the case may be, sale or disposal.

Any increase in the maximum permitted level of the Manager's Acquisition Fee or Divestment Fee must be approved by an Extraordinary Resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Development Management Fee

The Manager is entitled to receive a development management fee equivalent to 3.0% of the Total Project Costs (as defined herein) incurred in a Development Project (as defined herein) undertaken by the Manager on behalf of Keppel-KBS US REIT.

Keppel-KBS US REIT will only undertake development activities within the limits of the Property Funds Appendix (which currently allows a REIT to commit no more than 10.0% of its deposited property to development and investment in uncompleted property developments). The total contract value of property development activities may exceed 10.0% of Keppel-KBS US REIT's deposited property (subject to maximum of 25.0% of Keppel-KBS US REIT's deposited property) only if:

(i) the additional allowance of up to 15.0% of Keppel-KBS US REIT's deposited property is utilised solely for the redevelopment of an existing property that has been held by Keppel-KBS US REIT for at least three years and which Keppel-KBS US REIT will continue to hold for at least three years after the completion of the redevelopment; and

(ii) Keppel-KBS US REIT obtains the specific approval of Unitholders at a general meeting for the redevelopment of the property.

1 These third party agents or brokers could be property agents who are engaged for the purpose of acquiring assets or auctioneers (where assets are to be acquired through auction sales).

"**Total Project Costs**" means the sum of the following:

- construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;

- principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;

- the cost of obtaining all approvals for the project;

- site staff costs;

- interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with the International Financial Reporting Standards; and

- any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with the International Financial Reporting Standards,

but for the avoidance of doubt, shall not include land costs (including but not limited to the acquisition price or underlying value of such land).

"**Development Project**" means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Keppel-KBS US REIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.

When the estimated Total Project Costs are above US$100 million, the Manager will be entitled to receive a development management fee equivalent to 3.0% for the first US$100 million. For the Remaining Total Project Costs, the independent Directors will first review and approve the quantum of the Remaining Development Management Fee, whereupon the Manager may be directed by its independent Directors to reduce the Remaining Development Management Fee.

As land costs will no be included in the computation of Total Project Costs, the Manager shall be entitled to receive an Acquisition Fee on the land costs.

Retirement or Removal of the Manager

The Manager shall have the power to retire in favour of a corporation recommended by the Manager and approved by the Trustee to act as the manager of Keppel-KBS US REIT.

Also, the Manager may be removed by notice given in writing by the Trustee if:

- the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over its assets or a judicial manager is appointed in respect of the Manager;

- the Manager ceases to carry on business;

- the Manager is in breach of any material obligation imposed on the Manager by the Trust Deed, and such breach has not been cured or remedied within 60 days of receipt of written notice of such breach from the Trustee, provided that at the end of the 60 days, the cure period may be extended for such other period as may be agreed between the Manager and Trustee;

- the Unitholders by an Ordinary Resolution (as defined herein) duly proposed and passed by Unitholders present and voting at a meeting of Unitholders convened in accordance with the Trust Deed, with no Unitholder (including the Manager and its Related Parties) being disenfranchised, vote to remove the Manager;

- for good and sufficient reason the Trustee is of the opinion that the actions of the Manager harms the interests of the Unitholders, and so states in writing such reason and opinion, that a change of Manager is desirable in the interests of the Unitholders; or

- the MAS directs the Trustee to remove the Manager.

Where the Manager is removed on the basis that a change of the Manager is desirable in the interests of the Unitholders, the Manager has a right under the Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the Manager, the Trustee and all Unitholders.

Under the terms of the Trust Deed, upon any removal or retirement of the Manager, the Trustee shall appoint a new manager as soon as possible whose appointment shall be subject to (i) compliance with any or all laws, regulations and guidelines that apply to Keppel-KBS US REIT and (ii) the approval of Unitholders by Ordinary Resolution.

THE US ASSET MANAGER

The US Asset Manager is KBS which was organised in the United States on 18 October 2004. Its principal offices are located at 800 Newport Center Drive, Suite 700 Newport Beach, CA 92660, US and 11150 Santa Monica Blvd Ste 400, Los Angeles, CA 90025, US.

Pursuant to the KBS Management Agreement, certain asset management functions of the Manager and the Manager US Sub, including those relating to asset management, investments, property-level finance/financing and compliance, have been outsourced to GKP, which has in turn engaged KBS (as the US Asset Manager) to provide such services to the Parent US REIT and the Sub-US REITs, in each case subject to the duties and responsibilities of the respective US Subsidiary Board. Each US Subsidiary Board will comprise Mr David Snyder and Mr Andy Gwee, the CEO/CIO and Chief Financial Officer of the Manager respectively. The US Asset Manager is registered as an investment adviser with the US Securities and Exchange Commission.

GKP, through the US Asset Manager will provide, among others, the following services:

- **Investment**: Supporting, the execution, through the Parent US REIT and the Sub-US REITs of Keppel-KBS US REIT's investment strategy in accordance with the strategy formulated by the Manager and the guidelines issued by the Manager which include requirements relating to the location, sub-sector type and other characteristics of Keppel-KBS US REIT's property portfolio.

- **Asset management**: Working with the Property Managers to execute, through the Parent US REIT and the Sub-US REITs, Keppel-KBS US REIT's asset management strategy in accordance with the decisions made by and the strategy formulated by the Manager and the guidelines issued by the Manager which include requirements relating to the tenant mix, asset enhancement works and rationalising operation costs.

- **Capital management**: Supporting the execution of debt financing plans for any debt taken up by the Parent US REIT and/or the Sub-US REITs.

- **Accounting**: Preparing accounts, financial reports and annual reports, as may be required, for the Parent US REIT and/or the Sub-US REITs.

- **Compliance**: Making all regulatory filings on behalf of the Parent US REIT and the Sub-US REITs, and using its commercially reasonable best efforts to assist the Parent US REIT and the Sub-US REITs in complying with applicable provisions of the relevant tax laws and regulations in the United States, including meeting the requirements for qualification and taxation as US REITs, and all relevant contracts.

GKP, through the US Asset Manager, will seek to find investment opportunities consistent with the investment guidelines established by the Manager and within the approved annual business plan and budget. Any potential acquisition will be surfaced to the Manager, the Manager US Sub and the US Subsidiary Board of the Parent US REIT. Such US Subsidiary Board will take into account inputs from the Manager (in its capacity as the manager of the ultimate shareholder of the Parent US-REIT (being Keppel-KBS US REIT), acting through the Manager US Sub, before providing its approval on the potential acquisition proposed.

Once an acquisition is approved, such approval will be communicated to the US Asset Manager and GKP, following which the US Asset Manager will perform diligence. The US Asset Manager will also be authorised to negotiate the terms of and all necessary agreements to effect the acquisition.

GKP and/or the US Asset Manager may delegate its duties under the KBS Management Agreement to an affiliate with the consent of the Manager, or to the extent provided in the KBS Management Agreement; provided such delegation does not relieve GKP or the US Asset Manager of its obligations under the KBS Management Agreement.

The KBS Management Agreement is terminable by any of the parties to the KBS Management Agreement, in the event of, among others, a bankruptcy or insolvency or a change of control in any of the other parties to the KBS Management Agreement.

In addition, the Manager has the right to terminate the KBS Management Agreement by giving not less than one month's prior written notice to US Asset Manager in the event of (i) a material breach of the KBS Management Agreement that was not remedied within thirty days of the receipt by GKP or the US Asset Manager, as applicable, of a notice from the Manager or the Manager US Sub identifying the breach and requiring its remedy; (ii) where there is a demonstrable deterioration in the ability of the US Asset Manager to perform the services under the KBS Management Agreement; and (iii) in the event GKP ceases to have an equity interest in the US Asset Manager.

Further, GKP and the US Asset Manager have the right to terminate the KBS Management Agreement without cause upon 60 days' written notice to the other parties to the agreement, and the Manager and the Manager US Sub have the right to terminate the KBS Management Agreement without cause upon upon 30 days' written notice to the other parties to the agreement.

GKP, the US Asset Manager and its affiliates (collectively, "**Asset Manager Indemnified Parties**") are entitled to indemnification from the Manager from all claims, liabilities, losses and damages ("**Losses**") incurred by them in connection with their activities under the KBS Management Agreement, except to the extent as a result of such Asset Manager Indemnified Party's gross negligence or wilful misconduct (collectively, "**US Asset Manager's Misconduct**"). GKP is required to indemnify the Manager, the Manager US Sub and their respective directors, officers, and employees for any loss or liability suffered or incurred by the Manager or the Manager US Sub any of their respective officers or agents, and any costs, charges and expenses incurred by the Manager or the Manager US Sub or any of their respective officers or agents, to the extent that such loss, liability, cost, charge or expense is caused by or arising from the US Asset Manager's Misconduct in the performance of its obligations under the KBS Management Agreement, regardless of whether GKP had contributed to the US Asset Manager's Misconduct.

Fees payable under the KBS Management Agreement will be paid by the Manager to GKP.

MANAGER US SERVICES AGREEMENT

Services in the US will be provided pursuant to the Manager US Services Agreement, which is entered into between the Trustee, the Manager, the Manager US Sub, the Parent US-REIT and the Sub-US REITs. The Manager US Services Agreement is a subcontract from the Manager to the Manager US Sub with respect to the Manager US Services.

The Manager US Sub will appoint one or more executives, who will be employed solely by the Manager US Sub while they are in the United States under a secondment, and/or employment or similar arrangement, to provide the Manager US Services to the Parent US REIT and/or the Sub-US REITs as set forth in the Manager US Services Agreement.

The Manager US Services Agreement will generally be on the same terms (other than terms relating to how the service fee is determined) as the KBS Management Agreement to Parent US-REIT and the Sub-US REITs (under the direction of their respective US Subsidiary Boards), except that the services are provided by the Manager US Sub instead of KBS and GKP is not a party to the Manager US Services Agreement.

The Manager US Services Agreement is terminable by any of the parties to the Manager US Services Agreement, in the event of, among others, a bankruptcy or insolvency or a change of control in any of the other parties to the Manager US Services Agreement.

In addition, the Manager has the right to terminate the Manager US Services Agreement by giving not less than one month's prior written notice to the Manager US Sub in the event of (i) a material breach of the Manager US Services Agreement that was not remedied within thirty days of the receipt by the Manager US Sub of a notice from the Manager identifying the breach and requiring its remedy; (ii) where there is a demonstrable deterioration in the ability of the Manager US Sub to perform the services under the Manager US Services Agreement; and (iii) in the event the Manager ceases to have an equity interest in the Manager US Sub.

Similar to the KBS Management Agreement, the Trustee, Keppel-KBS US REIT, the Parent US-REIT and the Sub-US REITs will have no obligations or liabilities under the Manager US Services Agreement.

The Manager remains solely responsible for the provision of the related functions to Keppel-KBS US REIT as a whole, and nothing in the Manager US Services Agreement would absolve any of its responsibilities or liabilities to Keppel-KBS US REIT under the Trust Deed, notwithstanding that the US Subsidiary Boards have the power to direct, supervise and instruct Manager US Sub under the Manager US Services Agreement.

Fees payable under the Manager US Services Agreement will be paid by the Manager to the Manager US Sub.

THE KEPPEL MANAGEMENT SUPPORT

The Manager and KCI entered the Keppel Management Agreement on 1 November 2017. Pursuant to the Keppel Management Agreement, the Manager has engaged KCI to provide, among others, the following services:

- **Investor Relations**: Supporting the Manager's investor relations activities, including preparation for investor presentations, result briefings and other engagement activities with investors, managing investor queries and supporting the development of the investor relations strategy.

- **Financial Reporting**: Providing support for the financial reporting of Keppel-KBS US REIT on a consolidated basis, including assisting with the preparation of the consolidated financial statements, budgets and tax returns and meeting other reporting requirements.

- **Capital Management**: Supporting the execution of the Manager's plans for equity and debt financing for Keppel-KBS US REIT including assisting in the negotiations and documentation with financiers and underwriters and other treasury matters such as hedging activities and cash and liquidity management.

- **Human Resources**: Providing human resource and office administrative support to the Manager including recruitment, succession planning, payroll services and performance management.

- **Legal and Corporate Secretarial**: Providing legal and corporate secretarial support to the Manager including advising on the laws and regulations applicable to the Manager and Keppel-KBS US REIT, supporting corporate actions such as acquisitions, divestments and financing matters, and providing secretarial support for the Board.

- **Compliance Support in Singapore**: Making all regulatory filings on behalf of Keppel-KBS US REIT, and assisting Keppel-KBS US REIT in complying with the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Trust Deed, any tax ruling and all relevant contracts.

KCI will act subject to the overall discretion and direction of the Manager and within guidelines issued by the Manager and in accordance with the approved annual business plan and budget.

KCI may delegate its duties under the Keppel Management Agreement to an affiliate with the consent of the Manager or to the extent provided in the Keppel Management Agreement; provided such delegation does not relieve KCI of its obligations under the Keppel Management Agreement.

The Keppel Management Agreement is terminable by the Manager and KCI, respectively, upon written notice, in the event of, among others, a bankruptcy or insolvency, material breaches of the Keppel Management Agreement, a change of control in any of the Manager, the Manager US Sub or the US Asset Manager, or in the case of a termination by the Manager, where there is a demonstrable deterioration in the ability of KCI to perform the services under the Keppel Management Agreement.

KCI and its affiliates (collectively, the "**KCI Indemnified Parties**") are entitled to indemnification from the Manager from all Losses incurred by them in connection with their activities under the Keppel Management Agreement, except to the extent as a result of such KCI Indemnified Party's fraud, gross negligence or wilful misconduct (collectively, "**KCI's Misconduct**"). KCI is required to indemnify the Manager and its directors, officers, and employees for any loss or liability suffered or incurred by the Manager or any of its officers or agents, and any costs, charges and expenses incurred by the Manager or any of its officers or agents, to the extent that such loss, liability, cost, charge or expense is caused by or arising from the KCI's Misconduct in the performance of its obligations under the Keppel Management Agreement.

Fees payable to KCI will be paid by the Manager.

THE PROPERTY MANAGERS

The Property Managers will enter into separate Property Management Agreements in relation to each Property with the relevant Lower Tier Sub-US REIT. The Property Managers for the Properties are:

(a) Transwestern Commercial Services Washington, L.L.C. dba Transwestern, a Delaware limited liability company, for Bellevue Technology Center;

(b) Transwestern Commercial Services Washington, L.L.C. dba Transwestern, a Delaware limited liability company, for The Plaza Buildings;

(c) CBRE, Inc., a Delaware corporation for Iron Point;

(d) CBRE, Inc., a Delaware corporation, for Westmoor Center;

(e) Transwestern Property Company SW GP, L.L.C. dba Transwestern, for Great Hills Plaza;

(f) Transwestern Property Company SW GP, L.L.C. dba Transwestern, for Westech 360;

(g) Transwestern Property Company SW GP, L.L.C. dba Transwestern, for 1800 West Loop South;

(h) PM Realty Group, L.P., a Delaware limited partnership, for West Loop I & II;

(i) PM Realty Group, L.P., a Delaware limited partnership, for Powers Ferry;

(j) PM Realty Group, L.P., a Delaware limited partnership, for Northridge Center; and

(k) PM Realty Group, L.P., a Delaware limited liability partnership, for Maitland Promenade II.

Under each Property Management Agreements, subject to the approved annual budget and available funds of each Lower-Tier Sub-US REITs, the Property Manager is responsible for the day-to-day management, operation, maintenance and servicing of the relevant Property, including negotiation, administration and enforcement of leases, collection of rents, preparation and submission of proposed annual operating and capital expense budgets for review and approval, and maintenance and repair of the relevant Property, negotiation of contracts, obtaining required insurance, maintenance of records and accounts, obtaining required licenses for the relevant Property and compliance by the Properties with applicable laws. The Property Manager will act within the approved annual budget, subject to certain permitted variances and any established guidelines.

ANNUAL REPORTS

An annual report will be issued by the Manager to Unitholders within the timeframe as set out in the Listing Manual and the CIS Code, and at least 14 days before the annual general meeting of the Unitholders, containing, among others, the following key items:

(i) if applicable, with respect to investments other than real property:

   (a) a brief description of the business;

   (b) proportion of share capital owned;

   (c) (if relevant) Directors' valuation and in the case of listed investments, market value;

(d) dividends received during the year (indicating any interim dividends);

(e) dividend cover or underlying earnings;

(f) any extraordinary items; and

(g) net assets attributable to investments;

(ii) amount of distributable income held pending distribution;

(iii) the aggregate value of all transactions entered into by the Trustee (for and on behalf of Keppel-KBS US REIT) with an "interested party" (as defined in the Property Funds Appendix) or with an "interested person" (as defined in the Listing Manual) during the financial year under review;

(iv) total amount of fees paid to the Trustee;

(v) name of the manager of Keppel-KBS US REIT, together with an indication of the terms and duration of its appointment and the basis of its remuneration;

(vi) total amount of fees paid to the Manager and the price(s) of the Units at which they were issued in part payment thereof;

(vii) total amount of fees paid to the Property Managers;

(viii) the NAV of Keppel-KBS US REIT at the beginning and end of the financial year under review;

(ix) a comment by the Board on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems;

(x) disclosure of whether each existing Director is independent from management and business relationships with the Manager and Keppel-KBS US REIT and every Substantial Shareholder of the Manager and Substantial Unitholder of Keppel-KBS US REIT; and in the event that any Director is not independent, to describe and explain the relationship of such non-independence;

(xi) disclosures on remuneration of Directors and executive officers of Keppel-KBS US as required by the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management;

(xii) a statement by the Audit and Risk Committee as to whether, in its reasonable opinion, the compliance arrangements of the Manager are adequate and effective, taking into account the nature, scale and complexity of the Manager's operations, and in the event that the Audit and Risk Committee is of the view that the compliance arrangements are inadequate or ineffective, a further statement by the Audit and Risk Committee on the mitigating measures that are being taken;

(xiii) disclosure of Keppel-KBS US REIT's compliance status with the relevant tax laws and regulations for its relevant subsidiaries or associates to qualify as a real estate investment trust for US federal income tax purposes;

(xiv) the following items which are required to be disclosed in the Property Funds Appendix (as may be amended from time to time) for annual reports:

(a) details of all real estate transactions entered into during the year, including the identity of the buyers or sellers, purchase or sale prices, and their valuations (including the methods used to value the assets);

(b) details of all of Keppel-KBS US REIT's real estate assets, including the location of such assets, their purchase prices and latest valuations, rentals received and occupancy rates, or the remaining terms of Keppel-KBS US REIT's leasehold properties, where applicable;

(c) the tenant profile of Keppel-KBS US REIT's real estate assets, including the:

(A) total number of tenants;

(B) top 10 tenants, and the percentage of the total gross rental income attributable to each of these top 10 tenants;

(C) trade sector mix of tenants, in terms of the percentage of total gross rental income attributable to major trade sectors;

(D) lease maturity profile, in terms of the percentage of total gross rental income, for each of the next five years; and

(E) weighted average lease expiry of both Keppel-KBS US REIT's portfolio and new leases entered into during the year (and the proportion of revenue attributed to these leases);

(d) in respect of the other assets of Keppel-KBS US REIT, details of the:

(A) 10 most significant holdings (including the amount and percentage of fund size at market valuation); and

(B) distribution of investments in dollar and percentage terms by country, asset class (e.g. equities, mortgage-backed securities, bonds, etc.) and by credit rating of all debt securities (e.g. "AAA", "AA", etc.);

(e) details of Keppel-KBS US REIT's exposure to financial derivatives, including the amount (i.e. net total aggregate value of contract prices) and percentage of derivatives investment of total fund size and at market valuation;

(f) details of Keppel-KBS US REIT's investments in other property funds, including the amount and percentage of total fund size invested in;

(g) details of borrowings of Keppel-KBS US REIT including the maturity profile of the borrowings;

(h) details of deferred payment arrangements entered into by Keppel-KBS US REIT, if applicable;

(i) the total operating expenses of Keppel-KBS US REIT, including all fees and charges paid to the manager, adviser and interested parties (in both absolute terms, and as a percentage of Keppel-KBS US REIT's NAV as at the end of the financial year) and taxation incurred in relation to Keppel-KBS US REIT's real estate assets;

(j) the distributions declared by Keppel-KBS US REIT for the financial year;

(k) the performance of Keppel-KBS US REIT in a consistent format, covering various periods of time (e.g. 1-year, 3-year, 5-year or 10-year) whereby:

(A) in the case where Keppel-KBS US REIT is unlisted, such performance is calculated on an "offer to bid" basis over the period; or

(B) in the case where Keppel-KBS US REIT is listed, such performance is calculated on the change in the unit price transacted on the stock exchange over the period;

(l) its NAV per unit at the beginning and end of the financial year;

(m) where Keppel-KBS US REIT is listed, the Unit price quoted on the SGX-ST at the beginning and end of the financial year, the highest and lowest Unit price and the volume traded during the financial year;

(n) the amount of rental support payments received by Keppel-KBS US REIT during the financial year and the effect of these payments on Keppel-KBS US REIT's DPU;

(o) where the rental support arrangement is embedded in a master lease arrangement, the difference between the amount of rents derived under the master lease arrangement and the actual amount of rents from the underlying leases during the financial year; and

(p) any material deviation of actual DPU from forecast DPU, together with detailed explanations for the deviation; and

(xv) such other items which may be required to be disclosed under the prevailing applicable laws, regulations and rules.

The first report will cover the period from the Listing Date to 31 December 2018 and the first annual general meeting of Keppel-KBS US REIT will be held by 30 April 2019.

Additionally, Keppel-KBS US REIT will announce its NAV on a quarterly basis. Such announcements will be based on the latest available valuation of Keppel-KBS US REIT's real estate and real estate-related assets, which will be conducted at least once a year (as required under the Property Funds Appendix).

CORPORATE GOVERNANCE OF THE MANAGER

The following outlines the main corporate governance practices of the Manager.

Board of Directors of the Manager

The Board is responsible for the overall corporate governance of the Manager including establishing goals for management and monitoring the achievement of these goals. The Manager is also responsible for the strategic business direction and risk management of Keppel-KBS US REIT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance, and the nomination and review of the Directors.

The Board will have in place a framework for the management of the Manager and Keppel-KBS US REIT, including a system of internal audit and control and a business risk management process. The Board consists of five members, three of whom are independent directors. None of the Directors has entered into any service contract with Keppel-KBS US REIT.

The composition of the Board is determined using the following principles:

- the Chairman of the Board should be a non-executive director of the Manager;
- the Board should comprise directors with a broad range of commercial experience including expertise in funds management, legal matters, audit and accounting and the property industry; and
- at least one-third of the Board should comprise independent directors.

However, according to Guideline 2.2 of the Code of Corporate Governance 2012, at least half of the Board should comprise independent directors where:

- the Chairman and the Chief Executive Officer is the same person;
- the Chairman and the Chief Executive Officer are immediate family members;
- the Chairman is part of the management team; or
- the Chairman is not an independent director.

The composition will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

Nominating and Remuneration Committee

The Manager does not intend to have a nominating and remuneration committee. In view that there is no immediate need to refresh the Board which is freshly constituted, and taking into account the activities and scale of business of Keppel-KBS US REIT and the fact that independent Directors constitute more than half of the Board, the Manager is of the view that the objectives of a nominating and remuneration committee may be achieved by the full Board (of which independent Directors comprise more than half of the Board) undertaking the responsibilities of a nominating and remuneration committee.

Process for appointment of new Directors and succession planning for the Board

The Board is responsible for reviewing the succession plans for the Board (in particular, the Chairman). In this regard, it will put in place a formal process for the renewal of the Board and the selection of new Directors, as follows:

(a) The Board will review annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making;

(b) In light of such review and in consultation with management, the Board will assess if there are any inadequate representations in respect of those attributes and if so, will prepare a description of the role and the essential and desirable competencies for a particular appointment;

(c) External help (for example, the Singapore Institute of Directors, search consultants, open advertisement) will be used to source for potential candidates if need be. Directors and management may also make suggestions; and

(d) Meetings with the shortlisted candidates to assess suitability and to ensure that the candidate(s) are aware of the expectations and the level of commitment required.

The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review.

Criteria for appointment of new Directors

All new appointments will be based on the following objective criteria:

(1) Integrity;

(2) Independent mindedness;

(3) Diversity – possess core competencies that meet the current needs of Keppel-KBS US REIT and the Manager and complement the skills and competencies of the existing Directors on the Board;

(4) Able to commit time and effort to carry out duties and responsibilities effectively;

(5) Track record of making good decisions;

(6) Experience in high-performing corporations or property funds; and

(7) Financially literate.

Review of Directors' independence

The Board is charged with determining the "independence" status of Directors annually. The Board will bear in mind the definition of an "independent director" in the Code of Corporate Governance 2012 and guidance as to relationships the existence of which would deem a Director not to be independent, as well as the enhancements to independence requirements announced by the MAS on 2 July 2015 (the "**Enhanced Independence Requirements**") when making such determination.

Under the Code of Corporate Governance 2012, a Director who has no relationship with the Manager, its related companies, its 10% shareholders/unitholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of Keppel-KBS US REIT, is considered to be independent. In addition, under the Enhanced Independence Requirements, an independent Director is one who:

(i) is independent from any management and business relationship with the Manager and Keppel-KBS US REIT;

(ii) is independent from any substantial shareholder of the Manager and any substantial unitholder of Keppel-KBS US REIT; and

(iii) has not served on the Board for a continuous period of 9 years or longer.

Annual review of Directors' time commitments

The Board will also determine annually whether a Director with other listed company board representations and other principal commitments is able to and has been adequately carrying out his or her duties as a Director of the Manager. The Board will take into account the results of the annual assessment of the effectiveness of the individual Director, and the respective Directors' actual conduct on the Board, in determining whether all the Directors have been able to and have adequately carried out their duties as Director notwithstanding their other listed company board representations and other principal commitments.

The Board will adopt internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and have other principal commitments.

Key information regarding Directors

Key information regarding Directors is set out in the following sections of the Prospectus:

- "The Manager and Corporate Governance – The Manager of Keppel-KBS US REIT – Board of Directors of the Manager – Experience and Expertise of the Board of Directors of the Manager"; and

- Appendix H, "List of Present and Past Principal Directorships of Directors and Executive Officers".

Audit and Risk Committee

The Audit and Risk Committee is appointed by the Board from among the Directors and is composed of four members, a majority of whom (including the Chairman of the Audit and Risk Committee) are required to be independent directors. As at the date of this Prospectus, the members of the Audit and Risk Committee are Mr Soong Hee Sang, Mr John J. Ahn, Mr Kenneth Tan Jhu Hwa and Mr Paul Tham. Mr Soong Hee Sang has been appointed as the Chairman of the Audit and Risk Committee. The majority of the members of the Audit and Risk Committee are independent directors.

The role of the Audit and Risk Committee is to monitor and evaluate the effectiveness of the Manager's internal controls. The Audit and Risk Committee also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

The Audit and Risk Committee's responsibilities include:

(1) Reviewing financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements.

(2) Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Manager's and Keppel-KBS US REIT's risk management and internal controls, including financial, operational, compliance (including processes to mitigate conflicts of interests in respect of the sourcing of potential acquisitions) and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).

(3) Reviewing the audit plans and reports of the external auditors and internal auditors, and considering the effectiveness of actions or policies taken by management on the recommendations and observations.

(4) Reviewing the independence and objectivity of external auditors annually.

(5) Reviewing the nature and extent of non-audit services performed by external auditors.

(6) Meeting with external and internal auditors, without the presence of management, at least annually.

(7) Making recommendations to the Board on the proposals to Unitholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

(8) Reviewing the adequacy and effectiveness of the Manager's and Keppel-KBS US REIT's internal audit function, at least annually.

(9) Ensuring at least annually that the internal audit function is adequately resourced and has appropriate standing with the Manager and Keppel-KBS US REIT.

(10) Approving the accounting/auditing firm or corporation to which the internal audit function is outsourced.

(11) Reviewing the policy and arrangements by which employees of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up action to be taken.

(12) Monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Code on Collective Investment Schemes (including the Property Funds Appendix).

(13) Reviewing related party transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transaction" ("**Interested Person Transactions**") and the provisions of the Property Funds Appendix relating to "interested party transactions" ("**Interested Party Transactions**", and together with Interested Person Transactions, "**Related Party Transactions**").

(14) Investigating any matters within the Audit and Risk Committee's purview, whenever it deems necessary.

(15) Obtaining recommendations on risk tolerance and strategy from management, and where appropriate, reporting and recommending to the Board for its determination:

    (i) the nature and extent of significant risks which the Manager and Keppel-KBS US REIT may take in achieving its strategic objectives; and

    (ii) overall levels of risk tolerance and risk policies.

(16) Reviewing and discussing, as and when appropriate, with management on the Manager's and Keppel-KBS US REIT's risk governance structure and their risk policies, risk mitigation and monitoring processes and procedures.

(17) Receiving and reviewing at least quarterly reports from management on major risk exposures and the steps taken to monitor, control and mitigate such risks.

(18) Reviewing the Manager's capability to identify and manage new risk types.

(19) Reviewing and monitoring management's responsiveness to the recommendations of the Audit and Risk Committee.

(20) Providing timely input to the Board on critical risk issues.

(21) Reporting to the Board on material matters, findings and recommendations.

(22) Monitoring and reviewing of hedging policies and instruments to be implemented by Keppel-KBS US REIT.

(23) Reviewing and recommending to the Board hedging policies and monitoring the implementation such policies.

Compliance Officer

The Manager has outsourced[1] the compliance function to KCI which has a centralised compliance function. Through this function, KCI will be tasked to carry out certain compliance functions, which include:

- updating employees of the Manager on compliance requirements under the SFA, the CIS Code (including the Property Funds Appendix) and the Listing Manual;
- reviewing returns to the MAS as required under the SFA;
- highlighting any deficiencies or making recommendations with respect to the Manager's compliance processes;
- reviewing the application form to the MAS relating to the appointment of new directors to the Board; and
- assisting in any other matters concerning compliance with the SFA, the CIS Code (including the Property Funds Appendix), the Listing Manual and all applicable laws, regulations and guidelines.

In addition, pursuant to the KBS Management Agreement, the Manager and the Manager US Sub have outsourced its US compliance requirements to GKP, which was in turn procured KBS (as the US Asset Manager) to procure such services to the Parent US-REIT and Sub-US REITs. The US Asset Manager will perform regulatory filings on behalf of the Parent US REIT and the Sub-US REITs, and use its commercially reasonable best efforts to assist the Parent US REIT and the Sub-US REITs in complying with applicable provisions of the relevant tax laws and regulations in the United States, including meeting the requirements for qualification and taxation as US REITs, and all relevant contracts.

The compliance function will report to the Chief Executive Officer and the Board. Notwithstanding the outsourcing of the Manager's compliance function, the Manager is responsible for ensuring compliance with all applicable laws, regulations and guidelines.

Dealings in Units

Each Director and the Chief Executive Officer of the Manager is to give notice to the Manager of his acquisition of Units or of changes in the number of Units which he holds or in which he has an interest, within two Business Days[2] after such acquisition or the occurrence of the event giving rise to changes in the number of Units which he holds or in which he has an interest. (See "The Formation and Structure of Keppel-KBS US REIT – Declaration of Unitholdings" for further details.)

1 The cost of outsourcing the Manager's compliance function to KCI will be borne by the Manager out of its own funds and not out of Unitholders' funds.

2 "**Business Day**" means 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.

All dealings in Units by the Directors will be announced via SGXNET, with the announcement to be posted on the internet at the SGX-ST website http://www.sgx.com.

The Directors and employees of the Manager are encouraged, as a matter of internal policy, to hold Units but are prohibited from dealing in the Units:

- in the period commencing one month before the public announcement of Keppel-KBS US REIT's annual results and property valuations, and two weeks before the public announcement of Keppel-KBS US REIT's quarterly results and ending on the date of announcement of the relevant results or, as the case may be, property valuations; and

- at any time while in possession of price sensitive information.

The Directors and employees of the Manager are also prohibited from communicating price sensitive information to any person.

Pursuant to Section 137ZC of the SFA, the Manager is required to, *inter alia*, announce to the SGX-ST the particulars of any acquisition or disposal of interest in Units by the Manager as soon as practicable, and in any case no later than the end of the Business Day following the day on which the Manager became aware of the acquisition or disposal. In addition, all dealings in Units by the Chief Executive Officer will also need to be announced by the Manager via SGXNET, with the announcement to be posted on the internet at the SGX-ST website http://www.sgx.com and in such form and manner as the Authority may prescribe.

Management of Business Risk

The Board will meet quarterly, or more often if necessary, and will review the financial performance of the Manager and Keppel-KBS US REIT against a previously approved budget. The Board will also review the business risks of Keppel-KBS US REIT, examine liability management and act upon any comments from the auditors of Keppel-KBS US REIT.

The Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of the Manager and Keppel-KBS US REIT. In assessing business risk, the Board will consider the economic environment and risks relevant to the property industry. It reviews management reports and feasibility studies on individual investment projects prior to approving major transactions. The management meets regularly to review the operations of the Manager and Keppel-KBS US REIT and discuss any disclosure issues.

Potential Conflicts of Interest

The Manager is required to prioritise Unitholders' interests over those of the Manager and its shareholders in the event of a conflict of interest.

The Manager has also instituted the following procedures to deal with potential conflicts of interest issues:

- The Manager will not manage any other REIT which invests in the same type of properties as Keppel-KBS US REIT;

- All executive officers will be working exclusively for the Manager and will not hold other executive positions in other entities, save for any wholly-owned subsidiaries of the Manager or the Sponsors;

- All resolutions in writing of the Directors in relation to matters concerning Keppel-KBS US REIT must be approved by at least a majority of the Directors (excluding any interested Director), including at least one Independent Director;

- At least one-third of the Board shall comprise independent directors, provided that where the (i) the Chairman of the Board and the Chief Executive Officer is the same person, (ii) the Chairman of the Board and the Chief Executive Officer are immediate family members, (iii) the Chairman of the Board is part of the management team or (iv) the Chairman of the Board is not an independent director, at least half the board shall comprise independent directors;

- In respect of matters in which a Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the directors and must exclude such interested director;

- In respect of matters in which Keppel Corporation Limited and/or its subsidiaries ("**Keppel Group**") have an interest, direct or indirect, any nominees appointed by the KC and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise a majority of the independent directors and must exclude nominee directors of the KC and/or its subsidiaries;

- In respect of matters in which KBS and/or its subsidiaries ("**KBS Group**") have an interest, direct or indirect, any nominees appointed by KPA and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise a majority of the independent directors and must exclude nominee directors of the KPA and/or its subsidiaries;

- For the avoidance of doubt, any nominees appointed by KC and/or its subsidiaries to the Board will not abstain from deliberation and voting in any transactions which the KBS Group has an interest in (e.g. transactions involving assets sold by REITs or funds managed by KBS Group to Keppel-KBS US REIT and agreements involving the provision of services by the KBS Group to Keppel-KBS US REIT) as such nominee is not related to the KBS Group. Similarly, any nominees appointed by KPA and/or its subsidiaries to the Board will not abstain from deliberation and voting in any transactions which the Keppel Group has an interest in (e.g. transactions involving assets sold by the Keppel Group to Keppel-KBS US REIT and agreements involving the provision of services by the Keppel Group to Keppel-KBS US REIT) as such nominee is not related to the Keppel Group;

- Save as to resolutions relating to the removal of the Manager, the Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the Unitholders convened to approve any matter in which the Manager and/or any of its associates has a material interest; and

- It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of Keppel-KBS US REIT with a Related Party (as defined herein) of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of Keppel-KBS US REIT, has a *prima facie* case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors (including the independent directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of

Keppel-KBS US REIT with a Related Party of the Manager, and the Trustee may take such action as it deems necessary to protect the rights of the Unitholders and/or which is in the interests of the Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

RELATED PARTY TRANSACTIONS

"Related Party Transactions" in this Prospectus refers to "Interested Person Transactions" under the Listing Manual and "Interested Party Transactions" under the Property Funds Appendix. The definition of "Interested Person" in the Listing Manual refers to the definition of "Interested Party" used in the Property Funds Appendix.

In general, transactions between:

- an entity at risk (in this case, the Trustee (acting in its capacity as the trustee of Keppel-KBS US REIT) or any of the subsidiaries or associated companies of Keppel-KBS US REIT); and

- any of the Interested Parties, being:

  (i) a director, chief executive officer or controlling shareholder of the Manager, or the Manager, the Trustee (acting in its personal capacity) or controlling Unitholder; or

  (ii) an associate of any director, chief executive officer or controlling shareholder of the Manager, or an associate of the Manager, the Trustee (acting in its own capacity) or any controlling Unitholder,

  would constitute an Interested Person Transaction.

Given the relationship of KPA and KBS, transactions between Keppel-KBS US REIT and any of KBS Real Estate Investment Trust, KBS Real Estate Investment Trust II, KBS Real Estate Investment Trust III, KBS Growth & Income REIT, KBS SOR, KBS Strategic Opportunity REIT II and KBS Legacy Apartment REIT or any other funds to be managed by KBS in the future will constitute interested person transactions under Chapter 9 of the Listing Manual.

Further, given the co-Sponsor role of KC and KPA, transactions between (a) Keppel-KBS US REIT and Keppel Corporation Limited and/or its related entities, or (b) Keppel-KBS US REIT and KPA and/or its related entities would constitute interested persons transactions under the Listing Manual as well.

The Manager's Internal Control System

The Manager has established an internal control system to ensure that all future Related Party Transactions:

- will be undertaken on normal commercial terms; and

- will not be prejudicial to the interests of Keppel-KBS US REIT and the Unitholders.

As a general rule, the Manager must demonstrate to its Audit and Risk Committee that such transactions satisfy the foregoing criteria. This may entail:

- obtaining (where practicable) quotations from parties unrelated to the Manager; or

- obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager will maintain a register to record all Related Party Transactions which are entered into by Keppel-KBS US REIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

The Manager will also incorporate into its internal audit plan a review of all Related Party Transactions entered into by Keppel-KBS US REIT. The Audit and Risk Committee shall review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the Audit and Risk Committee. If a member of the Audit and Risk Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Further, the following procedures will be undertaken with respect to Related Party Transactions (save for the avoidance of doubt, for those described under "Related Party Transactions in Connection with the Setting Up of Keppel-KBS US REIT and the Offering" and "Exempted Agreements"):

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of Keppel-KBS US REIT's net tangible assets will be subject to review by the Audit and Risk Committee at regular intervals;

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Keppel-KBS US REIT's net tangible assets will be subject to the review and prior approval of the Audit and Risk Committee. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of Keppel-KBS US REIT and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of Keppel-KBS US REIT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit and Risk Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Pursuant to the Listing Manual, transactions with a value below S$100,000 are disregarded for the purpose of the announcement and Unitholders' approval requirements under the Listing Manual as set out in the paragraph above. Accordingly, such transactions are excluded from aggregation with other transactions involving the same Related Parties.

Where matters concerning Keppel-KBS US REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of Keppel-KBS US REIT with a Related Party of the Manager (which would include relevant Associates (as defined in the Listing Manual) thereof) or Keppel-KBS US REIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;
- are not prejudicial to the interests of Keppel-KBS US REIT and the Unitholders; and
- are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the Manager or the Trustee. If the Trustee is to sign any contract with a Related Party of the Manager or the Trustee, the Trustee will review the contract to ensure that it complies with the relevant requirements relating to Related Party Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.

Save for the transactions described under "Related Party Transactions in Connection with the Setting Up of Keppel-KBS US REIT and the Offering" and "Exempted Agreements", Keppel-KBS US REIT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if the value of such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person during the same financial year, is 3.0% or more of Keppel-KBS US REIT's latest audited net tangible assets.

The aggregate value of all Related Party Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in the annual report of Keppel-KBS US REIT for the relevant financial year.

Role of the Audit and Risk Committee for Related Party Transactions

The Audit and Risk Committee will periodically review all Related Party Transactions to ensure compliance with the Manager's internal control system, the relevant provisions of the Listing Manual, and the Property Funds Appendix. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the Audit and Risk Committee.

If a member of the Audit and Risk Committee has an interest in a transaction, he is to abstain from participating in the review and approval process in relation to that transaction.

For the avoidance of doubt, any nominees appointed by KC and/or its subsidiaries to the Board who is on the Audit and Risk Committee will not abstain from deliberation and voting in any transactions which the KBS Group has an interest in (e.g. transactions involving assets sold by REITs or funds managed by KBS Group to Keppel-KBS US REIT and agreements involving the provision of services by the KBS Group to Keppel-KBS US REIT) as such nominee is not related to the KBS Group. Similarly, any nominees appointed by KPA and/or its subsidiaries to the Board who is on the Audit and Risk Committee will not abstain from deliberation and voting in any transactions which the Keppel Group has an interest in (e.g. transactions involving assets sold by the Keppel Group to Keppel-KBS US REIT and agreements involving the provision of services by the Keppel Group to Keppel-KBS US REIT) as such nominee is not related to the Keppel Group.

Related Party Transactions in Connection with the Setting Up of Keppel-KBS US REIT and the Offering

Existing Agreements

Keppel-KBS US REIT and its subsidiaries have entered into a number of transactions with the Manager and certain Related Parties of the Manager in connection with the setting-up of Keppel-KBS US REIT. These Related Party Transactions are as follows:

- The Trustee has on 22 September 2017 entered into the Trust Deed with the Manager. The terms of the Trust Deed are generally described in "The Formation and Structure of Keppel-KBS US REIT".

- On 24 October 2017, Keppel-KBS US REIT's subsidiaries, the Lower-Tier US Sub REITs, entered into the Portfolio Purchase and Sale Agreement with KBS SOR Northridge, LLC, KBS SOR Iron Point, LLC, KBS SOR 156th Avenue Northeast, LLC, KBS SOR Powers Ferry Landing East, LCC, KBS SOR 1800 West Loop South, LLC, KBS SOR 6565-6575 West Loop South, LLC, KBS SOR Austin Suburban Portfolio, LLC, KBS SOR Westmoor Center, LLC, KBS SOR Maitland Promenade II, LLC and KBS SOR Plaza Bellevue, LLC (the "**Vendors**").

  The Portfolio Purchase and Sale Agreement is more particularly described in "Certain Agreements Relating to Keppel-KBS US REIT and the Properties – Portfolio Purchase and Sale Agreement".

The Manager believes that the agreements set out above are made on normal commercial terms and are not prejudicial to the interests of Keppel-KBS US REIT and the Unitholders.

Save as disclosed in this Prospectus, the Trustee has not entered into any other transactions with the Manager or any Related Party of the Manager in connection with the setting up of Keppel-KBS US REIT.

Exempted Agreements

The entry into and the fees and charges payable by Keppel-KBS US REIT under the Trust Deed and the Portfolio Purchase and Sale Agreement (collectively, the "**Exempted Agreements**"), each of which constitutes or will, when entered into, constitute a Related Party Transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that specific information on these agreements have been disclosed in the Prospectus and there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect Keppel-KBS US REIT. (See "Overview – Certain Fees and Charges" for the fees and charges payable by Keppel-KBS US REIT in connection with the establishment and on-going management and operation of Keppel-KBS US REIT for further details.)

Other Related Party Transactions

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction the value of which is less than S$100,000 is not considered material in the context of the Offering and is not set out as a Related Party Transaction in this section.

Future Related Party Transactions

As a REIT, Keppel-KBS US REIT is regulated by the Property Funds Appendix and the Listing Manual. The Property Funds Appendix regulates, among others, transactions entered into by the Trustee (for and on behalf of Keppel-KBS US REIT) with an interested party relating to Keppel-KBS US REIT's acquisition of assets from or sale of assets to an interested party, Keppel-KBS US REIT's investment in securities of or issued by an interested party and the engagement of an interested party as property management agent or marketing agent for Keppel-KBS US REIT's properties.

Depending on the materiality of transactions entered into by Keppel-KBS US REIT for the acquisition of assets from, the sale of assets to or the investment in securities of or issued by, an interested party, the Property Funds Appendix may require that an immediate announcement to the SGX-ST be made, and may also require that the approval of the Unitholders be obtained.

The Listing Manual regulates all interested person transactions, including transactions already governed by the Property Funds Appendix. Depending on the materiality of the transaction, Keppel-KBS US REIT may be required to make a public announcement of the transaction (Rule 905 of the Listing Manual), or to make a public announcement of and to obtain Unitholders' prior approval for the transaction (Rule 906 of the Listing Manual). The Trust Deed requires the Trustee and the Manager to comply with the provisions of the Listing Manual relating to interested person transactions as well as such other guidelines relating to interested person transactions as may be prescribed by the SGX-ST to apply to REITs.

The Manager may at any time in the future seek a general annual mandate from the Unitholders pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, including a general mandate in relation to leases and/or licence agreements to be entered into with interested persons.

All transactions conducted under such general mandate for the relevant financial year will not be subject to the requirements under Rules 905 and 906 of the Listing Manual. In seeking such a general annual mandate, the Trustee will appoint an independent financial adviser (without being required to consult the Manager) pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate are sufficient to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of Keppel-KBS US REIT and the Unitholders.

A proposed transaction will have to comply with both the Property Funds Appendix and the Listing Manual requirements as it is *prima facie* governed by both sets of rules. Where matters concerning Keppel-KBS US REIT relate to transactions entered or to be entered into by the Trustee for and on behalf of Keppel-KBS US REIT with a Related Party (either an "interested party" under the Property Funds Appendix or an "interested person" under the Listing Manual) of the Manager or Keppel-KBS US REIT, the Trustee and the Manager are required to ensure that such transactions are conducted in accordance with applicable requirements of the Property Funds Appendix and/or the Listing Manual.

Subject to compliance with the applicable requirements, the Manager is not prohibited by either the Property Funds Appendix or the Listing Manual from contracting or entering into any financial, banking or any other type of transaction with the Trustee (when acting other than in its capacity as trustee of Keppel-KBS US REIT) or from being interested in any such contract or transaction, provided that any such transaction shall be on normal commercial terms and is not prejudicial to the interests of Keppel-KBS US REIT and the Unitholders. The Manager shall not be liable to account to the Trustee or to the Unitholders for any profits or benefits or other commissions made or derived from or in connection with any such transaction. The Trustee shall not be liable to account to the Manager or to the Unitholders for any profits or benefits or other commission made or derived from or in connection with any such transaction.

Generally, under the Listing Manual, the Manager, its "connected persons" (as defined in the Listing Manual) and any director of the Manager are prohibited from voting their respective own Units at, or being part of a quorum for, any meeting to approve any matter in which it has a material interest.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Manager acknowledges its responsibilities toward society, the environment and its stakeholders. Through managing its business in a fair and ethical manner, the Manager demonstrates its consideration towards employees and the wider community. It will provide a safe and healthy working environment for its employees and visitors to its premises and will ensure that sufficient information and training are made available in pursuance of their activities.

The Manager is committed to managing its impact on the world's natural resources and strives to continually to improve its environmental credentials in all of its properties and business activities, where feasible.

The Manager recognises its position within the community and acknowledges that its business activities have varying impact upon the society in which it operates. The Manager endeavours to manage these in a responsible manner.

The Manager seeks to build relationships with its suppliers, investors and stakeholders for mutual benefit and for the benefit of the community.

As the Manager was recently incorporated on 13 July 2017 and Keppel-KBS US REIT was recently established on 22 September 2017, the Manager has not undertaken any specific activities so far. Going forward, the Manager may also work with the Sponsors on its corporate social responsibility initiatives and leverage the Sponsors' resources and network as a platform to reach out to society and the stakeholders of Keppel-KBS US REIT for mutual benefit and for the benefit of the community in which Keppel-KBS US REIT operates. Through its policies and objectives, the Manager will manage its activities and environmental impact to continuously develop and improve its corporate responsibility.

In addition, the Manager will prepare an annual sustainability report, which will constitute part of the annual report, in line with the reporting requirements of the SGX-ST, for so long as required by the SGX-ST. Such sustainability report shall include description of sustainability practices with reference to the following primary components:

(i) material environmental, social and governance factors;

(ii) policies, practices and performance;

(iii) targets;

(iv) sustainability reporting framework; and

(v) a board statement.

The Manager is committed to creating an inclusive company and offering opportunities for leadership and advancement of women and minorities within its organisation.

THE SPONSORS

The Sponsors of Keppel-KBS US REIT are KC and KPA.

Keppel Capital Holdings Pte. Ltd.

KC is incorporated in Singapore and is the asset management arm of Keppel Corporation Limited. With S$26 billion assets under management as at 30 September 2017, KC manages a diversified portfolio of real estate, data centre and infrastructure properties in over 20 cities across key global markets.

Managed by an experienced team of over 200 professionals, KC's asset managers include Keppel REIT Management Limited, the manager of one of Asia's largest commercial REITs, Keppel REIT; Keppel DC REIT Management Pte. Ltd., the manager of Asia's first pure-play data centre REIT, Keppel DC REIT, Keppel Infrastructure Fund Management Pte. Ltd., the trustee-manager of one of the largest Singapore infrastructure-focused business trust, Keppel Infrastructure Trust and Alpha Investment Partners Limited, the manager of several private equity funds.

KBS Pacific Advisors Pte. Ltd.

KPA is incorporated in Singapore. The partners of KPA 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 performs the role of manager of KBS SOR, which in turn wholly-owns the vendors of the properties forming the IPO Portfolio. Peter McMillan III is the Chairman of the board of directors of KBS SOR. Keith D. Hall is the CEO of KBS SOR. KBS is a real estate investment manager incorporated in the US and is one of the largest US commercial real estate managers with more than US$11.3 billion assets under management as at 31 December 2016.

THE FORMATION AND STRUCTURE OF KEPPEL-KBS US REIT

The Trust Deed is a complex document and the following is a summary only and is qualified in its entirety by, and is subject to, the contents of the Trust Deed. Investors should refer to the Trust Deed itself to confirm specific information or for a detailed understanding of Keppel-KBS US REIT. The Trust Deed is available for inspection at the principal place of business of the Manager at 230 Victoria Street, #05-08 Bugis Junction Towers, Singapore 188024 (prior appointment would be appreciated).

THE TRUST DEED

Keppel-KBS US REIT is a REIT constituted by the Trust Deed on 22 September 2017. Keppel-KBS US REIT is principally regulated by the SFA and the CIS Code (including the Property Funds Appendix). Keppel-KBS US REIT was authorised as a collective investment scheme by the MAS on 2 November 2017.

The provisions of the SFA and the CIS Code (including the Property Funds Appendix) prescribe certain terms of the Trust Deed and certain rights, duties and obligations of the Manager, the Trustee and Unitholders under the Trust Deed. The Property Funds Appendix also imposes certain restrictions on REITs in Singapore, including a restriction on the types of investments which REITs in Singapore may hold, a general limit on their level of borrowings and certain restrictions with respect to Interested Party Transactions.

The terms and conditions of the Trust Deed shall be binding on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been a party to the Trust Deed and as if the Trust Deed contains covenants by such Unitholder to observe and be bound by the provisions of the Trust Deed and an authorisation by each Unitholder to do all such acts and things as the Trust Deed may require the Manager and/or the Trustee to do.

Operational Structure

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.

Keppel-KBS US REIT aims to generate returns for its Unitholders by owning, buying and actively managing such properties in line with its investment strategy (including the selling of any property that has reached a stage that offers only limited scope for growth).

Subject to the restrictions and requirements in the Trust Deed, Property Funds Appendix and the Listing Manual, the Manager is also authorised under the Trust Deed to invest in investments which need not be real estate.

Under the Trust Deed, "Authorised Investments" means:

(i) real estate;

(ii) any improvement or extension of or addition to, or reconstruction, refurbishment, retrofitting, renovation or other development of any real estate or any building thereon;

(iii) real estate-related assets, wherever the issuers, assets or securities are incorporated, located, issued or traded;

(iv) listed or unlisted debt securities and listed shares or stock and (if permitted by the Authority) unlisted shares or stock of or issued by local or foreign non-property companies or corporations;

(v) government securities (issued on behalf of the Singapore Government or governments of other countries) and securities issued by a supra-national agency or a Singapore statutory board;

(vi) cash and cash equivalent items;

(vii) financial derivatives only for the purposes of (a) hedging existing positions in Keppel-KBS US REIT's portfolio where there is a strong correlation to the underlying investments or (b) efficient portfolio management, PROVIDED THAT such derivatives are not used to gear the overall portfolio of Keppel-KBS US REIT or intended to be borrowings or any form of financial indebtedness of Keppel-KBS US REIT; and

(viii) any other investment not covered by paragraph (i) to (vii) of this definition but specified as a permissible investment in the Property Funds Appendix and selected by the Manager for investment by Keppel-KBS US REIT and approved by the Trustee in writing.

The Manager may use certain financial derivative instruments for hedging purposes or efficient portfolio management, provided that (i) such financial derivative instruments are not used to gear Keppel-KBS US REIT's overall portfolio or are intended to be borrowings of Keppel-KBS US REIT and (ii) the policies regarding such use of financial derivative instruments have been approved by the Board. Although the Manager may use certain financial derivative instruments to the extent permitted by such laws, rules and regulations as may be applicable including, but not limited to, the CIS Code (including the Property Funds Appendix) and the Listing Manual, the Manager presently does not have any intention for Keppel-KBS US REIT to invest in options, warrants, commodities futures contracts and precious metals.

The Units and Unitholders

The rights and interests of Unitholders are contained in the Trust Deed. Under the Trust Deed, these rights and interests are safeguarded by the Trustee.

Each Unit represents an undivided interest in Keppel-KBS US REIT. A Unitholder has no equitable or proprietary interest in the Deposited Property. A Unitholder is not entitled to the transfer to him of the Deposited Property (or any part thereof) or of any estate or interest in the Deposited Property or in any part of the Deposited Property (or any part thereof). A Unitholder's right is limited to the right to require due administration of Keppel-KBS US REIT in accordance with the provisions of the Trust Deed, including, without limitation, by suit against the Trustee or the Manager.

Under the Trust Deed, each Unitholder acknowledges and agrees that he will not commence or pursue any action against the Trustee or the Manager seeking an order for specific performance or for injunctive relief in respect of the Deposited Property (or any part thereof), and waives any rights he may otherwise have to such relief. If the Trustee or the Manager breaches or threatens to breach its duties or obligations to a Unitholder under the Trust Deed, the Unitholder's recourse against the Trustee or the Manager is limited to a right to recover damages or compensation from the Trustee or the Manager in a court of competent jurisdiction, and the Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach or threatened breach.

Unless otherwise expressly provided in the Trust Deed, a Unitholder may not interfere with the rights, powers, authority or discretion of the Manager or the Trustee, exercise any right in respect of the Deposited Property (or any part thereof) or lodge any caveat or other notice affecting the Deposited Property (or any part thereof), or require that any part of the Deposited Property be transferred to such Unitholder.

No certificate shall be issued to Unitholders by either the Manager or the Trustee in respect of Units issued to Unitholders. For so long as Keppel-KBS US REIT is listed on the SGX-ST, the Manager shall, pursuant to CDP's depository services terms and conditions in relation to the deposit of Units in CDP (the "**Depository Services Terms and Conditions**"), appoint CDP as the Unit depository for Keppel-KBS US REIT, and all Units issued will be represented by entries in the register of Unitholders kept by the Trustee or the agent appointed by the Trustee in the name of, and deposited with, CDP as the registered holder of such Units.

The Manager or the agent appointed by the Manager shall issue to CDP, not more than 10 Business Days after the issue of Units, a confirmation note confirming the date of issue and the number of Units so issued and, if applicable, also stating that the Units are issued under a moratorium and the expiry date of such moratorium and for the purposes of the Trust Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued.

There are no restrictions under the Trust Deed or Singapore law on a person's right to purchase (or subscribe for) Units and to own Units, except in the case of a rights issue or (as the case may be) any preferential offering, where the Manager has the right under the Trust Deed to elect not to extend an offer of Units under the rights issue or (as the case may be) any preferential offering to Unitholders whose addresses are outside Singapore.

The Take-over Code applies to REITs. As a result, acquisitions of Units which may result in a change in effective control of Keppel-KBS US REIT and the aggregate Unitholdings of an entity and its concert parties crossing certain thresholds will be subject to the mandatory provisions of the Take-over Code, such as a requirement to make a mandatory general offer for Units.

Issue of Units

The following is a summary of the provisions of the Trust Deed relating to the issue of Units.

Subject to the following sub-paragraphs (1), (2) and (3) below and to such laws, rules and regulations as may be applicable, for so long as Keppel-KBS US REIT is listed on the SGX-ST or such other stock exchange of repute in any part of the world ("**Recognised Stock Exchange**"), the Manager may issue Units on any Business Day at an issue price equal to, or above, the "market price", without the prior approval of the Unitholders. For this purpose, "market price" shall mean:

(i) the volume weighted average price for a Unit (if applicable, of the same class) for all trades on the SGX-ST, or such other Recognised Stock Exchange on which Keppel-KBS US REIT is listed, in the ordinary course of trading on the SGX-ST or, as the case may be, such other Recognised Stock Exchange, for the period of 10 Business Days (or such other period as may be prescribed by the SGX-ST or relevant Recognised Stock Exchange) immediately preceding (and, for the avoidance of doubt, including) the relevant Business Day;

(ii) if the Manager believes that the calculation in paragraph (i) above does not provide a fair reflection of the market price of a Unit (which may include, among others, instances where the trades on the Units are very low or where there is disorderly trading activity in the Units), an amount as determined by the Manager and the Trustee (after consultation with a stockbroker approved by the Trustee), as being the fair market price of a Unit; or

(iii) (in relation to the issue of Units to the Manager as payment of the management fees) the volume weighted average price for a Unit for all trades on the SGX-ST, or (as the case may be) such other Recognised Stock Exchange on which Keppel-KBS US REIT is listed, in the ordinary course of trading on the SGX-ST or (as the case may be) the relevant Recognised Stock Exchange, for the last 10 Business Days (or such other period as may be prescribed by the SGX-ST or relevant Recognised Stock Exchange) immediately preceding (and, for the avoidance of doubt, including):

(A) (in relation to the Base Fee) the end date of the relevant financial quarter to which such Base Fee relates; and/or

(B) (in relation to the Performance Fee) the end date of the relevant financial year to which such Performance Fee relates.

(iv) (in relation to the issue of Units to the Manager as payment of the Acquisition Fee when the Acquisition Fee is paid in the form of Units) the issue price of Units issued to finance or part finance the acquisition in respect of which the Acquisition Fee is payable or, where Units are not issued to finance or part finance the Acquisition, the prevailing market price at the time of issue of such Units as determined sub-paragraph (i) or (ii) above.

(1) For so long as Keppel-KBS US REIT is listed on the SGX-ST or any other Recognised Stock Exchange, the Manager may issue Units at an issue price other than calculated in accordance with the above paragraph without the prior approval of Unitholders provided that the Manager complies with the listing rules of Singapore, or if applicable, the listing rules of the relevant Recognised Stock Exchange, the Property Funds Appendix or any other relevant laws, regulations and guidelines in determining the issue price, including the issue price for a rights issue on a pro rata basis to all existing Unitholders, the issue price of a Unit issued other than by way of a rights issue offered on a pro rata basis to all existing Unitholders and the issue price for any reinvestment of distribution arrangement. If the issue price determined by the Manager is at a discount to the market price, the discount shall not exceed such percentage as may, from time to time, be permitted under the listing rules of Singapore or, if applicable, the listing rules of the relevant Recognised Stock Exchange, the Property Funds Appendix or any other relevant laws, regulations and guidelines.

(2) Where Units are issued as full or partial consideration for the acquisition of an Authorised Investment by Keppel-KBS US REIT in conjunction with an issue of Units to raise cash for the balance of the consideration for the said Authorised Investment (or part thereof) or to acquire other Authorised Investments in conjunction with the said Authorised Investment, the Manager shall have the discretion to determine that the issue price of a Unit so issued as full or partial consideration shall be the same as the issue price for the Units issued in conjunction with an issue of Units to raise cash for the aforesaid purposes.

(3) The scope of the general mandate to be given in a general meeting of the Unitholders is limited to the issue of an aggregate number of additional Units which must not exceed 50.0% of the total number of Units in issue, of which the aggregate number of additional Units to be issued other than on a pro rata basis to the existing Unitholders must not exceed 20.0% of the total number of Units in issue as at the date of the approval.

Unit Issue Mandate

By subscribing for the Units under the Offering, investors are (A) deemed to have approved the issuance of all Units comprised in the Offering, the Relevant Entities Units and the Cornerstone Units and (B) deemed to have given the authority (the "**Unit Issue Mandate**") to the Manager to:

(i) (a) issue Units whether by way of rights, bonus or otherwise; and/or

(b) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(ii) issue Units in pursuance of any Instrument made or granted by the Manager while the Unit Issue Mandate was in force (notwithstanding that the authority conferred by the Unit Issue Mandate may have ceased to be in force at the time such Units are issued),

provided that:

(A) the aggregate number of Units to be issued pursuant to the Unit Issue Mandate (including Units to be issued in pursuance of Instruments made or granted pursuant to the Unit Issue Mandate) must not exceed 50.0% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders must not exceed 20.0% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below);

(B) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (A) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) after completion of the Offering, after adjusting for any subsequent bonus issue, consolidation or subdivision of Units;

(C) in exercising the Unit Issue Mandate, the Manager shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the MAS);

(D) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by the Unit Issue Mandate shall continue in force until (i) the conclusion of the first annual general meeting of Keppel-KBS US REIT or (ii) the date by which the first annual general meeting of Keppel-KBS US REIT is required by applicable regulations to be held, whichever is earlier;

(E) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by the Unit Issue Mandate may have ceased to be in force at the time the Instruments or Units are issued; and

(F) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Keppel-KBS US REIT to give effect to the authority conferred by the Unit Issue Mandate.

Suspension of Issue of Units

The Manager or the Trustee may, with the prior written approval of the other and subject to the Listing Manual or the listing rules of any other relevant Recognised Stock Exchange, suspend the issue of Units during any of the following events:

- any period when the SGX-ST or any other relevant Recognised Stock Exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;
- the existence of any state of affairs which, in the opinion of the Manager or (as the case may be) the Trustee, might seriously prejudice the interests of the Unitholders as a whole or of the Deposited Property;
- any breakdown in the means of communication normally employed in determining the price of any assets of Keppel-KBS US REIT or (if relevant) the current price thereof on the SGX-ST or any other relevant Recognised Stock Exchange, or when for any reason the prices of any assets of Keppel-KBS US REIT cannot be promptly and accurately ascertained;
- any period when remittance of money which will or may be involved in the realisation of any asset of Keppel-KBS US REIT or in the payment for such asset of Keppel-KBS US REIT cannot, in the opinion of the Manager, be carried out at normal rates of exchange;
- any period where the issuance of Units is suspended pursuant to any order or direction issued by the MAS or any other relevant regulatory authority;
- in relation to any general meeting of Unitholders, the 72-hour period before such general meeting or any adjournment thereof; or
- when the business operations of the Manager or the Trustee in relation to the operation of Keppel-KBS US REIT are substantially interrupted or closed as a result of, or arising from, nationalisation, expropriation, currency restrictions, pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes, nuclear fusion or fission or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing thereof by the Manager or (as the case may be) the Trustee and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing thereof by the Manager or (as the case may be) the Trustee.

In the event of any suspension while Keppel-KBS US REIT is listed on the SGX-ST, the Manager shall ensure that immediate announcement of such suspension is made through the SGX-ST or the relevant Recognised Stock Exchange.

Repurchase and Redemption of Units

The Trust Deed provides that any redemption of Units will be carried out in accordance with the Property Funds Appendix, the rules of the Listing Manual (if applicable) and all other applicable laws and regulations. With respect to any terms which are necessary to carry out such redemption but are not prescribed by the Property Funds Appendix, the rules in the Listing Manual and any laws and regulations, these terms shall be determined by mutual agreement between the Manager and the Trustee.

For so long as the Units are listed on the SGX-ST, the Unitholders have no right to request that the Manager repurchase or redeem their Units while the Units are listed on the SGX-ST and/or any other Recognised Stock Exchange. It is intended that the Unitholders may only deal in their listed Units through trading on the SGX-ST.

Unit Buy-Back Mandate

By subscribing for the Units under the Offering, investors are deemed to have approved the exercise of all the powers of the Manager to repurchase issued Units for and on behalf of Keppel-KBS US REIT not exceeding in aggregate the maximum Limit (as hereafter defined), at such price or prices as may be determined by the Manager from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market repurchase(s) on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted; and/or

(ii) off-market repurchase(s) (which are not market repurchase(s)) in accordance with any equal access scheme(s) as may be determined or formulated by the Manager as it considers fit in accordance with the Trust Deed, and otherwise in accordance with all applicable laws and regulations including the rules of the SGX-ST or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, be and is hereby authorised and approved generally and unconditionally (the "**Unit Buy-Back Mandate**"),

(unless revoked or varied by the Unitholders in a general meeting) the authority conferred on the Manager pursuant to the Unit Buy-Back Mandate may be exercised by the Manager at any time and from time to time during the period commencing from the Listing Date and expiring on the earliest of:

(i) the date on which the first annual general meeting of Keppel-KBS US REIT is held;

(ii) the date by which the next annual general meeting of Keppel-KBS US REIT is required by applicable laws and regulations or the Trust Deed to be held; or

(iii) the date on which repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated.

For the purposes of the Unit Buy-Back Mandate:

"**Average Closing Price**" means the average of the closing market prices of the Units over the last five Market Days, on which transactions in the Units were recorded, immediately preceding the date of the market repurchase or, as the case may be, the date of the making of the offer pursuant to the off-market repurchase, and deemed to be adjusted for any corporate action that occurs after the relevant five Market Days;

"**Date of the making of the offer**" means the date on which the Manager makes an offer for an off-market repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an off-market repurchase) for each Unit and the relevant terms of the equal access scheme for effecting the off-market repurchase;

"**Market Day**" means a day on which the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, is open for trading in securities;

"**Maximum Limit**" means that number of Units representing 10.0% of the total number of issued Units as at the Listing Date; and

"**Maximum Price**" in relation to a Unit to be repurchased, means the repurchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a market repurchase of a Unit, 105.0% of the Average Closing Price of the Units; and

(ii) in the case of an off-market repurchase of a Unit, 120.0% of the Average Closing Price of the Units; and

the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Keppel-KBS US REIT to give effect to the transactions contemplated and/or authorised under the Unit Buy-Back Mandate.

Restriction on Ownership of the Units

The Trust Deed contains restrictions on the ownership and transfer of the Units that are intended to assist Keppel-KBS US REIT's subsidiaries and/or associates in qualifying as a US REIT. In particular, the Trust Deed prohibits any Unitholder or other person from directly or indirectly owning in excess of the Unit Ownership Limit, being 9.8% of the outstanding Units, subject to any increase pursuant to the terms of the Trust Deed and on the recommendation of the Manager. The Trust Deed provides that Units held directly or indirectly by any person in excess of the Unit Ownership Limit will be subject to 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 that forfeited those Units will 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 from whom the 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 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 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.

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, has 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 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, an IRS ruling and/or legal opinion to satisfy the Trustee and the Manager that Parent US REIT and each US REIT subsidiary of Parent US REIT's will continue to maintain their qualification as US REITs despite the potential investor's proposed ownership and (ii) an acknowledgement and consent to the loss of the US Portfolio Interest Exemption. The Trustee (on the recommendation of the Manager) will exercise its discretion to grant such waivers except to the extent that the proposed ownership would in fact impact Parent US REIT's or any US REIT subsidiary of Parent US REIT's qualification as a US REIT. The Trustee shall grant a waiver from Automatic Forfeiture upon application by an Exempted Offeror, without any recommendation from the Manager or any representations and undertakings being required, upon application for waiver from an Exempted Offeror. 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 or the Sub-US REITs. 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 to terminate the Automatic Forfeiture Mechanism upon determination that the restrictions and limitations under the Automatic Forfeiture Mechanism are no longer in the best interest of Keppel-KBS US REIT.The Manager proposes to adopt the following procedures to monitor compliance with the Unit Ownership Limit:

- **Identification of Substantial Unitholders:** The Manager intends to 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 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 Keppel-KBS US REIT 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 also intends to 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 intends to 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 any of the US REITs.

- **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 the CDP instructions to remit the proceeds (if any) from such Disposal to the Unitholder from whom the disposed Units were forfeited.

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 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.

Rights and Liabilities of Unitholders

The key rights of Unitholders include rights to:

- receive income and other distributions attributable to the Units held;
- receive audited accounts and the annual reports of Keppel-KBS US REIT; and
- participate in the termination of Keppel-KBS US REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of Keppel-KBS US REIT less any liabilities, in accordance with their proportionate interests in Keppel-KBS US REIT.

No Unitholder has a right to require that any asset of Keppel-KBS US REIT be transferred to him.

Further, Unitholders shall not give any directions to the Trustee or the Manager (whether at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- Keppel-KBS US REIT, the Manager or the Trustee, as the case may be, ceasing to comply with the Listing Manual or, if applicable, the listing rules of the relevant Recognised Stock Exchange, and all other applicable laws and regulations; or

- the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of (i) the Trustee, (ii) the Manager or (iii) both the Trustee and the Manager.

The Trust Deed contains provisions that are designed to limit the liability of a Unitholder to the amount paid or payable for any Unit. The provisions provide that a Unitholder shall not be liable to the Manager or the Trustee to make any further payments to Keppel-KBS US REIT after it has fully paid the consideration to acquire its Units and no further liability shall be imposed on such Unitholder in respect of its Units. The provisions ensure that if the issue price of the Units held by a Unitholder has been fully paid, no such Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or any creditor of Keppel-KBS US REIT in the event that the liabilities of Keppel-KBS US REIT exceed its assets.

Under the Trust Deed, every Unit carries the same voting rights.

Amendments of the Trust Deed

Approval of Unitholders by an Extraordinary Resolution will be obtained for any amendment of the Trust Deed unless the Trustee certifies, in its opinion, that such amendment:

- does not materially prejudice the interests of Unitholders and does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Unitholders;

- is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law), including, without limitation, requirements under all other applicable laws, regulations and guidelines; or

- is made to remove obsolete provisions or to correct a manifest error.

No such amendment shall impose upon any Unitholder any obligation to make any further payments in respect of his Units or to accept any liability in respect thereof.

Notwithstanding any of the above, the Manager and the Trustee may, with the written approval of the relevant authorities (including, without limitation, the MAS), alter certain provisions in the Trust Deed relating to the use of derivatives.

Meeting of Unitholders

Under applicable law and the provisions of the Trust Deed, Keppel-KBS US REIT will not hold any meetings for Unitholders unless the Trustee or the Manager convenes a meeting or unless not less than 50 Unitholders or Unitholders representing not less than 10.0% of the total Units issued gives written request for a meeting to be convened. In addition, Keppel-KBS US REIT is required to hold an annual general meeting once in every calendar year and not more than 15 months after the holding of the last preceding annual general meeting, but so long as Keppel-KBS US REIT holds its first annual general meeting within 18 months of its constitution, it need not hold it in the year of its constitution or the following year. Furthermore, the Trust Deed shall comply with paragraph 4 of the Property Funds Appendix.

Unitholders may by Extraordinary Resolution and in accordance with the provisions of the Trust Deed:

- sanction any modification, alteration or addition to the Trust Deed which shall be agreed by the Trustee and the Manager as provided in the Trust Deed;
- sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of the fees payable to the Manager and the Trustee;
- remove the auditors and appoint other auditors in their place;
- remove the Trustee;
- direct the Trustee to take any action pursuant to Section 295 of the SFA (relating to the winding up of Keppel-KBS US REIT); and
- delist Keppel-KBS US REIT after it has been listed.

Unitholders may also by an Ordinary Resolution of Unitholders present and voting at a meeting of Unitholders convened in accordance with the Trust Deed, vote to remove the Manager (with the Manager and its related parties being permitted to vote).

Any decision to be made by resolution of Unitholders other than the above shall be made by Ordinary Resolution, unless an Extraordinary Resolution is required by the SFA, the CIS Code or the Listing Manual.

Except as otherwise provided for in the Trust Deed, and save for an Extraordinary Resolution (which requires at least 21 days' notice) (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given), at least 14 days' notice (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the Unitholders in the manner provided in the Trust Deed. Each notice shall specify the place, day and hour of the meeting, and the terms of the resolutions to be proposed. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolutions in respect of such special business.

The quorum at a meeting shall not be less than two Unitholders (whether present in person or by proxy) together holding or representing one-tenth in value of all the Units for the time being in issue.

All meetings convened shall be held in Singapore.

Subject to the prevailing listing rules by the SGX-ST, voting at a meeting shall be by poll. Unitholders do not have different voting rights on account of the number of votes held by a particular Unitholder. On a poll, every Unitholder has one vote for each Unit of which it is the Unitholder. The Trust Deed does not contain any limitation on non-Singapore resident or foreign Unitholders holding Units or exercising the voting rights with respect to their Unitholdings.

Neither the Manager nor any of its Associates shall be entitled to vote or be counted as part of a quorum at a meeting convened to consider a matter in respect of which the Manager or any of its Associates has a material interest save for an Ordinary Resolution duly proposed to remove the Manager, in which case, no Unitholder shall be disenfranchised.

For so long as the Manager is the manager of Keppel-KBS US REIT, the controlling shareholders (as defined in the Listing Manual) of the Manager and of any of its Associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to consider a matter in respect of which the relevant controlling shareholders of the Manager and of any of its Associates have a material interest.

Electronic Communications

The Manager may send documents, including notices, circulars and annual reports, using electronic communications to a Unitholder if there is express consent from that Unitholder.

In addition, by subscribing for the Units under the Offering, Unitholders are deemed to have consented to the use of electronic communications to send documents, including circulars and annual reports via either:

(A) Deemed Consent provided that the Manager has separately notified the Unitholder directly in writing on at least one occasion of the following:

  (i) that the Unitholder has a right to elect, within a time specified in the notice from Keppel-KBS US REIT, whether to receive documents in either electronic or physical copies;

  (ii) that if the Unitholder does not make an election, documents will be sent to the Unitholder by way of electronic communications;

  (iii) the manner in which electronic communications will be used is the manner specified in the Trust Deed;

  (iv) that the election is a standing election, but that the Unitholder may make a fresh election at any time; and

  (v) until the Unitholder makes a fresh election, the election that is conveyed to the Manager last in time prevails over all previous elections as the Unitholder's valid and subsisting election in relation to all documents to be sent; or

(B) Implied Consent provided that the Manager shall inform the Unitholder as soon as practicable of how to request a physical copy of that document from the issuer. The Manager shall provide a physical copy of that document upon such request.

The Trust Deed:

(i) provides for the use of electronic communications;

(ii) specifies the manner in which electronic communications is to be used; and

(iii) (a) (in the case of deemed consent) specifies that the Unitholder will be given an opportunity to elect within a specified period of time, whether to receive such document by way of electronic communications or as a physical copy and (b) (in the case of implied consent) provides that the Unitholder shall agree to receive such document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such document.

Notwithstanding the above, the Manager shall send the following documents to Unitholders by way of physical copies:

(1) forms or acceptance letters that shareholders may be required to complete;

(2) notice of meetings, excluding circulars or letters referred in that notice;

(3) notices and documents relating to takeover offers and rights issues; and

(4) notices under Listing Rules 1211 and 1212.

DECLARATION OF UNITHOLDINGS

Duty of Manager to Make Disclosure

Pursuant to Section 137ZC of the SFA, where the Manager acquires or disposes of interests in Units or debentures or units of debentures of Keppel-KBS US REIT, or the Manager has been notified in writing by, *inter alia*, a Substantial Unitholder or director or Chief Executive Officer of the Manager pursuant to the unitholdings disclosure requirements of the SFA as set out below, the Manager shall announce such information via SGXNET and in such form and manner as the Authority may prescribe as soon as practicable and in any case no later than the end of the Business Day following the day on which the Manager became aware of the acquisition or disposal or received the notice.

Substantial Unitholdings

Pursuant to Sections 135 to 137B of the SFA (read with Section 137U of the SFA), Substantial Unitholders are required to notify the Manager and the Trustee within two Business Days after becoming aware of their becoming a Substantial Unitholder, any subsequent change in the percentage level of their interest(s) in Units (rounded down to the next whole number) or their ceasing to be a Substantial Unitholder.

Directors and Chief Executive Officer of the Manager

Pursuant to Section 137Y of the SFA, directors and chief executive officers of the Manager are required to, within two Business Days, notify the Manager of their acquisition of interest in Units or of changes to the number of Units which they hold or in which they have an interest.

A director or chief executive officer of the Manager is deemed to have an interest in Units in the following circumstances:

- Where the director or chief executive officer is the beneficial owner of a Unit (whether directly through a direct securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP ("**Securities Account**") or indirectly through a depository agent or otherwise).

- Where a body corporate is the beneficial owner of a Unit and the director or chief executive officer is entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the voting shares in the body corporate.

- Where the director's or chief executive officer's (i) spouse or (ii) son, adopted son, stepson, daughter, adopted daughter or step-daughter below the age of 21 years has any interest in a Unit.

- Where the director or chief executive officer, his (i) spouse or (ii) son, adopted son, stepson, daughter, adopted daughter or step-daughter below the age of 21 years:

  – has entered into a contract to purchase a Unit;

  – has a right to have a Unit transferred to any of them or to their order, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not;

  – has the right to acquire a Unit under an option, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not; or

  – is entitled (otherwise than by reason of any of them having been appointed a proxy or representative to vote at a meeting of Unitholders) to exercise or control the exercise of a right attached to a Unit, not being a Unit of which any of them is the holder.

- Where the property subject to a trust consists of or includes a Unit and the director or chief executive officer knows or has reasonable grounds for believing that he has an interest under the trust and the property subject to the trust consists of or includes such Unit.

THE TRUSTEE

The trustee of Keppel-KBS US REIT is Perpetual (Asia) Limited. It is a company incorporated in Singapore on 30 December 2005 with a paid-up capital of S$9,024,811. It is an indirect wholly-owned subsidiary of The Trust Company Limited, which is ultimately owned by Perpetual Limited, one of the largest trustees in Australia and is listed on the Australian Securities Exchange. The Trustee is licensed as a trust company under the Trust Companies Act. It is approved to act as a trustee for authorised collective investment schemes under Section 289(1) of the SFA and is regulated by the MAS. It also holds a capital markets services licence for the provision of custodial services for securities. The Trustee acts as trustee to Singapore-listed REITs and several unit trusts, custodian to several private pension funds and private equity funds and bond trustee to institutional and retail bond issues.

The Trustee is independent of the Manager.

Powers, Duties and Obligations of the Trustee

The Trustee's powers, duties and obligations are set out in the Trust Deed. The powers and duties of the Trustee include:

- acting as trustee of Keppel-KBS US REIT and, in such capacity, safeguarding the rights and interests of the Unitholders, for example, by satisfying itself that transactions it enters into for and on behalf of Keppel-KBS US REIT with a Related Party of the Manager, the Trustee or Keppel-KBS US REIT are conducted on normal commercial terms, are not prejudicial to the interests of Keppel-KBS US REIT or the Unitholders, and in accordance with all applicable requirements under the Property Funds Appendix and/or the Listing Manual relating to the transaction in question;

- holding the assets of Keppel-KBS US REIT on trust for the benefit of the Unitholders in accordance with the Trust Deed; and

- exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of Keppel-KBS US REIT.

The Trustee has covenanted in the Trust Deed that it will exercise all due care, diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unitholders.

In the exercise of its powers, the Trustee may (on the recommendation of the Manager) and subject to the provisions of the Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

The Trustee may, subject to the provisions of the Trust Deed, appoint and engage:

- a person or entity to exercise any of its powers or perform its obligations; and

- any real estate agents or managers or service providers or such other persons, including a Related Party of the Manager on an arm's length basis, on normal commercial terms and in compliance with the Property Funds Appendix, in relation to the project management, development, leasing, lease management, marketing, property management, purchase or sale of any real estate assets and real estate-related assets.

Subject to the Trust Deed and the Property Funds Appendix, the Manager may direct the Trustee to borrow or raise money or obtain other financial accommodation for the purposes of Keppel-KBS US REIT, both on a secured and unsecured basis.

The Trustee must carry out its functions and duties and comply with all the obligations imposed on it as set out in the Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Take-over Code, any tax ruling and all other relevant laws. It must retain Keppel-KBS US REIT's assets, or cause Keppel-KBS US REIT's assets to be retained, in safe custody and cause Keppel-KBS US REIT's accounts to be audited. Pursuant to the Trust Deed, it can appoint any custodian, joint-custodian or sub-custodian (including, without limitation, any Related Party of the Trustee) in relation to the whole or any part of Keppel-KBS US REIT's assets. It can appoint valuers to value the real estate assets and real estate-related assets of Keppel-KBS US REIT.

The Trustee is not personally liable to a Unitholder in connection with the office of the Trustee except in respect of its own fraud, gross negligence, wilful default, breach of the Trust Deed or breach of trust. Any liability incurred and any indemnity to be given by the Trustee shall be limited to the assets of Keppel-KBS US REIT over which the Trustee has recourse, provided that the Trustee has acted without fraud, gross negligence, wilful default, breach of the Trust Deed or breach of trust. The Trust Deed contains certain indemnities in favour of the Trustee under which it will be indemnified out of the assets of Keppel-KBS US REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

Retirement and Replacement of the Trustee

The Trustee may retire or be replaced under the following circumstances:

- The Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the Trust Deed).

- The Trustee may be removed by notice in writing to the Trustee by the Manager:

  – if the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Trustee;

  – if the Trustee ceases to carry on business;

  – if the Trustee is in breach of any material obligation imposed on the Trustee by the Trust Deed, and such breach has not been cured or remedied within 60 days of receipt of written notice of such breach from the Manager, provided that at the end of 60 days, the cure period may be extended for such other period as may be agreed between the Manager and the Trustee;

  – if the Unitholders, by Extraordinary Resolution duly passed at a meeting of Unitholders held in accordance with the provisions of the Trust Deed, and of which not less than 21 days' notice has been given to the Trustee and the Manager, shall so decide; or

  – if the MAS directs that the Trustee be removed.

Trustee's Fee

Pursuant to Clause 15.4 of the Trust Deed, the Trustee's fee shall be charged on a scaled basis of up to 0.015% per annum of value of the Deposited Property, subject to a minimum amount of S$14,000 per month, excluding out-of-pocket expenses and GST.

The actual fee payable will be determined between the Manager and the Trustee from time to time.

TERMINATION OF KEPPEL-KBS US REIT

Under the provisions of the Trust Deed, the duration of Keppel-KBS US REIT shall end on the earliest of:

- such date as may be provided under applicable laws and regulations;

- the date on which Keppel-KBS US REIT is terminated by the Manager in such circumstances as set out under the provisions of the Trust Deed as described below; or

- the date on which Keppel-KBS US REIT is terminated by the Trustee in such circumstances as set out under the provisions of the Trust Deed as described below.

The Manager may in its absolute discretion terminate Keppel-KBS US REIT by giving notice in writing to all Unitholders or, as the case may be, the Depository and the Trustee not less than three months in advance and to the MAS not less than seven days before the termination in any of the following circumstances:

- if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable for Keppel-KBS US REIT to exist;

- if the NAV of the Deposited Property shall be less than S$50.0 million after the end of the first anniversary of the date of the Trust Deed or any time thereafter; and

- if at any time Keppel-KBS US REIT becomes unlisted after it has been listed.

Subject to the SFA and any other applicable law or regulation, Keppel-KBS US REIT may be terminated by the Trustee by notice in writing in any of the following circumstances:

- if the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Manager or if any encumbrancer shall take possession of any of its assets or if it shall cease business and the Trustee fails to appoint a successor manager in accordance with the provisions of the Trust Deed;

- if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable for Keppel-KBS US REIT to exist; and

- if within the period of three months from the date of the Trustee expressing in writing to the Manager the desire to retire, the Manager shall have failed to appoint a new trustee in accordance with the provisions of the Trust Deed.

The decision of the Trustee in any of the events specified above shall be final and binding upon all the parties concerned but the Trustee shall be under no liability on account of any failure to terminate Keppel-KBS US REIT pursuant to the paragraph above or otherwise. The Manager shall accept the decision of the Trustee and relieve the Trustee of any liability to it and hold it harmless from any claims whatsoever on its part for damages or for any other relief.

Generally, upon the termination of Keppel-KBS US REIT, the Trustee shall, subject to any authorisations or directions given to it by the Manager or the Unitholders pursuant to the Trust Deed, sell the Deposited Property and repay any borrowings incurred on behalf of Keppel-KBS US REIT in accordance with the Trust Deed (together with any interest accrued but remaining unpaid) as well as all other debts and liabilities in respect of Keppel-KBS US REIT before distributing the balance of the Deposited Property to the Unitholders in accordance with their proportionate interests in Keppel-KBS US REIT.

CERTAIN AGREEMENTS RELATING TO KEPPEL-KBS US REIT AND THE PROPERTIES

The agreements discussed in this section are complex documents and the following is a summary only. Investors should refer to the agreements themselves to confirm specific information or for a detailed understanding of Keppel-KBS US REIT. The agreements are available for inspection at the principal place of business of the Manager at 230 Victoria Street, #05-08 Bugis Junction Towers, Singapore 188024 (prior appointment would be appreciated).

PORTFOLIO PURCHASE AND SALE AGREEMENT

On 24 October 2017, Keppel-KBS US REIT's subsidiaries, the Lower-Tier US Sub REITs, entered into the Portfolio Purchase and Sale Agreement with the Vendors.

The aggregate purchase price of the IPO Portfolio is US$804.0 million, allocated to each property as follows:

- The Plaza Buildings: US$240.0 million;
- Bellevue Technology Center: US$131.2 million;
- Iron Point: US$36.7 million;
- Westmoor Center: US$117.1 million;
- Great Hills Plaza: US$33.1 million;
- Westech 360: US$41.8 million;
- 1800 West Loop South: US$78.6 million;
- West Loop I & II: US$46.3 million;
- Powers Ferry: US$18.7 million;
- Northridge Center: US$20.3 million; and
- Maitland Promenade II: US$40.2 million.

The aggregate purchase price is subject to the usual closing adjustments typical for property transactions such as tenant security deposits, pro-ration of rent and pro-ration of real estate tax. Under the Portfolio Purchase and Sale Agreement, Keppel-KBS US REIT, through the applicable Lower-Tier US Sub REITs (each, a "**Purchaser**") will acquire the real estate buildings, improvements and other related assets constituting the Properties. All revenues and expenses from the operation of the applicable Property (including under leases and assumed contracts) and real estate taxes and assessments will be prorated on the closing date and adjusted against the applicable purchase price. Further adjustments may be made for such revenues and expenses accrued but not paid at the closing date within 90 days after closing, and for any erroneous or estimated calculations within one year after closing. In addition, each Purchaser is responsible for payment of certain closing costs related to the acquisition of the applicable Property. Closing costs generally include transfer taxes (if any) and the premiums for the title insurance policies. The Purchaser and the Vendors will allocate responsibility for transfer taxes and title insurance premiums in accordance with the local custom in the jurisdiction where the applicable Property is located, excluding premiums for any extended coverage and endorsements which will be paid by the applicable Purchaser.

Each Purchaser has conducted its own due diligence with respect to the applicable Property, including environmental due diligence and review of the property-level documentation provided by the applicable Vendor, such as surveys, title insurance policies, leases and other contracts affecting the Property, and environmental reports and property information. Each Purchaser has also conducted its own review of title to the applicable Property.

Purchaser has the right to terminate the Portfolio Purchase and Sale Agreement with respect to a specific Property, upon notice to the applicable Vendor, if a Property suffers damage reasonably exceeding 10% of the purchase price attributable to such Property, as reasonably determined by the applicable Vendor after such Vendor has engaged a third-party consultant to determine the scope and cost to repair such damage.

The Portfolio Purchase and Sale Agreement conveys the Properties "AS IS, WHERE IS" with limited representations and warranties by each of the parties. The Vendors' representations include that (a) to the Vendor's actual knowledge, the Vendor has not received written notice from any governmental authority in the last 12 months stating that the relevant Property is not in compliance with applicable laws except with respect to such violations as have been fully cured and as to which there are no unpaid fines or penalties owing, (b) to the Vendor's actual knowledge, there is no currently pending or bona fide written threat of condemnation or the exercise of the right of eminent domain as to any Property, (c) to the Vendor's actual knowledge, there is no currently pending or bona fide written threat of litigation against the Vendor or the applicable Property that would adversely affect the Property, other than claims for personal injury and property damage that are covered by insurance, and (d) to the Vendor's actual knowledge, the copies of leases made available to Purchaser are true and correct copies of such leases in such Vendor's possession and each such lease is in full force and effect. The Vendor's representations will survive for 12 months following the closing; provided, a Purchaser's right to make a claim as a result of a breach of a representation by a Vendor will be subject to certain limitations, including a minimum claim amount and cap on damages[1].

A Purchaser's obligation to acquire the applicable Property under the Portfolio Purchase and Sale Agreement is subject to certain conditions, including: performance of the Vendors' obligations under the Portfolio Purchase and Sale Agreement in all material respects; subject to agreed upon exceptions (which are set out below), the accuracy of the Vendors' representations and warranties in all material respects; the irrevocable commitment by the specified title company to issue a title insurance policy for each Property insuring that fee simple legal title[2] to the Property is vested in the Purchaser subject only to agreed-to exceptions; no event or fact that materially affects the offering of Units contemplated hereby or the listing of the Units on the SGX-ST and the completion of certain other matters (which are set out below) related to the Offering; receipt of financing (including equity financing by Parent US REIT) by all Purchasers for the purchase price for all the Properties; and receipt by Parent US REIT of a bridge loan to fund its equity contribution to each Purchaser.

The agreed upon exceptions include (a) any lien to secure payment of real estate taxes, including special assessments, not delinquent, (b) all matters which could be revealed or disclosed by a physical inspection or a survey of the applicable Property and matters affecting the applicable Property which are created by or with the written consent of the Purchaser or which do not adversely affect the Purchaser's contemplated use of the applicable Property, (c) the rights of the tenants under the leases affecting the applicable Property, (d) all exceptions disclosed in writing by the title report relating to the applicable Property, (e) any exception for liens for services, labour or materials heretofore or hereafter furnished to the applicable Property for which the Purchaser is entitled to a credit at closing pursuant to the Portfolio Purchase and Sale Agreement, for which

1 The minimum claim amount will be US$150,000 and the cap will be 1.5% of the purchase price.

2 The highest form of ownership interest in real property in the US is the freehold estate known as fee simple. See "Overview of Relevant Laws and Regulations in the United States – Relevant Laws and Regulations in the United States – Ownership Interest in US Real Property" for further details.

the Purchaser is expressly responsible for payment under the terms of the Portfolio Purchase and Sale Agreement, and/or which arises from any services, labour or materials contracted for by any tenant at such Property and with respect to which any such tenant is responsible for payment under the terms of its lease, and (f) all applicable laws, ordinances, rules and governmental regulations (including, without limitation, those relating to building, zoning and land use) affecting the development, use, occupancy or enjoyment of the applicable Property.

Certain other matters include (a) the Purchaser receiving sufficient funds from the Offering to pay the purchase price and all closing costs that are the responsibility of the Purchaser, and (b) the Purchaser obtaining commitments from one or more commercial lenders in an aggregate amount equal to Keppel-KBS US REIT's required equity contribution to each Purchaser.

The Vendors' obligations to sell the applicable Property under the Portfolio Purchase and Sale Agreement is also subject to certain conditions, including: performance of the Purchasers' obligations under the Portfolio Purchase and Sale Agreement in all material respects, the accuracy of Purchasers' representations in all material respects, no event or fact that materially affects the offering of Units contemplated hereby or the listing of the Units on the SGX-ST; and receipt of financing by all Purchasers for the purchase price for all Properties.

If a condition to a party's obligation to close under the Portfolio Purchase and Sale Agreement is not met (and not waived by such party), then such party will have the right to terminate the Portfolio Purchase and Sale Agreement without limiting the rights of a party for a default by the other party as set forth below.

If the Purchasers fail to purchase the Properties in violation of its obligations for any reason other than a default by the Vendors, or the Purchasers are otherwise in default of their obligations, the Vendors may terminate the Portfolio Purchase and Sale Agreement and, as the Vendors' sole remedy for such default, the Purchasers must reimburse the Vendors for the Vendors' actual out-of-pocket costs and expenses incurred to obtain any third-party study, report or survey that is specifically identified in the Portfolio Purchase and Sale Agreement, including any updates or modifications of any of the Vendors' existing reports that Purchasers request be updated, but excluding any existing reports or studies that were already in the Vendors' possession and were not updated, recertified or otherwise modified for or at the request of the Purchasers. If the Vendors fail to convey the Properties to the Purchasers for any reason other than a default by the Purchasers, or the Vendors are otherwise in default of their obligations, the Purchasers have the right to terminate the Portfolio Purchase and Sale Agreement and receive reimbursement from the Vendors for the Purchasers' actual out-of-pocket costs and expenses incurred in connection with the Purchasers' due diligence and the negotiation and execution of the Portfolio Purchase and Sale Agreement up to a cap of US$1,000,000 in the aggregate, seek specific performance of the Portfolio Purchase and Sale Agreement or waive such default as the Purchasers' sole remedy for such default.

If a Vendor fails to meet its obligations under the Portfolio Purchase and Sale Agreement, the Purchasers may, at its option, elect to proceed with the transaction and waive such failure by the Vendor, in which event the other Vendors shall continue to meet their obligations under the Portfolio Purchase and Sale Agreement. The Purchasers must give written notice to the other Vendors, within 10 business days of the occurrence of such failure by a Vendor and not later than 1 business day prior to the closing, of its intention whether to proceed with the transaction contemplated by the Portfolio Purchase and Sale Agreement.

PROPERTY MANAGEMENT AGREEMENTS

The Property Managers will separately enter into the following Property Management Agreements in relation to each Property with the relevant Lower Tier Sub-US REIT:

(a) in relation to Bellevue Technology Center, a property management agreement will be entered into between Transwestern Commercial Services Washington, L.L.C. d/b/a Transwestern, a Delaware limited liability company, and Keppel-KBS Bellevue Technology Center, Inc., a Delaware corporation;

(b) in relation to The Plaza Buildings, a property management agreement will be entered into between Transwestern Commercial Services Washington, L.L.C. d/b/a Transwestern, a Delaware limited liability company, and Keppel-KBS Plaza Buildings, Inc., a Delaware corporation;

(c) in relation to Iron Point, a property management agreement will be entered into between CBRE, Inc., a Delaware corporation, and Keppel-KBS Iron Point, Inc., a Delaware corporation;

(d) in relation to Westmoor Center, a property management agreement will be entered into between CBRE, Inc., a Delaware corporation, and Keppel-KBS Westmoor Center, Inc., a Delaware corporation;

(e) in relation to Great Hills Plaza, a property management agreement will be entered into between Transwestern Property Company SW GP, L.L.C. dba Transwestern, and Keppel-KBS Great Hills Plaza, Inc., a Delaware corporation;

(f) in relation to Westech 360, a property management agreement will be entered into between Transwestern Property Company SW GP, L.L.C. dba Transwestern, and Keppel-KBS Westech 360, Inc., a Delaware corporation;

(g) in relation to 1800 West Loop South, a property management agreement will be entered into between Transwestern Property Company SW GP, L.L.C. d/b/a Transwestern and Keppel-KBS 1800 West Loop, Inc., a Delaware corporation;

(h) in relation to West Loop I & II, a property management agreement will be entered into between PM Realty Group, L.P., a Delaware limited liability partnership, and Keppel-KBS West Loop I and II, Inc., a Delaware corporation;

(i) in relation to Powers Ferry, a property management agreement will be entered into between PM Realty Group, L.P., a Delaware limited liability partnership, and Keppel-KBS Powers Ferry Landing, Inc., a Delaware corporation;

(j) in relation to Northridge Center, a property management agreement will be entered into between PM Realty Group, L.P., a Delaware limited liability partnership, and Keppel-KBS Northridge Center, Inc., a Delaware corporation; and

(k) in relation to Maitland Promenade II, a property management agreement will be entered into between PM Realty Group, L.P., a Delaware limited liability partnership, and Keppel-KBS Maitland Promenade, Inc., a Delaware corporation.

Under each Property Management Agreement, subject to the policies and programmes established by the Lower-Tier Sub-US REIT, the Property Manager shall conduct the day-to-day management, operation, maintenance and servicing of the relevant Property, including administration and enforcement of leases, collection of rents, preparation and submission of proposed annual operating and capital expense budgets for review and approval, and maintenance and repair of the relevant Property, negotiation of contracts, obtaining required insurance, maintenance of records and accounts, obtaining required licenses for the Properties and compliance by the relevant Property with applicable laws. The Property Manager will act within the approved annual budget, subject to certain permitted variances and any established guidelines.

The term of each Property Management Agreement is 1 year from the date of agreement, but the Property Management Agreements are thereafter deemed to be automatically renewed for successive periods of 1 year. The Property Management Agreements are subject at all times to the termination rights of the Property Managers and the Lower Tier Sub-US REITs granted therein, including without limitation (i) the right of the Lower Tier Sub-US REITs to terminate in the event of a sale of the applicable Property upon no less than 5 days' written notice to the Property Managers, (ii) the right of the Lower Tier Sub-US REITs to terminate without cause upon 30 days' written notice to the Property Managers, and (iii) the right of Property Managers to terminate without cause upon 60 days' written notice to the Lower Tier Sub-US REITs.

With respect to Westech 360 and Great Hills Plaza, the Property Managers and their officers, directors and employees are entitled to indemnification from the applicable Lower Tier Sub-US REIT for claims, losses and liabilities resulting from property damage, personal injury, death, defamation or false arrest which arise out of (i) any breach of the Property Management Agreements by Lower Tier Sub-US REITs or (ii) the negligence, recklessness, willful misconduct, fraud or criminal acts of the Lower Tier Sub-US REITs or its employees or agents. The Property Managers are required to indemnify the applicable Lower Tier Sub-US REITs and their officers, directors, partners, members and employees for claims, losses and liabilities resulting from property damage, personal injury, death, defamation or false arrest which arise out of (i) any breach of the Property Management Agreement by the Property Managers or (ii) the negligence, recklessness, willful misconduct, fraud or criminal acts of the Property Managers or their employees, agents, contractors, subcontractors or associates.

With respect to all other Properties excluding Westech 360 and Great Hills Plaza, the Property Managers and their officers, directors and employees are entitled to indemnification from the applicable Lower Tier Sub-US REITs (or Keppel-KBS US TRS if in connection with services that are to be performed for it) for claims, losses and liabilities which arise out of the performance by the Property Managers of their obligations and duties under the Property Management Agreements unless the claim, loss or liability arises from (i) any breach of the Property Management Agreement by the Property Managers or (ii) the negligence, recklessness, willful misconduct, fraud or criminal acts of the Property Managers or their employees, officers, agents, or representatives. The Property Managers are required to indemnify the applicable Lower Tier Sub-US REITs and their officers, directors, and employees from claims, losses, and liabilities which arise out of (i) any breach of the Property Management Agreement by the Property Managers or (ii) the negligence, recklessness, willful misconduct, fraud or criminal acts of the Property Managers or their employees, officers, agents or representatives.

The Property Managers are entitled to a monthly Property Management Fee equal to a certain percentage of gross revenue income, as more specifically defined in each Property Management Agreement. Property Management Fees are assessed on a monthly basis and payable in arrears. The range in Property Management Fees for the IPO Portfolio is between 1.5% to 3% of the gross revenue income. For purposes of the Property Management Fee, rent and gross revenue include minimum rent, percentage rent, rent escalations, common area maintenance reimbursements and real estate taxes and insurance premium reimbursements, but exclude insurance proceeds, capital improvements, remodeling and tenant change costs, security deposit except to the extent applied to past due rent, prepaid rents except for the portion applied to the then current month, sums collected or paid for sales, excise or use taxes, and any amount paid for or in connection with the termination of leases or other agreements with tenants, except for terminations which the Lower Tier Sub-US REIT has requested the Property Manager to negotiate.

Pursuant to the Property Management Agreements, the Property Managers for 1800 West Loop South, Great Hills Plaza, Westech 360, Bellevue Technology Center, Iron Point, Northridge Center, West Loop I & II, The Plaza Buildings, and Westmoor Center are also entitled to Construction Supervision Fees in connection with providing certain construction management services for construction projects with respect to the Property managed by the Property Manager. Pursuant to separate construction management agreements with the applicable Lower Tier Sub-US REITs, the Property Managers for Maitland Promenade II and Powers Ferry are also entitled to Construction Supervision Fees in connection with providing construction management services for certain construction projects with respect to the Property managed by the Property Manager.. The Construction Supervision Fees are assessed as a percentage of the total cost of the construction project as more specifically provided in each Property Management Agreement or construction management agreement, with the applicable percentage decreasing as the total cost of a construction project increases.

Pursuant to separate lease agreements with the Lower Tier Sub-US REITs, the Property Managers are permitted to occupy suitable office space at each Property for the purpose of facilitating the Property Manager's employees in the discharge of the Property Manager's duties, with any rent, service charge, utility charges or other sums payable by the Property Manager passed through to the other tenants at the relevant Property as an operating expense. The compensation of and out-of-pocket costs and expenses incurred by the Property Managers for their employees, to the extent such costs and expenses appear on the budget attached as an exhibit to a Property Management Agreement or are otherwise approved by the Lower Tier Sub-US REITs, are reimbursable to the Property Managers by the Lower Tier Sub-US REITs.

LEASING SERVICES AGREEMENT

Each Lower Tier Sub-US REIT and the Leasing Agent of each property will enter into Leasing Services Agreements in relation to such property:

(a) in relation to Bellevue Technology Center, a leasing services agreement will be entered into between Jones Lang LaSalle, Inc., a Washington corporation, and Keppel-KBS Bellevue Technology Center, Inc., a Delaware corporation;

(b) in relation to The Plaza Buildings, a leasing services agreement will be entered into between CBRE, Inc., and Keppel-KBS Plaza Buildings, Inc., a Delaware corporation;

(c) in relation to Iron Point, a leasing services agreement will be entered into between Cushman & Wakefield of California, Inc., and Keppel-KBS Iron Point, Inc., a Delaware corporation;

(d) in relation to Westmoor Center, a leasing services agreement will be entered into between CBRE, Inc., a Delaware corporation, and Keppel-KBS Westmoor Center, Inc., a Delaware corporation;

(e) in relation to Great Hills Plaza, a leasing services agreement will be entered into between Transwestern Property Company SW GP, L.L.C. dba Transwestern, and Keppel-KBS Great Hills Plaza, Inc., a Delaware corporation;

(f) in relation to Westech 360, a leasing services agreement will be entered into between Transwestern Property Company SW GP, L.L.C. dba Transwestern, and Keppel-KBS Westech 360, Inc., a Delaware corporation;

(g) in relation to 1800 West Loop South, a leasing services agreement will be entered into between Transwestern Property Company SW GP, L.L.C. d/b/a Transwestern and Keppel-KBS 1800 West Loop, Inc., a Delaware corporation;

(h) in relation to West Loop I & II, a leasing services agreement will be entered into between PM Realty Group, L.P., a Delaware limited partnership, and Keppel-KBS West Loop I and II, Inc., a Delaware corporation;

(i) in relation to Powers Ferry, a leasing services agreement will be entered into between PM Realty Group, L.P., a Delaware limited partnership, and Keppel-KBS Powers Ferry Landing, Inc., a Delaware corporation;

(j) in relation to Northridge Center, a leasing services agreement will be entered into between PM Realty Group, L.P., a Delaware limited partnership, and Keppel-KBS Northridge Center, Inc., a Delaware corporation; and

(k) in relation to Maitland Promenade II, a leasing services agreement will be entered into between Tavistock Realty Inc., and Keppel-KBS Maitland Promenade, Inc., a Delaware corporation.

Pursuant to the terms of the Leasing Services Agreements, the Leasing Agents are responsible for procuring tenants and negotiating leases with them for space in the Properties. The Leasing Agents will act within procedures set out in the Leasing Services Agreement and owners' leasing guidelines. All leases negotiated by the Leasing Agents are subject to the approval of the relevant Lower Tier Sub-US REIT, as the owner of the Property, in its sole discretion.

The term of each Leasing Services Agreement is 1 year from the date of the agreement. The Leasing Services Agreements are subject at all times to the termination rights of the Leasing Agents and the Lower Tier Sub-US REITs granted therein, including without limitation (i) the right of the Lower Tier Sub-US REITs to terminate (a) without cause at any time upon 30 days prior written notice to the Leasing Agents, and (b) with cause at any time upon ten days written notice to the Leasing Agents, (ii) the right of the Leasing Agents to terminate upon 60 days prior written notice to the Lower Tier Sub-US REITs, and (iii) in the event of a sale, transfer or exchange of the Property, upon ten days prior written notice by one party to the other.

The Lower Tier Sub-US REIT and its representatives, officers, directors and employees are entitled to indemnification from the applicable Leasing Agent from any liability, damages or expenses, including attorneys' fees, arising out of any misrepresentation, fraud or negligence of the Leasing Agent, or failure by the Leasing Agent to observe any guidelines provided by the relevant Lower Tier Sub-US REIT or failure by the Leasing Agent to abide by the provisions of the Leasing Services Agreement or, any claim for commission by a cooperating leasing agent. The indemnity applies only to the extent a loss or other event is not covered by insurance required to be maintained by the Lower Tier Sub-US REIT under the terms of the relevant Leasing Services Agreement.

The Leasing Agents are entitled to certain leasing services commissions for procuring leases with new tenants, equal to:

(i) with respect to West Loop I & II, Maitland Promenade II and Iron Point, a certain percentage of the base rent for the initial lease term;

(ii) with respect to Westech 360, Great Hills Plaza and 1800 West Loop South, a certain percentage of the base rent (including additional rent) for the initial lease term;

(iii) with respect to Powers Ferry and Northridge I & II, a certain percentage of the base rent for the initial lease term and a procurement fee of up to the first month's rent for the initial lease term; and

(iv) with respect to The Plaza Buildings, Westmoor Center and Bellevue Technology Center are entitled to certain leasing services commissions equal to a certain sum per square foot per year of the lease term for the initial lease term.

The Leasing Agent is also entitled to certain leasing services commissions for procuring lease renewals.

(See "Certain Fees and Charges – Payable to the Leasing Agents – Leasing Services Commissions".)

Save for The Plaza Buildings, Iron Point and Bellevue Technology Center, the Leasing Agents are entitled to certain leasing services commissions for procuring lease expansions, equal to a certain percentage of the base rent for the initial lease term, or in the case of Westmoor Center, a certain sum per square foot per year of the lease term for the initial lease term.

No leasing services commission is payable to the Leasing Agent for a lease term in excess of ten years. The leasing services commission is payable in cash. One half of the commission payable to the relevant Leasing Agent for a transaction shall be paid within ten days after execution of the lease by the relevant Lower Tier Sub-US REIT and the tenant, and the remaining one-half of the commission shall be paid within 30 days after the tenant pays the required security deposit and the first regular instalment of rent which comes due after the tenant takes actual occupancy of the relevant premises.

KBS MANAGEMENT AGREEMENT

The Manager, the Manager US Sub, GKP, KBS (as the US Asset Manager), the Trustee, the Parent US REIT and the Sub-US REITs will enter into the KBS Management Agreement prior to the Listing Date. Pursuant to the KBS Management Agreement, certain asset management functions of the Manager and the Manager US Sub, including those relating to asset management, investments, property-level finance/financing and compliance, will be outsourced to GKP, which will in turn engage KBS (as the US Asset Manager) to provide such services to the Parent US REIT and the Sub-US REITs, in each case subject to the duties and responsibilities of the respective US Subsidiary Board.

GKP, through the US Asset Manager will provide, among others, the following services:

- **Investment**: Supporting, the execution, through the Parent US REIT and the Sub-US REITs of Keppel-KBS US REIT's investment strategy in accordance with the strategy formulated by the Manager and the guidelines issued by the Manager which include requirements relating to the location, sub-sector type and other characteristics of Keppel-KBS US REIT's property portfolio.

- **Asset management**: Working with the Property Managers to execute, through the Parent US REIT and the Sub-US REITs, Keppel-KBS US REIT's asset management strategy in accordance with the decisions made by and the strategy formulated by the Manager and the guidelines issued by the Manager which include requirements relating to the tenant mix, asset enhancement works and rationalising operation costs.

- **Capital management**: Supporting the execution of debt financing plans for any debt taken up by the Parent US REIT and/or the Sub-US REITs.

- **Accounting**: Preparing accounts, financial reports and annual reports, as may be required, for the Parent US REIT and/or the Sub-US REITs.

- **Compliance**: Making all regulatory filings on behalf of the Parent US REIT and the Sub-US REITs, and using its commercially reasonable best efforts to assist the Parent US REIT and the Sub-US REITs in complying with applicable provisions of the relevant tax laws and regulations in the United States, including meeting the requirements for qualification and taxation as US REITs, and all relevant contracts.

GKP, through the US Asset Manager, will seek to find investment opportunities consistent with the investment guidelines established by the Manager and within the approved annual business plan and budget. Any potential acquisition will be surfaced to the Manager, the Manager US Sub and the US Subsidiary Board of the Parent US REIT. Such US Subsidiary Board will take into account inputs from the Manager (in its capacity as the manager of the ultimate shareholder of the Parent US-REIT (being Keppel-KBS US REIT), acting through the Manager US Sub, before providing its approval on the potential acquisition proposed.

Once an acquisition is approved, such approval will be communicated to the US Asset Manager and GKP, following which the US Asset Manager will perform diligence. The US Asset Manager will also be authorised to negotiate the terms of and all necessary agreements to effect the acquisition.

GKP and/or the US Asset Manager may delegate its duties under the KBS Management Agreement to an affiliate with the consent of the Manager, or to the extent provided in the KBS Management Agreement; provided such delegation does not relieve GKP or the US Asset Manager of its obligations under the KBS Management Agreement.

The KBS Management Agreement is terminable by any of the parties to the KBS Management Agreement, in the event of, among others, a bankruptcy or insolvency or a change of control in any of the other parties to the KBS Management Agreement.

In addition, the Manager has the right to terminate the KBS Management Agreement by giving not less than one month's prior written notice to US Asset Manager in the event of (i) a material breach of the KBS Management Agreement that was not remedied within thirty days of the receipt by GKP or the US Asset Manager, as applicable, of a notice from the Manager or the Manager US Sub identifying the breach and requiring its remedy; (ii) where there is a demonstrable deterioration in the ability of the US Asset Manager to perform the services under the KBS Management Agreement; and (iii) in the event GKP ceases to have an equity interest in the US Asset Manager.

Further, GKP and the US Asset Manager have the right to terminate the KBS Management Agreement without cause upon 60 days' written notice to the other parties to the agreement, and the Manager and the Manager US Sub have the right to terminate the KBS Management Agreement without cause upon upon 30 days' written notice to the other parties to the agreement.

Asset Manager Indemnified Parties are entitled to indemnification from the Manager from all Losses incurred by them in connection with their activities under the KBS Management Agreement, except to the extent as a result of such Asset Manager Indemnified Party's US Asset Manager's Misconduct. GKP is required to indemnify the Manager, the Manager US Sub and their respective directors, officers, and employees for any loss or liability suffered or incurred by the Manager or the Manager US Sub any of their respective officers or agents, and any costs, charges and expenses incurred by the Manager or the Manager US Sub or any of their respective officers or agents, to the extent that such loss, liability, cost, charge or expense is caused by or arising from the US Asset Manager's Misconduct in the performance of its obligations under the KBS Management Agreement, regardless of whether GKP had contributed to the US Asset Manager's Misconduct.

Fees payable under the KBS Management Agreement will be paid by the Manager to GKP.

MANAGER US SERVICES AGREEMENT

The Trustee, the Manager, the Manager US Sub, the Parent US-REIT and the Sub-US REITs have entered into the Manager US Services Agreement on 1 November 2017. Services in the US will be provided pursuant to the Manager US Services Agreement. The Manager US Services Agreement is a subcontract from the Manager to the Manager US Sub with respect to the Manager US Services.

The Manager US Sub will appoint one or more executives, who will be employed solely by the Manager US Sub while they are in the United States under a secondment, and/or employment or similar arrangement, to provide the Manager US Services to the Parent US REIT and/or the Sub-US REITs as set forth in the Manager US Services Agreement.

Similar to the KBS Management Agreement, the Trustee, Keppel-KBS US REIT, the Parent US-REIT and the Sub-US REITs will have no obligations or liabilities under the Manager US Services Agreement.

The Manager US Services Agreement will generally be on the same terms (other than terms relating to how the service fee is determined) as the KBS Management Agreement to Parent US-REIT and the Sub-US REITs (under the direction of their respective US Subsidiary Boards), except that the services are provided by the Manager US Sub instead of KBS and GKP is not a party to the Manager US Services Agreement.

The Manager US Services Agreement is terminable by any of the parties to the Manager US Services Agreement, in the event of, among others, a bankruptcy or insolvency or a change of control in any of the other parties to the Manager US Services Agreement.

In addition, the Manager has the right to terminate the Manager US Services Agreement by giving not less than one month's prior written notice to the Manager US Sub in the event of (i) a material breach of the Manager US Services Agreement that was not remedied within thirty days of the receipt by the Manager US Sub of a notice from the Manager identifying the breach and requiring its remedy; (ii) where there is a demonstrable deterioration in the ability of the Manager US Sub to perform the services under the Manager US Services Agreement; and (iii) in the event the Manager ceases to have an equity interest in the Manager US Sub.

Fees payable under the Manager US Services Agreement will be paid by the Manager to the Manager US Sub.

KEPPEL MANAGEMENT AGREEMENT

The Manager and KCI have entered into the Keppel Management Agreement on 1 November 2017. Pursuant to the Keppel Management Agreement between the Manager and KCI, the Manager has engaged KCI to provide, among others, the following services:

- **Investor Relations**: Supporting the Manager's investor relations activities, including preparation for investor presentations, result briefings and other engagement activities with investors, managing investor queries and supporting the development of the investor relations strategy.

- **Financial Reporting**: Providing support for the financial reporting of Keppel-KBS US REIT on a consolidated basis, including assisting with the preparation of the consolidated financial statements, budgets and tax returns and meeting other reporting requirements.

- **Capital Management**: Supporting the execution of the Manager's plans for equity and debt financing for Keppel-KBS US REIT including assisting in the negotiations and documentation with financiers and underwriters and other treasury matters such as hedging activities and cash and liquidity management.

- **Human Resources**: Providing human resource and office administrative support to the Manager including recruitment, succession planning, payroll services and performance management.

- **Legal and Corporate Secretarial**: Providing legal and corporate secretarial support to the Manager including advising on the laws and regulations applicable to the Manager and Keppel-KBS US REIT, supporting corporate actions such as acquisitions, divestments and financing matters, and providing secretarial support for the Board.

- **Singapore Compliance**: Making all regulatory filings on behalf of Keppel-KBS US REIT, and assisting Keppel-KBS US REIT in complying with the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Trust Deed, any tax ruling and all relevant contracts.

KCI will act subject to the overall discretion and direction of the Manager and within guidelines issued by the Manager and in accordance with the approved annual business plan and budget.

KCI may delegate its duties under the Keppel Management Agreement to an affiliate with the consent of the Manager or to the extent provided in the Keppel Management Agreement; provided such delegation does not relieve KCI of its obligations under the Keppel Management Agreement.

The Keppel Management Agreement is terminable by the Manager and KCI, respectively, upon written notice, in the event of, among others, a bankruptcy or insolvency, material breaches of the Keppel Management Agreement, a change of control in any of the Manager, the Manager US Sub or the US Asset Manager, or in the case of a termination by the Manager, where there is a demonstrable deterioration in the ability of KCI to perform the services under the Keppel Management Agreement.

The KCI Indemnified Parties are entitled to indemnification from the Manager from all Losses incurred by them in connection with their activities under the Keppel Management Agreement, except to the extent as a result of such KCI Indemnified Party's KCI's Misconduct. KCI is required to indemnify the Manager and its directors, officers, and employees for any loss or liability suffered or incurred by the Manager or any of its officers or agents, and any costs, charges and expenses incurred by the Manager or any of its officers or agents, to the extent that such loss, liability, cost, charge or expense is caused by or arising from the KCI's Misconduct in the performance of its obligations under the Keppel Management Agreement.

Fees payable to KCI will be paid by the Manager.

OVERVIEW OF RELEVANT LAWS AND REGULATIONS IN THE UNITED STATES

RELEVANT LAWS AND REGULATIONS IN THE UNITED STATES

General

The laws of the United States have their source in both government legislation and regulation (at the federal, state and local government levels) and the federal and state courts. Federal law includes the Constitution of the United States, federal statutes and rules and regulations adopted by federal agencies. State law includes individual state constitutions, state statutes and rules and regulations adopted by state agencies. Local law includes ordinances and rules and regulations adopted by counties, municipalities and their agencies. Common law is developed by case law decisions in the courts.

Corporations Law

The principal laws governing the operation and conduct of corporations organised under the laws of a state of the United States are set out in the corporations law of the state under whose statutes a corporation is formed. The Parent US REIT and its subsidiaries have been organised under the corporation law of the state of Delaware.

The internal rules of a Delaware corporation are its certificate of incorporation which represents a contract among the corporation, its shareholders and the state. A Delaware corporation may be formed to conduct or promote any lawful business or purpose not prohibited by the Constitution of the State of Delaware or its other laws.

A principal attraction of a corporation is that shareholders' liability for the corporation's debts is limited to the amount they agreed to pay for their shares. Shares may be issued with or without par value and for such consideration, including cash, property or any benefit to the corporation as determined by the directors. The directors determine whether all or a portion of the consideration received for its shares shall be capital, but not less than the par value of any shares issued with par value. Dividends are declared and paid by the directors out of the corporation's surplus (as defined and computed in accordance with Delaware corporation law) or, in case there is no such surplus, out of the corporation's net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

The business and affairs of a Delaware corporation are managed by its directors, all of whom must be natural persons. The number of directors, which shall not be less than one, is fixed by, or in the manner provided by, the bylaws unless the certificate of incorporation fixes the number of directors.

A Delaware corporation which proposes to engage in business (which may include the ownership and management of real estate) in another state of the United States, is generally required to qualify as a foreign corporation in such state. Qualification is effected by a filing with the secretary of state of such state and includes the appointment of a resident agent who may accept service of process on the corporation.

Regulation of Foreign Investment

While the United States has a general policy of openness to foreign investment, the Committee on Foreign Investments in the United States ("**CFIUS**") reviews, and may suspend or prohibit, foreign acquisition of assets which threaten or impair national security (particularly assets in sectors including transportation, communications, banking and energy). Review by CFIUS is only mandatory where the acquisition is made by a foreign person controlled by a foreign government.

However, all US business enterprises in which a foreign person (in the broad legal sense, including a company) owns directly and/or indirectly a ten-percent-or-more voting interest (or the equivalent) are subject to reporting requirements established by the US Department of Commerce, Bureau of Economic Analysis.

Ownership Interest in US Real Property

The highest form of private ownership interest in real property in the US is the freehold estate known as fee simple absolute. Generally, ownership in fee simple absolute is for an unlimited duration, but ownership is subject to applicable laws and agreements and real property owned in fee simple absolute may be subject to various encumbrances (including, without limitation, easements which may permit utilities to be supplied to the real property or across the real property for the benefit of neighbours).

Another form of real property ownership in the US is the non-freehold possessory estate known as a leasehold estate. Leasehold estates are typically documented by a lease agreement. Subject to applicable law, any encumbrances and the terms of any applicable lease agreement, the lessee possessing a leasehold estate has the right to occupy the subject real property to the exclusion of others for a finite period.

Recording and Title Insurance

In each US state, typically at the county level, there is a governmental real property registry of official records at which agreements and matters which affect title to real property may be recorded. Among other things, the act of recording an agreement in the applicable official records imparts constructive notice of such agreement to third parties.

Fee simple absolute title to real property may be transferred by delivery of a deed (the form of which may vary by state). Recording a deed in the applicable official records may not be necessary to accomplish a transfer of title between the parties to a deed. However, the failure to record a deed in the applicable official records may result, in some circumstances, in others obtaining or having the opportunity to obtain superior title to the subject real estate.

The recording of a deed in a real property registry of official records is largely an administrative process. The relevant recorder in the real property registry of official records generally does not have discretion to refuse to record a deed, provided that such deed is in recordable form, that such deed has been properly signed and notarised and that all taxes and other recording fees are paid. The act of recording a document in the official records does not in and of itself validate the legitimacy or effectiveness of the document. It is customary for purchasers of real property to rely on third party title insurance companies to review the records in real property registries of official records for matters affecting title to real property and to insure the status of such title subject to various exceptions, including, without limitation, those matters noted by the title insurance company as a result of such review. Such exceptions may take various forms, including, without limitation, liens, easements, and other encumbrances. The amount of title insurance obtained by a title policyholder may vary, but in the case of title insurance obtained by a purchaser of real property, the amount of title insurance obtained may be equal to the purchase price paid for the real property. A title insurance company typically charges a fee or premium for issuing a title policy, which fee or premium is typically a one-time fee, though additional premiums or fees may be charged under certain circumstances. Subject to the terms of the policy and applicable law, a title policy typically remains in effect so long as the insured maintains its insured interest in the subject property. In certain cases, a title policy is issued to a purchaser upon the recordation in the official records of the deed conveying title to the purchaser. In other cases, a title policy may be issued prior to such recordation, and in such cases a title company may contractually agree to accept certain risks in connection with the potential appearance in the official records of intervening matters between the time that the policy was issued and the time the deed is recorded. Subject to applicable requirements, a lease, or a short form or memorandum of a lease, may be recorded in the applicable official records.

Agreements Affecting Real Property

In the US, various types of agreements affecting real property must be in writing and must be signed by the party to be bound in order to be enforceable against such party. Many real estate transactions contain various covenants, conditions, representations and warranties and in certain cases the applicable transaction documents are heavily negotiated. In addition, applicable law may impose certain covenants, conditions, representations, warranties or other requirements on the parties to a real estate transaction.

Leases

Commercial real estate leases in the US may include leases of space in a building and ground leases. In a typical lease of space in a building, a landlord leases space (such as office or retail space) in a building to a tenant. In a typical ground lease, the landlord leases improved or unimproved real property to a tenant and, if the tenant constructs improvements on the real property, the tenant retains possession of those improvements during the term of the ground lease. Both ground leases and building space leases often provide that the tenant's improvements to the real property become the landlord's property at the end of the term of the lease, subject to certain tenant removal rights and other terms of the lease. Lease terms are subject to market standards and practices, though applicable law may impose certain covenants, conditions, representations, warranties or other requirements on the parties to a lease.

Mortgage Loans

In the US, loans to fund the purchase of commercial real property or to construct improvements on, or operate at, commercial real property are typically secured by a mortgage or deed of trust (depending on the state) on such real property.

In the US, commercial mortgage loans may be non-recourse, meaning that in the event of a default under the loan, the lender may look for repayment from the proceeds of a sale of the real property but may not seek repayment from the borrower for any amount in excess of such proceeds. However, certain commercial mortgage loans which are otherwise non-recourse may contain certain exceptions (called "**non-recourse carveouts**") which permit recourse to certain parties under certain circumstances, subject to applicable law. Among other things, such exceptions may relate to misrepresentations, deception, fraud, bankruptcy filings or environmental matters.

Upon a default under a mortgage loan, applicable law and the provisions of the applicable loan documents will typically dictate the lender's rights, which may include the right to foreclose and apply the proceeds of such sale to the amount owed. Depending on the state, judicial or non-judicial foreclosure processes may be available. Applicable law may limit the ability of a lender to obtain a judgement or to seek payment against a borrower under certain circumstances. Even after a default has occurred, under certain circumstances, applicable law may also permit a borrower certain rights to redeem its equity or to reinstate the applicable loan.

Transfer Taxes

Some states (as well as some counties and municipalities) impose a "transfer tax" on the conveyance of real property. In certain cases, a transfer tax is imposed on the recording of a deed, but in some instances it is imposed on a lease, a mortgage or a change in control in a real property owner. Responsibility for the payment of a transfer tax is sometimes allocated between buyer and seller by statute but often by custom or the agreement of the parties. There is no federal transfer tax.

Land Use (Zoning) and Building Controls

In the US, much land use regulation occurs at the state and local level. Many municipalities have zoning ordinances which divide municipalities into a series of districts and specify the uses that are permitted and prohibited in each district. Zoning ordinances may impose various dimensional and density requirements on buildings and other real estate improvements (such as setback, lot size, floor area ratio and lot coverage requirements or provisions) as well as standards for the number of parking stalls and design of parking stalls. Many zoning ordinances also regulate loading spaces, landscaping, signs, “green building” requirements and the protection of environmentally sensitive areas such as wetlands, flood plains and aquifers, among other topics.

In certain cases, and especially for large or complex projects, a real estate development will need to obtain a zoning permit or other approval from the municipality or other governmental authority. Such permits may be subject to a variety of conditions, which may include, without limitation, conditions to reduce actual or perceived impacts from the project on the community. Such conditions may include, without limitation, requirements to make improvements to transportation infrastructure or to make monetary payments to the municipality or applicable governmental authority. The approval process may involve public hearings and other opportunities for third parties to comment on the project and to appeal the final permit decision.

In addition to zoning ordinances, some states have regional or state-wide land use approval requirements. Other state and federal laws (and other municipal, governmental or quasi-governmental requirements) can affect land development by regulating activities which involve wetlands, public rights in waterways, historic and other culturally significant properties, parkland, endangered species and their habitats, access to highways, and other matters. As a general matter, construction and the ongoing operation and maintenance of a building must comply with state or local building codes and other legal requirements. Building codes may address a variety of structural and life-safety matters including without limitation egress, fire protection, construction materials, elevators, energy, and handicap access. A building permit may be required by the applicable authority before construction is authorised to begin. In many cases, occupancy of a building may not be permitted before the applicable governmental authority has issued a certificate of occupancy. Building code violations, especially those relating to life-safety matters, may lead to civil and, in some cases, criminal sanctions.

Contaminated Land and Environmental Regulation

Most environmental regulation in the US occurs at the federal and state levels, although some municipalities have their own requirements. Under various federal and state laws, owners, as well as tenants and operators of real estate, may be required to investigate and clean-up or remove hazardous substance contamination present at or migrating from properties they own, lease or operate, notwithstanding that the contamination was caused by a prior owner, occupant or other third-party. They also may become liable to governmental agencies and to third parties for costs and damages those parties incur in connection with the clean-up of hazardous substances. Although the principal federal statute addressing clean-up of contaminated sites exempts from liability certain “bona-fide prospective purchasers” of contaminated real estate who conduct pre-acquisition assessments, take steps to control known contamination, and meet certain other requirements, other federal environmental statutes and many state laws do not contain similar exemptions. In addition, owners, tenants, and operators may be held liable under common law for property damage or personal injuries that result from hazardous substances on their properties.

Building owners may also face common law liability for personal injury caused by microbial matter (such as mold) or other indoor air contaminants (such as formaldehyde or other volatile organic compounds) at their properties.

Federal and state laws regulate many activities which can affect the environment, such as the discharge of pollutants to water bodies or to the air and the handling and disposal of hazardous waste. Other laws govern the construction and operation of underground tanks (and, in some states, aboveground tanks) used for the storage of petroleum or chemicals; the protection of drinking water supplies; the manufacture, handling and notification of toxic chemicals and similar matters. Many of these laws require permits or other approvals, and they typically impose significant civil and criminal penalties for violations. Environmental laws also regulate certain hazardous building materials, such as asbestos and lead paint. Generally, these laws impose obligations on the handling and disposal of such materials during renovation and demolition projects, as well as require certain notifications to tenants.

Condemnation

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), may acquire real estate in connection with the exercise of the power of eminent domain. The exercise of eminent domain may involve a formal condemnation proceeding, subject to and in accordance with legal requirements. In certain circumstances, the federal government has broad powers which permit the seizure or freezing of foreign-owned assets. Such circumstances may include, without limitation, war, national emergencies, or other circumstances permitted under applicable law.

Restrictions on Land Ownership

The US federal government and certain states regulate certain real property interests by foreign persons or entities controlled by them.

FATCA RULES

FATCA requires financial institutions outside the United States ("**foreign financial institutions**" or "**FFIs**"), and certain registered-deemed compliant FFIs, to provide information about US account holders and investors to the IRS on an annual basis. A 30% withholding tax is imposed on certain US source income of any FFI that fails to comply with this requirement. The new withholding regime is now in effect for payments from sources within the United States and, according to recent administrative guidance, will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2019.

The United States and a number of other jurisdictions have entered into Intergovernmental Agreements ("**IGAs**") to facilitate the implementation of FATCA. Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "Reporting FI" (or, in the case of certain exempt entities, a "**Non-Reporting FI**") not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. Singapore has entered into a Model 1 IGA with the United States.

FATCA Classification of Keppel-KBS US REIT

Keppel-KBS US REIT will be obliged to comply with the provisions of FATCA under the terms of Singapore legislation implementing the IGA (the "**Singapore IGA Legislation**"). Keppel-KBS US REIT is expected to qualify as a Non-Reporting FI under the Singapore IGA and therefore will be treated as compliant with FATCA. However because Keppel-KBS US REIT has entered into an agreement with the IRS to be a withholding foreign partnership, it has agreed to assume the obligations of a registered deemed-compliant Model 1 IGA FFI. As a result, Keppel-KBS US REIT should not be subject to FATCA Withholding but will be required to file a return with the IRAS each year reporting certain Unitholders (or a nil report if there are no reportable Unitholders).

FATCA Reporting and Withholding Impact on Unitholders

CDP and applicable CDP depository agents, as Reporting FIs, will be subject to reporting and withholding obligations with respect to the Unitholders. Unitholders who fail to establish their status for FATCA purposes will be subject to FATCA Withholding. A Unitholder may establish its status for FATCA purposes by providing an applicable IRS Form W-8 and such other certification or other information related to FATCA that is requested. To ensure compliance with FATCA and the Singapore IGA Legislation, CDP and CDP depository agents will be required to report to the Singapore tax authorities certain holdings by and payments made to (a) certain US investors, (b) certain US controlled foreign entity investors and (c) non-US financial institution investors that do not comply with the terms of the Singapore IGA Legislation.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION IS UNCERTAIN AT THIS TIME. PROSPECTIVE UNITHOLDERS SHOULD CONSULT WITH THEIR TAX ADVISERS ON HOW THESE RULES MAY APPLY TO KEPPEL-KBS US REIT AND TO PAYMENTS THEY MAY RECEIVE IN CONNECTION WITH THE UNITS.

TAXATION

The following summary of certain tax consequences in Singapore and the United States of the purchase, ownership and disposition of the Units is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units and does not purport to apply to all categories of investors, some of which may be subject to special rules. Investors should consult their own tax advisers concerning the application of Singapore and United States tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Units arising under the laws of any other tax jurisdictions.

In particular, the summary of US federal income tax considerations (See "US Federal Income Tax Overview") is based on existing law, and is limited to investors who own Units as investment assets rather than as inventory or as property used in a trade or business. Except as expressly stated below, this summary does not discuss tax considerations that might be relevant to a Unitholder that is subject to special rules under US federal income tax law or a Unitholder (i) that is a United States person; (ii) that has an office or a fixed place of business in the United States; (iii) that is present in the United States for 183 days or more in a taxable year; or (iv) that is (a) a former citizen or long-term resident of the United States, (b) a foreign insurance company that is treated as holding Units in connection with its United States business, (c) a passive foreign investment company (as such term is defined in the IRC), (d) a corporation that accumulates earnings to avoid United States federal income tax, or (e) an entity treated as a partnership for US federal income tax purposes. Unitholders meeting any of these criteria should consult an independent tax advisor regarding the application of these special rules.

INCOME TAX

Taxation of Keppel-KBS US REIT

Keppel-KBS US REIT is expected to derive dividends from Singapore Sub 1 and the Loan Subsidiaries (as defined below), and may derive gains from the sale of the shares in Singapore Sub 1 and/or the shares of the Loan Subsidiaries.

Tax Rulings

An application for the Tax Rulings was made based on the structure diagram of Keppel-KBS US REIT as illustrated in "Overview – Structure of Keppel-KBS US REIT" of this Prospectus and, *inter alia*, the following representations and information:

(a) Keppel-KBS US REIT will invest in immovable properties situated in the US and the structure of Keppel-KBS US REIT is as described above.

(b) Singapore Sub 1 and Singapore Sub 2 will both be Singapore-incorporated companies. Each of Singapore Sub 1 and Singapore Sub 2 will be a wholly-owned subsidiary of Keppel-KBS US REIT.

(c) Keppel-KBS US REIT will inject share capital in US dollars (out of the IPO proceeds or proceeds from the future post-IPO debt/or equity fund raisings, as applicable) in Singapore Sub 1 in exchange for the issuance of shares in Singapore Sub 1 to the trustee of Keppel-KBS US REIT. Singapore Sub 1 will inject the equity funding from Keppel-KBS US REIT into the Parent US REIT in US dollars in exchange for 100% of the voting common stock in the Parent US REIT.

(d) Keppel-KBS US REIT will also inject share capital in US dollars (out of the IPO proceeds or proceeds from future post-IPO debt and/or equity fund raisings, as applicable) into Singapore Sub 2 in exchange for the issuance of shares in Singapore Sub 2 to the trustee of Keppel-KBS US REIT. Using the equity funding from Keppel-KBS US REIT, Singapore Sub 2 will make a loan to the Parent US REIT at a debt-to-equity ratio determined on an arm's length basis.

(e) Singapore Sub 2 will be making a loan to the Parent US REIT for the acquisition of the IPO Portfolio. Subsequent to the IPO, Keppel-KBS US REIT will incorporate a new wholly-owned subsidiary for each occasion of acquisition. Each such new subsidiary will make a single loan to the Parent US REIT for purposes of that occasion of acquisition (each of Singapore Sub 2 and such other Singapore wholly-owned subsidiaries shall be referred to as a "**Loan Subsidiary**" and each such loan made to the Parent US REIT by a Loan Subsidiary shall be referred to as a "**Relevant Loan**"). Each Loan Subsidiary will only be making a singular loan to the Parent US REIT where that singular loan can be used by the Parent US REIT to ultimately fund (in whole or in part) acquisition of one or more US immovable properties by one or more Lower-Tier Sub-US REITs.

(f) Each Relevant Loan will be denominated in US dollars and disbursed by the Loan Subsidiary from its offshore US dollar account to the Parent US REIT's offshore US dollar account. Each Relevant Loan agreement may either be concluded electronically or may be executed wholly outside Singapore by the authorised representatives of the relevant Loan Subsidiary and the Parent US REIT.

(g) Each Relevant Loan will be unsecured, interest-bearing, arm's length and on market terms and conditions governed by US laws and may allow for the repayment of principal from time to time by the Parent US REIT.

(h) Each Loan Subsidiary will not be undertaking any other business activities apart from its passive investment by extending the Relevant Loan.

(i) Singapore Sub 1 and each Loan Subsidiary will be tax resident in Singapore.

(j) The Parent US REIT will inject the equity funding from Singapore Sub 1 and the Relevant Loan from the Loan Subsidiary into the Upper-Tier Sub-US REIT as share capital/equity in exchange for 100% of the voting common shares in the Upper-Tier Sub-US REIT, and the Upper-Tier Sub-US REIT will in turn inject the equity funding into the relevant Lower-Tier Sub-US REIT as share capital/equity in exchange for voting common shares in the Lower-Tier Sub-US REIT. The Parent US REIT, Upper-Tier Sub-US REIT and each of the Lower-Tier Sub-US REITs will be a US corporation electing to be treated as a US REIT for US tax purposes.

(k) Each of the Lower-Tier Sub-US REITs will use the equity funding together with proceeds from third party secured loan(s) (if any) to pay for the US immovable property concerned and to fund its operations. Each Lower-Tier Sub-US REIT will hold a single immovable property in the US.

(l) The Parent US REIT will not be carrying out any activities in Singapore and will not be tax resident in Singapore. The control and management of the Parent US REIT will be fully exercised in the US by the directors of the Parent US REIT.

(m) Each Lower-Tier Sub-US REIT can distribute its income from the operation of US immovable property that it holds as ordinary dividends to the Upper-Tier Sub-US REIT and the Upper-Tier Sub-US REIT can in turn distribute the dividends from the Lower-Tier Sub-US REIT as dividends to the Parent US REIT, which the Parent US REIT can use to pay dividends to Singapore Sub 1 and/or interest on the Relevant Loans to the Loan Subsidiaries.

(n) Singapore Sub 1 may also receive capital proceeds which may originate from share capital/equity redemption/repayment proceeds paid by a Lower-Tier Sub-US REIT to the Upper-Tier Sub-US REIT. The aforementioned capital proceeds may be used by the Upper-Tier Sub-US REIT to redeem/repay share capital/equity injected by the Parent US REIT, which may in turn be used by the Parent US REIT to redeem/repay share capital injected by Singapore Sub 1.

(o) A Loan Subsidiary may also receive repayments of principal on its Relevant Loan from the Parent US REIT which may originate from capital/equity redemption/repayment proceeds paid by a Lower-Tier Sub-US REIT to the Upper-Tier Sub-US REIT. The aforementioned capital proceeds may be used by the Upper-Tier Sub-US REIT to redeem/repay share capital/equity injected by the Parent US REIT, which may in turn be used by the Parent US REIT to repay any amount of principal on any of the Relevant Loans.

(p) Each of Keppel-KBS US REIT, Singapore Sub 1, the Loan Subsidiaries, the Parent US REIT, the Upper-Tier Sub-US REIT and the Lower-Tier Sub-US REITs will have at least one US dollar bank account maintained outside Singapore.

(q) The injection of share capital/equity by Singapore Sub 1, the Parent US REIT and the Upper-Tier Sub-US REIT as well as the disbursements of the Relevant Loan by each Loan Subsidiary to the Parent US REIT will be made from a US dollar account of the relevant party maintained outside Singapore to a US dollar account of the receiving party maintained outside Singapore.

(r) The Parent US REIT can make the following distributions:

   (i) foreign-sourced dividends to Singapore Sub 1 into Singapore Sub 1's US dollar account maintained outside Singapore;

   (ii) interest to each Loan Subsidiary into the relevant Loan Subsidiary's US dollar account maintained outside Singapore;

   (iii) capital proceeds to Singapore Sub 1, into another US dollar account of Singapore Sub 1 maintained outside Singapore; and/or

   (iv) principal repayments from time to time on a Relevant Loan, into a US dollar account of the relevant Loan Subsidiary maintained outside Singapore.

(s) Each Loan Subsidiary may make the following distributions:

   (i) one-tier tax exempt dividends out of the interest income it receives from the Parent US REIT, to a US dollar account of Keppel-KBS US REIT, maintained outside Singapore; and/or

   (ii) returns of capital to a US dollar account maintained by Keppel-KBS US REIT outside of Singapore out of the principal repayments on the Relevant Loans from the Parent US REIT.

(t) Each Loan Subsidiary may also remit the following amounts to finance its operating expenses (which are expected to be minimal):

(i) a portion of the interest received in its US dollar account maintained outside Singapore (the "**Remitted Income**") into the Loan Subsidiary's bank account in Singapore; and/or

(ii) a portion of the principal repayment on the Relevant Loans into the Loan Subsidiary's bank account in Singapore (the "**Remitted Principal Repayment**").

(u) Each Loan Subsidiary will not utilise its interest income for any other purpose except for as set out in sub-paragraphs (s)(i) and (t)(i) above, or for reinvestments wholly outside Singapore.

(v) The directors of Singapore Sub 1 can decide to distribute the dividends and/or capital proceeds received from the Parent US REIT to Keppel-KBS US REIT as one-tier tax exempt dividends and/or to use such receipts to fund a return of capital to Keppel-KBS US REIT, in each case paid from a US dollar account maintained by Singapore Sub 1 outside Singapore to a US dollar account maintained by Keppel-KBS US REIT outside Singapore.

(w) Keppel-KBS US REIT may:

(i) make distributions to the Unitholders out of the dividends received from Singapore Sub 1 and/or the Loan Subsidiaries;

(ii) remit a portion of the dividends from Singapore Sub 1 and/or the Loan Subsidiaries into Singapore to defray its operating expenses; and/or

(iii) make distributions to the Unitholders out of any capital returned by Singapore Sub 1 and/or a Loan Subsidiary.

Pursuant to the Tax Rulings, the IRAS confirmed that:

(i) The following receipts will not be subject to tax in Singapore:

(a) the principal repayments on the Relevant Loans by the Parent US REIT to the Loan Subsidiaries (including the Remitted Principal Repayment),

(b) the capital proceeds from the Parent US REIT redeeming/repaying share capital/equity injected by Singapore Sub 1,

(c) the tax exempt (one-tier) dividends receivable by Keppel-KBS US REIT (which will be paid by each Loan Subsidiary out of its interest income from the Parent US REIT, other than the Remitted Income),

(d) the tax exempt (one-tier) dividends receivable by Keppel-KBS US REIT (which will be paid by Singapore Sub 1 out of its dividend income from the Parent US REIT),

(e) the returns of capital receivable by Keppel-KBS US REIT (from each Loan Subsidiary out of the loan principal repayments from the Parent US REIT as well as from Singapore Sub 1 out of capital proceeds from the Parent US REIT redeeming/repaying share capital/equity injected by Singapore Sub 1),

(f) the distributions receivable by the Unitholders of Keppel-KBS US REIT (payable out of its dividend income from Singapore Sub 1 and each Loan Subsidiary), and

(g) the distribution of capital proceeds receivable by the Unitholders of Keppel-KBS US REIT (payable out of the returns of capital by Singapore Sub 1 and/or each Loan Subsidiary).

(ii) As regards the interest income from the Relevant Loan provided by Singapore Sub 2 in relation to the acquisition of the IPO Portfolio, the IRAS is prepared to treat the interest income as foreign-sourced. The interest income therefore will not be subject to tax in Singapore unless it is remitted or deemed remitted under Section 10(25) of the SITA, provided that Singapore Sub 2 is a passive lender, providing a single loan out of its equity capital to the Parent US REIT and that Singapore Sub 2 is not expected to undertake any other business activities in relation to the making of that Relevant Loan. To the extent that each subsequent Loan Subsidiary (in relation to future acquisitions post-IPO) is of the same structure and makes the same single loan to the Parent US REIT, this tax position may apply.

Further, the Loan Subsidiaries may utilise their interest income for reinvestments wholly outside Singapore. If so, if the investments are realised and the proceeds brought into Singapore, the interest income will be deemed received in Singapore under Section 10(25)(a) of the SITA. For clarity, if the aforesaid investment proceeds are used to pay tax exempt (one-tier) dividends directly into Keppel-KBS US REIT's offshore bank account (and does not involve any physical remittance, transmission or bringing of funds into Singapore by the Loan Subsidiary for the purpose of the dividend payment), the said amount will not be considered as remitted or deemed remitted under Section 10(25) of the SITA.

(iii) On the dividend income for Singapore Sub 1 from the Parent US REIT, the IRAS agrees that the amount received by Singapore Sub 1 outside Singapore will not be subject to tax in Singapore. If any of the dividend income is received by Singapore Sub 1 in Singapore, the amount will be exempt from tax in Singapore under Section 13(8) of the SITA if the conditions under Section 13(9) of the SITA are met.

Terms and conditions of the Tax Rulings

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 each Loan Subsidiary and its transaction to be undertaken remain as represented to the IRAS and there are no other changes made to each Loan Subsidiary or its activities.

The Tax Rulings were made based on facts presented to the IRAS and IRAS' current interpretation and application of the existing tax law and the Tax Rulings will 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) an assumption about a future event or another matter that is material to the Tax Rulings, stated either in the Tax Rulings or in the application for the Tax Rulings, subsequently proves to be incorrect; or

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

In addition, where a provision of the SITA is repealed or amended, the Tax Rulings shall automatically not apply from the date of the repeal or amendment to the extent that the repeal or the amendment changes the way the provision applies in the Tax Rulings. Further, the IRAS may at any time withdraw the Tax Rulings from such date specified, by notifying the Sponsors in writing of the withdrawal and the reasons therefor.

Dividends received by Keppel-KBS US REIT from Singapore Sub 1 and the Loan Subsidiaries

Based on the Tax Rulings, IRAS has agreed that:

(a) the tax exempt (one-tier) dividends receivable by Keppel-KBS US REIT (which will be paid by each Loan Subsidiary out of its interest income from the Parent US REIT, other than the Remitted Income); and

(b) the tax exempt (one-tier) dividends receivable by Keppel-KBS US REIT (which will be paid by Singapore Sub 1 out of its dividend income from the Parent US REIT),

will not be subject to tax in Singapore.

Dividends paid by Singapore Sub 1 or the Loan Subsidiaries should be considered tax exempt (1-tier) dividends pursuant to Section 13(1)(za) of the SITA, provided Singapore Sub 1 and the Loan Subsidiaries are tax resident in Singapore. For the purposes of the SITA a company is considered to be tax resident of Singapore if the control and management of its business is exercised in Singapore.

Returns of capital received by Keppel-KBS US REIT

Based on the Tax Rulings, IRAS has agreed that the returns of capital receivable by Keppel-KBS US REIT (from each Loan Subsidiary out of the loan principal repayments from the Parent US REIT as well as from Singapore Sub 1 out of capital proceeds from the Parent US REIT redeeming/repaying share capital/equity injected by Singapore Sub 1) will not be subject to tax in Singapore.

Gains from the sale of shares of Singapore Sub 1 and/or the Loan Subsidiaries

Singapore does not impose tax on capital gains. Gains derived by Keppel-KBS US REIT from the disposal of shares in Singapore Sub 1 or any Loan Subsidiary that are capital in nature will not be subject to tax. However, such gains may be considered income in nature and subject to income tax if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore. Such gains may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity, if Keppel-KBS US REIT did not intend to acquire and hold the shares in question as long-term investments. Whether any gain from the sale of any such shares is or is not derived from a trade or business has to be determined based on the totality of facts surrounding the acquisition, holding and disposal of the relevant shares.

Should such gains be determined to be income and hence subject to income tax, the tax will be assessed on the Trustee. In the event that the Trustee and the Manager exercise their discretion to make a distribution out of such gains assessed to tax directly on the Trustee, such distribution will not be further taxed and the Unitholders will not be able to claim a tax credit in respect of the tax paid at the Trustee level.

Taxation of Singapore Sub 1

Dividends from the Parent US REIT

Based on the Tax Rulings, on the dividend income for Singapore Sub 1 from the Parent US REIT, the IRAS has agreed that the amount received by Singapore Sub 1 outside Singapore will not be subject to tax in Singapore.

If any of the dividend income is received by Singapore Sub 1 in Singapore, the amount will be exempt from tax in Singapore under Section 13(8) of the SITA if the conditions under Section 13(9) of the SITA are met.

Pursuant to Section 13(8) and Section 13(9) of the SITA, foreign-sourced dividends which are received in Singapore will be exempt from Singapore income tax where:

(a) the income is subject to tax of a similar character to income tax (by whatever name called) under the law of the territory from which the income is received;

(b) at the time the income is received in Singapore by the person resident in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%; and

(c) the Comptroller is satisfied that the tax exemption would be beneficial to the person resident in Singapore.

Gains from the disposal of the Parent US REIT

Singapore does not impose tax on capital gains. Gains derived by Singapore Sub 1 from the disposal of shares in the Parent US REIT that are capital in nature will not be subject to tax. However, such gains may be considered income in nature and subject to income tax if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore. Such gains may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity, if Singapore Sub 1 did not intend to acquire and hold the shares in question as long-term investments. Whether any gain from the sale of any such shares is or is not derived from a trade or business has to be determined based on the totality of facts surrounding the acquisition, holding and disposal of the relevant shares.

Taxation of Loan Subsidiaries

Interest income from the Parent US REIT

Pursuant to the Tax Rulings, IRAS is prepared to treat the interest income from the Relevant Loan provided by Singapore Sub 2 as foreign-sourced. The interest income will therefore not be subject to tax in Singapore unless it is remitted or deemed remitted under Section 10(25) of the SITA, provided Singapore Sub 2 is a passive investment holding company providing a single loan out of its equity capital to the Parent US REIT and that Singapore Sub 2 is not expected to undertake any other business activities in relation to the making of that Relevant Loan. To the extent that each subsequent Loan Subsidiary is of the same structure and makes the same single loan to the Parent US REIT, this tax position may apply.

Section 10(25) of the SITA states that the following amounts shall be deemed to be income received in Singapore from outside Singapore whether or not the source from which the income is derived has ceased:

(a) any amount from any income derived from outside Singapore which is remitted to, transmitted or brought into Singapore;

(b) any amount from any income derived from outside Singapore which is applied in or towards satisfaction of any debt incurred in respect of a trade or business carried on in Singapore; and

(c) any amount from any income derived from outside Singapore which is applied to purchase any movable property which is brought into Singapore.

Further, the Loan Subsidiaries may utilise their interest income for reinvestments wholly outside Singapore. If so, if the investments are realised and the proceeds brought into Singapore, the interest income will deemed received in Singapore under Section 10(25)(a) of the SITA. For clarity, if the aforesaid investment proceeds are used to pay tax exempt (one-tier) dividends directly into Keppel-KBS US REIT's offshore bank account (and there is not any physical remittance, transmission or bringing of funds Singapore by the Loan Subsidiary for the purpose of the dividend payment), the said amount will not be considered as remitted or deemed remitted under Section 10(25) of the SITA.

Principal repayments and Capital Proceeds by the Parent US REIT

Pursuant to the Tax Rulings, the IRAS had agreed that the principal repayments on the Relevant Loans by the Parent US REIT to each Loan Subsidiary, including the Remitted Principal Repayment, and capital proceeds from the Parent US REIT redeeming/repaying share capital/equity injected by Singapore Sub 1 will not be subject to tax in Singapore.

Taxation of Keppel-KBS US REIT'S Unitholders

Keppel-KBS US REIT distributions

Distributions out of tax exempt dividends

Tax exempt dividends should not form part of the statutory income of the Trustee of Keppel-KBS US REIT and distributions made out of such non-taxable income should not be taxable in the hands of the Unitholders. Pursuant to the Tax Rulings, IRAS has agreed that the distributions receivable by the Unitholders of Keppel-KBS US REIT (payable out of its dividend income from Singapore Sub 1 and each Loan Subsidiary) will not be subject to tax in Singapore.

Distributions out of capital gains

Capital gains should not form part of the statutory income of the Trustee of Keppel-KBS US REIT and distributions made out of such non-taxable income should not be taxable in the hands of the Unitholders. Hence, distributions made out of gains or profits arising from a disposal of any property of Keppel-KBS US REIT that have been determined to be capital gains are not taxable in the hands of Unitholders.

Pursuant to the Tax Rulings, IRAS had agreed that the distribution of capital proceeds receivable by the Unitholders of Keppel-KBS US REIT (payable out of the returns of capital by Singapore Sub 1 and/or a Loan Subsidiary) will not be subject to tax in Singapore.

Gains from disposal of the Units

Singapore does not impose tax on capital gains. Therefore, gains on disposal of the Units that are capital in nature will not be subject to tax. However, such gains may be considered income in nature and subject to income tax if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore. Such gains may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity, if the Unitholder did not intend to acquire and hold the Units as long-term investments.

Whether any gain from the sale of any of the Units is or is not derived from a trade or business has to be determined based on the totality of facts surrounding the acquisition, holding and disposal of the Units. Because of this, Unitholders are advised to consult their own professional advisers on the Singapore tax consequences that may apply to their individual circumstances.

STAMP DUTY

Stamp duty will not be imposed on instruments of transfers relating to the Units. In the event of a change of trustee for Keppel-KBS US REIT, there will be no stamp duty on any document effecting the appointment of a new trustee and the transfer of trust assets from the incumbent trustee to the new trustee.

GOODS AND SERVICES TAX

Issue and disposal of the Units

The issue of the Units is not subject to GST. Hence, Unitholders would not incur any GST on the subscription of the Units. The subsequent disposal of the Units by Unitholders is also not subject to GST.

Recovery of GST incurred by Unitholders

Generally, services such as legal fee, brokerage, handling and clearing charges rendered by a GST-registered person to Unitholders belonging in Singapore in connection with their purchase and sale of Units would be subject to GST at the prevailing standard-rate of 7.0%. Similar services rendered to Unitholders belonging outside Singapore could be zero-rated when certain conditions are met.

For Unitholders belonging in Singapore who are registered for GST, any GST on expenses incurred in connection with the disposal of the Units may not be recoverable as input tax credit from the IRAS unless certain conditions are satisfied. These GST-registered Unitholders should seek the advice of their tax advisers on these conditions.

US FEDERAL INCOME TAX OVERVIEW

US Federal Income Taxation of the Parent US REIT and the Sub-US REITs

The following is a general summary of the material provisions of the IRC that govern the US federal income tax treatment of US REITs. This summary is qualified in its entirety by the applicable IRC provisions, relevant rules and regulations, and administrative and judicial interpretations of the IRC provisions and regulations. This summary does not discuss all aspects of US federal taxation that may be relevant to a particular prospective investor in light of its particular circumstances and income tax situation and does not describe any estate, gift, state, local, non-US, or other tax considerations. Prospective investors should consult their tax advisor as to the specific US tax consequences to them from the acquisition, ownership and disposition of Units, including the possible effects of changes in US or other tax laws.

General

The Parent US REIT and each Sub-US REIT intend to make an election to be taxed as a US REIT under Sections 856 through 860 of the IRC for its initial taxable year; and that election will continue in effect for subsequent taxable years, assuming continuing compliance with the then applicable qualification tests. The Parent US REIT's and each Sub-US REIT's qualification and taxation as a US REIT will depend upon its compliance on a continuing basis with various qualification tests imposed under the IRC and summarised below. If the Parent US REIT or a Sub-US REIT fails to qualify as a US REIT in any year, it will be subject to US federal income taxation as if it were a corporation taxed under subchapter C of the IRC (or a C corporation). In this event, significant tax liabilities could be incurred, and the amount of cash available for distribution to Unitholders could be reduced or eliminated.

A US REIT is generally permitted to deduct dividends paid to its shareholders from its corporate income. As such, if the Parent US REIT and the Sub-US REITs qualify as US REITs and meet the tests described below, they will generally not be subject to US federal income tax on their net income distributed as dividends. Notwithstanding their US REIT elections, the Parent US REIT and the Sub-US REITs will be subject to US tax in certain circumstances, including but not limited to the following:

- The Parent US REIT or a Sub-US REIT will be taxed at regular corporate rates on any undistributed "real estate investment trust taxable income."

- If the Parent US REIT's or a Sub-US REIT's alternative minimum taxable income exceeds its taxable income, it may be subject to the corporate alternative minimum tax on its items of tax preference. Alternative minimum tax is a separate and independent tax that is parallel to the "regular" corporate income tax imposed at a lower rate but on an income base adjusted to eliminate tax allowances that cause taxable income to diverge from economic income.

- If either the Parent US REIT or a Sub-US REIT fails to satisfy the 75% gross income test or the 95% gross income test discussed below, due to reasonable cause and not due to wilful neglect, but nonetheless maintains its qualification as a US REIT because of specified cure provisions, it will be subject to tax at a 100% rate on the greater of the amount by which it fails the 75% gross income test or the 95% gross income test, with adjustments, multiplied by a fraction intended to reflect its profitability.

- If either the Parent US REIT or a Sub-US REIT fails to satisfy the US REIT asset tests described below, due to reasonable cause and not due to wilful neglect, but nonetheless maintains its qualification as a US REIT because of specified cure provisions, it will be subject to a tax equal to the greater of US$50,000 or the highest corporate tax rate multiplied by the net income generated by the non-qualifying assets that caused it to fail the test.

- If either the Parent US REIT or a Sub-US REIT fails to satisfy any provision of the IRC that would result in its failure to qualify as a US REIT (other than violations of the US REIT gross income tests or violations of the US REIT asset tests described below), due to reasonable cause and not due to wilful neglect, it may retain its US REIT qualification but will be subject to a penalty of US$50,000 for each failure.

- If either the Parent US REIT or a Sub-US REIT does not distribute for any calendar year at least the sum of 85% of its REIT ordinary income for that year, 95% of its REIT capital gain net income for that year, and any undistributed taxable income from prior periods, it will be subject to a 4% non-deductible excise tax on the excess of the required distribution over the amounts actually distributed.

- If either Parent US REIT or a Sub-US REIT acquires any asset, directly or indirectly, from a C corporation, which is a corporation generally subject to full corporate level tax, in a transaction in which such US REIT's basis in the asset is determined by reference to the basis of the asset (or any other property) in the hands of the C corporation, and such US REIT were to recognise gain on the disposition of such asset during the five-year period beginning on the date on which it acquired such asset, then, to the extent of such property's built-in gain (the excess of the fair market value of such property at the time the USREIT acquired it over the adjusted basis of such property at such time), such gain will be subject to tax at the highest regular corporate applicable.

- Keppel-KBS TRS is separately taxed on its net income as a C corporation. In addition, each Sub-US REIT will be subject to a 100% tax on the amount (if any) by which various charges and reimbursements between it and Keppel-KBS TRS are determined to be priced excessively in favour of such Sub-US REIT rather than on arms' length bases.

In addition, the Parent US REIT and the Sub-US REITs may be subject to state and local income or other taxation in various jurisdictions, and such treatment may differ from the US federal income tax treatment described herein.

Organisation Requirements

Pursuant to Sections 856(a)(1) through (a)(6) of the IRC, in order to qualify as a US REIT, the Parent US REIT and each Sub-US REIT must be a corporation, trust or association:

(1) that is managed by one or more trustees or directors;

(2) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;

(3) that would be taxable, but for the US REIT provisions of the IRC, as an ordinary corporation organised in the United States;

(4) that is not a financial institution or an insurance company subject to special provisions of the IRC;

(5) the beneficial ownership of which is held by 100 or more persons; and

(6) that is not more than 50% in value owned, directly or indirectly, by five or fewer individuals (including natural persons and specified benefit plans, foundations, and charitable trusts).

The IRC provides that conditions (1) through (4) must be met during the entire taxable year, that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months, and that neither condition (5) nor (6) need to have been met during a company's first taxable year as a REIT. The Parent US REIT and each Sub-US REIT will issue to more than 100 individuals preferred shares that are subject to transfer restrictions to ensure compliance with condition (5)[1]. These individuals will be unrelated to the Sponsors. The preferred shares will be entitled to a fixed coupon but do not carry any voting rights. To help comply with condition (6), the Deed of Trust restricts transfers of Units that would otherwise result in concentrated ownership positions. See "The Formation and Structure of Keppel-KBS US REIT – The Trust Deed – Restriction on Ownership of the Units" for further details.

Income Tests

There are two gross income requirements for qualification as a US REIT under the IRC:

(1) At least 75% of a US REIT's gross income (excluding gross income from prohibited transactions and specified other items) for each taxable year must be derived directly or indirectly from investments relating to real property, including "rents from real property" as defined under Section 856 of the IRC (which may also include certain recoveries income), interest and gain from mortgages on real property, gain from the sale or other disposition of real property other than dealer property, or dividends and gain from shares in other REITs. In addition, income attributable to the temporary investment of new capital is generally also qualifying income under the 75% gross income test if specified requirements are met; and

(2) At least 95% of a US REIT's gross income (excluding gross income from prohibited transactions and specified other items) for each taxable year must be derived from investments relating to real property that satisfy the 75% gross income test, dividends, interest, and gain from the sale or disposition of stock or securities.

These two gross income tests are complementary. The 75% gross income test ensures that most of the revenue of a US REIT is generated from real estate activities, while the 95% gross income test ensures that virtually all of the revenue of a US REIT is passive in nature (including income from real estate activities that satisfies the 75% gross income test).

In order for rents to qualify as "rents from real property", several requirements must be met:

- 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.

- A US REIT must not own 10.0% or more by vote or value of the tenant, whether directly or after application of attribution rules, except in the case of rent received by a US REIT from its TRS where (i) at least 90.0% of the leased space of a property is leased to tenants other than TRSs and 10.0% affiliated tenants, and (ii) the TRS's rent for space at that property is

1 Each US REIT is able to monitor and manage that it has at least 100 shareholders as the only redemption provisions for these shareholders are entirely within the control of each US REIT. Specifically, to ensure that the number of shareholders of each US REIT is at least 100 persons, the Certificate of Incorporation of each US REIT provides that any transfer of shares that would cause there to be fewer than 100 beneficial owners of shares is null and void *ab initio*. Transfers of shares are not effective until the transferor and transferee deliver to the board of directors of the applicable US REIT an instrument in form and substance satisfactory to such board of directors representing that the transfer complies with applicable law and the Certificate of Incorporation, which includes the restriction that transfers that result in the US REIT having fewer than 100 shareholders is null and void *ab initio*. In addition, each US REIT also has the right to require all record and beneficial owners of shares to provide such information as the US REIT may reasonably request to ascertain compliance with the restrictions of the Certificate of Incorporation and the beneficial owners of the shares. Material terms of the preferred shares are disclosed in "Overview – Structure of Keppel-KBS US REIT – Overview of US REIT Structure".

substantially comparable to the rents paid by non-affiliated tenants for comparable space at the property, or in other circumstances where the subject property is a qualified health care property or a qualified lodging facility.

- A US REIT must not furnish or render services other than "customary" services to the tenants of the property, except through an independent contractor from whom it derives no income or through its TRS. TRSs are subsidiaries of US REITs that are generally permitted to undertake activities that the US REIT rules might prohibit a US REIT from performing directly. The Lower Tier Sub-US REITs may form one or more TRSs in order to perform non-customary services. A *de minimis* amount of non-customary services provided to tenants will not disqualify income as "rents from real property" so long as the value of the impermissible tenant services does not exceed 1% of the gross income from the property.

- If rent attributable to personal property leased in connection with a lease of real property is 15% or less of the total rent received under the lease, then the rent attributable to personal property will qualify as "rents from real property"; if this 15% threshold is exceeded, the rent attributable to personal property will not so qualify. The portion of rental income treated as attributable to personal property is determined according to the ratio of the fair market value of the personal property to the total fair market value of the real and personal property that is rented.

The Manager believes that (based on the current tenant portfolio) none of the rent received by the Lower Tier Sub-US REITs should be treated as based on the income or profits of any person, including tenants' payments of pass-through charges, such as the cost of utilities, property taxes, and similar items that may be calculated by reference to net expense or avoided expense of the Lower Tier Sub-US REIT. It is thus anticipated that substantially all of the revenue of the Lower Tier Sub-US REITs will consist of rental income from the Properties that will qualify as "rents from real property". Substantially all of the Upper Tier Sub-US REITs and the Parent US REIT's revenue is expected to be dividends received from the Sub-US REITs respectively. Assuming the Sub-US REITs qualify as US REITs, such dividends will constitute qualifying income to the Upper Tier Sub-US REIT, and dividends from the Upper Tier Sub-US REIT to the Parent US REIT will also constitute qualifying income to the Parent US REIT for purposes of both the 75% and 95% gross income tests. As such, the Parent US REIT and each Sub-US REIT is expected to satisfy the 75% and 95% gross income tests outlined above on a continuing basis beginning with its first taxable year that it intends to qualify as a US REIT.

If the Parent US REIT or a Sub-US REIT fails to satisfy one or both of the 75% gross income test or the 95% gross income test for any taxable year, it may nevertheless qualify as a US REIT for such year if it is entitled to relief under certain provisions of the IRC. As discussed above in "General," even if these relief provisions were to apply, a tax would be imposed to the extent of the infraction.

Asset Tests

At the close of each quarter of its taxable year, a US REIT must also satisfy five tests relating to the nature of its assets.

(1) At least 75% of the value of a US REIT's total assets must be represented by real estate assets (which includes ancillary personal property leased in connection with real property to the extent that the rents attributable to such personal property are treated as rents from real property in accordance with the rules described above), shares in US REITs, cash and cash items, government securities, and temporary investments of new capital meeting specified requirements.

(2) Not more than 25% of a US REIT's total assets may be represented by securities other than those in the 75% asset class.

(3) Not more than 25% (20% beginning in 2018) of the value of a US REIT's total assets may be represented by stock or securities of TRSs.

(4) Of the investments not included in the 75% asset class, the value of any one issuer's securities owned by a US REIT may not exceed 5% of the value of the US REIT's total assets, and a US REIT may not own more than 10% of the total voting power or 10% of the total value of one issuer's outstanding securities. The foregoing 5% and 10% limitations do not apply to the stock or other securities of another US REIT, or the equity or debt securities of a TRS.

(5) Not more than 25% of the value of a US REIT's total assets may be represented by "nonqualified publicly offered REIT debt instruments" as defined in Section 856(c)(5)(L)(ii) of the IRC.

The Parent US REIT and each Sub-US REIT is expected to satisfy the above asset tests on a continuing basis beginning with its first taxable year that it intends to qualify as a US REIT. If the Parent US REIT or a Sub-US REIT fails to satisfy any of the above asset tests, it may nevertheless qualify as a US REIT for such year if it is entitled to relief under certain provisions of the IRC. As discussed above in "General," even if these relief provisions were to apply, a tax would be imposed with respect to the excess net income.

Annual Distribution Requirements

US REITs are required to make annual distributions other than capital gain dividends in an amount at least equal to the excess of:

(1) the sum of 90.0% of their "real estate investment trust taxable income" and 90.0% of their net income after tax, if any, from property received in foreclosure, over

(2) the amount by which their non-cash income exceeds 5.0% of their "real estate investment trust taxable income."

For these purposes, "real estate investment trust taxable income" is as defined under the IRC. The distributions must generally be paid in the taxable year to which they relate, or in the following taxable year if declared before the US REIT timely files its federal income tax return for the earlier taxable year and if paid on or before the first regular distribution payment after that declaration. US REITs are subject to a 4% non-deductible excise tax to the extent they fail within a calendar year to distribute 85% of their ordinary income and 95% of their capital gain net income plus the excess, if any, of the "grossed up required distribution" for the preceding calendar year over the amount treated as distributed for that preceding calendar year.

If the Parent US REIT or a Sub-US REIT does not have cash available for distribution, Singapore Sub 1 or the Parent US REIT may receive a consent dividend in excess of any actual distribution of cash or other property that it receives from Parent US REIT or the Sub-US REIT, respectively and as applicable. A consent dividend will be treated in all respects as a regular dividend paid by Parent US REIT or the Sub-US REIT, as applicable, and received by Singapore Sub 1 or the Parent US REIT, respectively, except that no cash will be distributed in respect of the consent dividend. Following a consent dividend, the amount deemed distributed less any amounts withheld (as discussed below) will be treated as though it were contributed back to Parent US REIT or the Sub-US REIT, as applicable, by Singapore Sub 1 or the Parent US REIT, respectively. Alternatively, the Parent US REIT or a Sub-US REIT may borrow funds to satisfy the distribution requirements.

Failure to Qualify as a US REIT

If the Parent US REIT or a Sub-US REIT fails to qualify for taxation as a US REIT in any taxable year and no relief provisions apply, it will be subject to US federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates, currently 35%, as well as state income tax. Distributions in any year in which the Parent US REIT or a Sub-US REIT fails to qualify as a US REIT will not be deductible by such entity, nor will they be required to be made. In such event, to the extent of current and accumulated earnings and profits, all distributions will be taxable as ordinary dividends. Unless entitled to relief under specific statutory provisions, a US REIT is disqualified from taxation as a US REIT under the IRC for the four taxable years following the year during which qualification was lost. Such disqualification would adversely affect Keppel-KBS US REIT's ability to make distributions to Unitholders.

Other Tax Considerations

The Parent US REIT and the Sub-US REITs may also be subject to income or property taxation by state or local jurisdictions. State and local tax consequences may not be comparable to the federal income tax consequences discussed above.

US Federal Income Taxation of Unitholders on Disposition of Units

Gain on sale of Units by a Unitholder that is not a US person ("**Non-US Unitholder**") will not be subject to US federal income taxation unless (i) the Non-US Unitholder's investment in the Units is effectively connected with its conduct of a trade or business in the United States (and, if provided by an applicable income tax treaty, is attributable to a permanent establishment or fixed base the Non-US Unitholder maintains in the United States), (ii) the Non-US Unitholder is present in the United States for 183 days or more in the taxable year of the sale and other specified conditions are met, or (iii) the Non-US Unitholder is subject to US federal income tax pursuant to the provisions of the US tax law applicable to US expatriates.

If the gain on the sale of Units were subject to US federal income taxation, the Unitholder would generally recognise gain or loss equal to the difference between the amount realised and the Unitholder's adjusted basis in its Units that are sold or exchanged. This gain or loss would be capital gain or loss, and would be long-term capital gain or loss if the Unitholder's holding period in its Units exceeds one year. In addition, a corporate Non-US Unitholder may be subject to the branch profits tax under Section 884 of the IRC.

US Federal Income Taxation of Distributions from Parent US REIT To Singapore Sub 1

A distribution by the Parent US REIT to Singapore Sub 1 (which has filed an election to confirm its classification as a corporation for US federal income tax purposes) that is not attributable to gain from the sale or exchange of a United States real property interest and that is not designated as a capital gain dividend, including a deemed distribution such as a consent dividend, will be treated as an ordinary income dividend to the extent that it is made out of current or accumulated earnings and profits. A distribution of this type will generally be subject to US federal income tax and withholding at a rate of 30%. Because the Parent US REIT cannot determine its current and accumulated earnings and profits until the end of its taxable year, withholding at the rate of 30% will generally be imposed on the gross amount of any distribution to Singapore Sub 1 that the Parent US REIT makes and does not designate as a capital gain dividend. Notwithstanding this withholding on distributions in excess of Parent US REIT's current and accumulated earnings and profits, these distributions are a non-taxable return of capital to the extent that they do not exceed Singapore Sub 1's adjusted basis in its Parent US REIT units, and the non-taxable return of capital will reduce the adjusted basis in those units. Singapore Sub 1 may seek a refund from the IRS of amounts withheld on distributions to it in excess of the Parent US REIT's current and accumulated earnings and profits, provided that the applicable withholding agent has properly deposited the withheld tax with the IRS.

For any year in which the Parent US REIT qualifies as a US REIT, distributions that are attributable to gain from the sale or exchange of a United States real property interest will be taxed to Singapore Sub 1 as if these distributions were gains effectively connected with a trade or business in the United States conducted by Singapore Sub 1. Accordingly, Singapore Sub 1 (i) will be taxed on these amounts at the normal capital gain and other tax rates applicable to a US corporation, subject to any applicable alternative minimum tax, (ii) will be required to file a US federal income tax return reporting these amounts, even if applicable withholding is imposed as described below, and (iii) it may owe the 30% branch profits tax under Section 884 of the IRC in respect of these amounts. The 30% branch profits tax will not apply to distributions of proceeds from the sale of the stock of a Sub-US REIT by Parent US REIT. The Parent US REIT will be required to withhold tax from distributions to Singapore Sub 1, and remit to the IRS, 35% of the maximum amount of any such distribution that could be designated as a capital gain dividend. The amount of any tax withheld will be creditable against Singapore Sub 1's US federal income tax liability, and Singapore Sub 1 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.

Distributions by Keppel-KBS US REIT to a Non-US Unitholder attributable to distributions received from Singapore Sub 1 will not be subject to US federal income taxation unless (i) the Non-US Unitholder's investment in the Units is effectively connected with its conduct of a trade or business in the United States (and, if provided by an applicable income tax treaty, is attributable to a permanent establishment or fixed base the Non-US Unitholder maintains in the United States) or (ii) the Non-US Unitholder is subject to US federal income tax pursuant to the provisions of the US tax law applicable to US expatriates.

US Federal Income Taxation of Interest Payments from the Parent US REIT to Singapore Sub 2

Considerations Affecting Unitholders

Singapore Sub 2 will be disregarded as separate from Keppel-KBS US REIT for US federal income tax purposes pursuant to an entity classification election filed with the IRS. Interest payments to Singapore Sub 2 will therefore be treated as being received by Keppel-KBS US REIT. As discussed below, Keppel-KBS US REIT will be treated as a partnership for US federal income tax purpose. As such, for US federal income tax purposes, each Unitholder will be required to take into account for US federal income tax purposes its allocable share of interest payments from the Parent US REIT.

Interest payments from the Parent US REIT to Singapore Sub 2 attributable to the loan from Singapore Sub 2 will not be subject to US federal income tax or the 30% withholding requirement to the extent the interest qualifies as "portfolio interest." The interest will qualify as portfolio interest with respect to any Non-US Unitholder provided that (i) the beneficial owner does not actually or constructively own 10% or more of the total combined voting power of all classes of Units entitled to vote, (ii) the beneficial owner is not a controlled foreign corporation to which Parent US REIT is a "related person" within the meaning of the IRC, (iii) the beneficial owner has provided a statement signed under penalties of perjury that includes its name and address and certifies that it is a Non-US Unitholder in compliance with applicable requirements, on an applicable IRS Form W-8. In addition to providing an IRS Form W-8, to avoid withholding on its share of interest payments, each Unitholder must provide Keppel-KBS US REIT with the signed certifications in Appendix I.

Interest received that does not qualify as portfolio interest will generally be subject to US federal income tax and withholding at a rate of 30% (or a lower applicable tax treaty rate) unless received by Singapore Sub 2 in respect of (i) a Non-US Unitholder whose investment in the Units is effectively connected with its conduct of a trade or business in the United States or (ii) a Unitholder that is a US person. Such Unitholders will be subject to tax with respect to interest from the Parent US REIT as ordinary income, and a corporate Non-US Unitholder may be subject to the branch profits tax under Section 884 of the IRC.

Considerations Affecting Parent US REIT

There are limitations on the amount of deductible interest expense in numerous circumstances. For example, interest is only deductible when paid, the loan from Singapore Sub 2 must be treated as debt for US tax purposes, if the interest rate exceeds certain thresholds, a portion may be deferred or permanently nondeductible, and in any year in which the Parent US REIT's debt to equity ratio exceeds 1.5 to 1 (measured using the US adjusted basis of Parent US REIT's assets) at the close of its taxable year, the Parent US REIT generally will be denied an interest deduction to the extent its net interest expense for the taxable year exceeds 50 percent of its adjusted taxable income for the taxable year.

Parent US REIT intends to comply with the transfer pricing regulations applicable to interest payable to Singapore Sub 2.

In addition, because the Loan Subsidiaries and Parent US REIT are under common control, the IRS could seek to reallocate gross income and deductions between a Loan Subsidiary and the Parent US REIT if it determines that the rate of interest charged is not at arm's length. In order to prevent such reallocation, Parent US REIT intends to comply with the transfer pricing regulations applicable to interest payable to the Loan Subsidiaries. In addition, Parent US REIT intends to comply with current and proposed guidance to ensure that the loans from the Loan Subsidiaries are respected as bona fide debt.

Classification of Keppel-KBS US REIT as a Partnership for US Federal Income Tax Purposes

Although Keppel-KBS US REIT will be organised as a trust in Singapore, it has elected to be treated as a partnership for US federal income tax purposes. While publicly traded partnerships are generally taxable as corporations under applicable US tax rules, an exception exists with respect to publicly traded partnerships that would not be a regulated investment company were it organised as a US corporation and of which 90.0% or more of the gross income for every taxable year consists of "qualifying income." Qualifying income includes, among other things, income and gains derived from (i) interest (other than that from a financial business), (ii) dividends, (iii) the sale of real property and (iv) the sale or other disposition of capital assets that otherwise produce qualifying income. Keppel-KBS US REIT expects it will meet both of these requirements and will therefore be taxable as a partnership.

Keppel-KBS US REIT as a Withholding Foreign Partnership

Keppel-KBS US REIT has entered into an agreement with the IRS to be a withholding foreign partnership ("**WFP**") for US federal income tax purposes. Under the agreement, Keppel-KBS US REIT intends to assume primary withholding responsibility with respect to distributions it makes to Unitholders. The withholding partnership agreement expands the scope of payments for which Keppel-KBS US REIT can act as a withholding partnership to reportable amounts. As a result, documentation collected by Keppel-KBS US REIT from Non-US Unitholders is retained and does not get transferred by Keppel-KBS US REIT to other funds, portfolio companies, up-stream withholding agents, or the IRS, and US tax reporting and compliance will thus be simplified.

As a WFP, Keppel-KBS US REIT also must agree to assume certain obligations, including applying the appropriate US withholding tax amounts to all partners. The Parent US REIT will generally pay all interest to Singapore Sub 2 in the gross amount (that is, without reduction for any US withholding taxes). Similarly, Singapore Sub 1 and Singapore Sub 2 will generally pay all dividends to Keppel-KBS US REIT in the gross amount. Keppel-KBS US REIT will then be required to apply the appropriate amount of withholding tax based on the type of income received and the specific makeup of the Unitholders. Keppel-KBS US REIT may be liable for any under-withholding.

FATCA

Non-United States financial institutions and other non-United States entities are subject to diligence and reporting requirements for purposes of identifying accounts and investments held directly or indirectly by United States persons. The failure to comply with these additional information reporting, certification and other requirements could result in a 30% withholding tax on applicable payments to non-United States persons. Pursuant to the Singapore IGA Legislation, CDP and CDP depository agents may be required to withhold 30 percent of the gross amount of "withholdable payments" (generally allocable shares of income and proceeds from the sale or other disposition of interests, as defined in the IRC) paid or deemed paid to an FFI or to a nonfinancial foreign entity, unless (i) the FFI undertakes specified diligence and reporting obligations regarding ownership of its accounts by United States persons or (ii) the nonfinancial foreign entity either certifies it does not have any substantial US owners or furnishes identifying information regarding each substantial US owner, respectively. FFIs located in jurisdictions that have an intergovernmental agreement with the United States with respect to these requirements may be subject to different rules. The foregoing withholding regime is now in effect for payments from sources within the United States but, according to recent administrative guidance, will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2019. Non-US Unitholders should consult with their tax adviser regarding foreign account tax compliance. (See "Overview of Relevant Laws and Regulations in the United States – FATCA Rules" for further details.)

Partnership Information Returns and Audit Procedures

Keppel-KBS US REIT intends to make available to each Unitholder that is a United States person, after the close of each taxable year, required tax information, which sets forth each Unit's share of Keppel-KBS US REIT's income, gain, loss and deduction for the preceding taxable year. The IRS may audit the federal income tax information returns filed by Keppel-KBS US REIT (if any). Adjustments resulting from any such audit may require each partner to adjust a prior year's tax liability.

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. Under these procedures, if the IRS makes audit adjustments to Keppel-KBS US REIT's income tax information returns, it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from Keppel-KBS US REIT. Generally, instead of paying any taxes itself, Keppel-KBS US REIT may elect to have any adjustments to its taxable income passed through to those persons who held Units during the tax year under audit in proportion to their unitholdings in Keppel-KBS US REIT during the tax year under audit, but there can be no assurance that such election will be effective in all circumstances. If Keppel-KBS US REIT does not or is unable to make this election, then the Unitholders at the time of the audit may bear some or all of the tax liability resulting from such audit adjustment, even if such Unitholders did not own Units during the tax year under audit. If, as a result of any such audit adjustments, Keppel-KBS US REIT is required to make payments of taxes, penalties and interest, its cash available for distribution to Unitholders might be reduced.

PLAN OF DISTRIBUTION

The Manager is making an offering of 262,772,400 Units representing 41.8% of the total number of Units in issue after the Offering) for subscription at the Offering Price under the Placement Tranche and the Public Offer. 228,681,800 Units will be offered under the Placement Tranche and 34,090,600 Units will be offered under the Public Offer. Units may be re-allocated between the Placement Tranche and the Public Offer at the discretion of the Joint Bookrunners (in consultation with the Manager), subject to the minimum unitholding and distribution requirements of the SGX-ST, in the event of an excess of applications in one and a deficit in the other.

The Public Offer is open to members of the public in Singapore. Under the Placement Tranche, the Manager intends to offer the Units by way of an international placement through the Joint Bookrunners to investors, in offshore transactions as defined in and in reliance on Regulation S.

Subject to the terms and conditions set forth in the underwriting agreement entered into between the Manager, the Sponsors, GKP and the Joint Bookrunners on 2 November 2017 (the "**Underwriting Agreement**"), the Manager is expected to effect for the account of Keppel-KBS US REIT the issue of, and the Joint Bookrunners are expected to severally (and not jointly or jointly and severally) subscribe, or procure subscribers for, 509,137,800 Units (which includes the Units to be issued pursuant to the Offering, and the Cornerstone Units), in the proportions set forth opposite their respective names below.

Joint Bookrunners	Number of Units
DBS Bank Ltd.	193,472,364
Citigroup Global Markets Singapore Pte. Ltd.	117,101,694
Credit Suisse (Singapore) Limited	106,918,938
Merrill Lynch (Singapore) Pte. Ltd.	91,644,804
Total	**509,137,800**

The Units will be offered at the Offering Price. The Offering Price per Unit in the Placement Tranche and the Public Offer will be identical.

The Manager, the Sponsors and the Unit Lenders have agreed in the Underwriting Agreement to indemnify the Joint Bookrunners against certain liabilities. The obligations of KPA to the Joint Bookrunners under the Underwriting Agreement is guaranteed by GKP. The indemnity in the Underwriting Agreement contains a contribution clause which provides that where, in certain circumstances, the indemnification to the Joint Bookrunners is unavailable or insufficient, the Manager, the Sponsors and/or the Unit Lenders shall contribute to the amount paid or payable by such Joint Bookrunner as a result of any losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Manager, the Sponsors and/or the Unit Lenders on the one hand and the Joint Bookrunners on the other from the offering of the Units. If, however, such allocation provided by the immediately preceding sentence is not permitted by applicable law, then the Manager, the Sponsors and/or the Unit Lenders shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Manager, the Sponsors and/or the Unit Lenders on the one hand and the Joint Bookrunners on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Manager, the Sponsors and/or the Unit Lenders on the one hand and the Joint Bookrunners on the other shall be deemed to be in the same proportion as the total net proceeds from the offering of the Units subscribed for or purchased under the Underwriting Agreement (before deducting expenses) bear to the total underwriting discounts and commissions received by the Joint Bookrunners with respect to the Units purchased under the Underwriting Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Manager, the Sponsors and/or the Unit Lenders on the one hand or the Joint Bookrunners on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. No Joint Bookrunner shall be required to contribute any amount in excess of the amount by which the total price at which the Units underwritten by it and distributed to the public were offered to investors exceeds the amount of any damages which such Joint Bookrunner has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

The Underwriting Agreement also provides for the obligations of the Joint Bookrunners to subscribe or procure the subscription for the Units in the Offering subject to certain conditions contained in the Underwriting Agreement.

The Underwriting Agreement may be terminated by the Joint Bookrunners at any time prior to issue and delivery of the Units upon the occurrence of certain events including, among others, certain force majeure events pursuant to the terms of the Underwriting Agreement.

Each of the Joint Bookrunners and their associates may engage in transactions with, and perform services for, the Trustee, the Manager, the Sponsors and Keppel-KBS US REIT in the ordinary course of business and have engaged, and may in the future engage, in commercial banking, investment banking transactions and/or other commercial transactions with the Trustee, the Manager, the Sponsors and Keppel-KBS US REIT, for which they have received or made payment of, or may in the future receive or make payment of, customary compensation.

Without prejudice to the generality of the foregoing, and in addition to their role as Joint Bookrunners pursuant to the Underwriting Agreement, and the role of DBS Bank Ltd. as Sole Financial Adviser and Issue Manager and the role of Merrill Lynch (Singapore) Pte. Ltd. as Stabilising Manager, the Joint Bookrunners intend to pre-fund part of the proceeds raised from the Offering and the Cornerstone Units, which together with the proceeds from the issuance of the Relevant Entities Units will be used by Keppel-KBS US REIT to partially finance the acquisition of the Properties. Keppel-KBS US REIT intends to use part of the proceeds from the Offering and the issuance of Cornerstone Units to repay the Joint Bookrunners for such pre-funded amounts. See "Use of Proceeds" for further details.

Each of the Joint Bookrunners and their associates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers in the ordinary course of business, and such investment and securities activities may involve securities and instruments, including Units. The Joint Bookrunners and their associates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to their clients that they acquire, long and/or short positions in such securities and instruments.

OVER-ALLOTMENT AND STABILISATION

The Unit Lenders have granted the Over-Allotment Option to the Joint Bookrunners for the purchase from the Unit Lenders up to an aggregate of 31,428,200 Units at the Offering Price. The number of Units subject to the Over-Allotment Option will not be more than 12.0% of the number of Offering Units under the Placement Tranche and the Public Offer. The Stabilising Manager (or any of its affiliates or other persons acting on its behalf), in consultation with the other Joint Bookrunners, may exercise the Over-Allotment Option in full or in part, on one or more occasions, to acquire from the Unit Lenders, in any proportion between them as may be determined by the Stabilising Manager in consultation with the other Joint Bookrunners, up to an aggregate of 31,428,200 Units at the Offering Price, representing not more than 12.0% of the total number of Units in the Offering solely to cover the over-allotment of Units (if any) made in connection with the Offering. The Over-Allotment Option is exercisable from the Listing Date but no later than the earliest of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought, on the SGX-ST, an aggregate of 31,428,200 Units, representing 12.0% of the total number of Units in the Offering, to undertake stabilising actions to purchase up to an aggregate of 31,428,200 Units representing 12.0% of the total number of Units in the Offering), at the Offering Price. In connection with the Over-Allotment Option, the Stabilising Manager and the Unit Lenders have entered into a unit lending agreement (the "**Unit Lending Agreement**") dated 2 November 2017 pursuant to which the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) may borrow up to an aggregate of 31,428,200 Units from the Unit Lenders for the purpose of facilitating settlement of the over-allotment of Units in connection with the Offering. The Stabilising Manager (or any of its affiliates or other persons acting on its behalf) will re-deliver to the Unit Lenders such number of Units which have not been purchased pursuant to the exercise of the Over-Allotment Option.

In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) may, in consultation with the other Joint Bookrunner and at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations hereunder. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) will undertake stabilising action. Any profit after expenses derived, or any loss sustained as a consequence of the exercise of the Over-Allotment Option or the undertaking of any stabilising activities shall be for the account of the Joint Bookrunners.

None of the Manager, the Sponsors, the Unit Lenders, the Joint Bookrunners or the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) makes any representation or prediction as to the magnitude of any effect that the transactions described above may have on the price of the Units. In addition, none of the Manager, the Sponsors, the Unit Lenders, the Joint Bookrunners or the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) makes any representation that the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). The Stabilising Manager will be required to make a public announcement via SGXNET in relation to the total number of Units purchased by the Stabilising Manager (or any of its affiliates or other persons acting on its behalf), not later than 12.00 noon on the next trading day of the SGX-ST after the transactions are effected. The Stabilising Manager will also be required to make a public announcement through the SGX-ST in relation to the cessation of stabilising action and the number of Units in respect of which the Over-Allotment Option has been exercised not later than 8.30 a.m. on the next trading day of the SGX-ST after the cessation of stabilising action.

LOCK-UP ARRANGEMENTS

KCIH

Subject to the exceptions described below, KCIH has agreed with the Joint Bookrunners that it will not during the First Lock-up Period, directly or indirectly:

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise dispose of or transfer, any or all of its effective interest in the KCIH Lock-up Units (including any interests or securities convertible into or exercisable or exchangeable for any KCIH Lock-up Units or which carry rights to subscribe for or purchase any such KCIH Lock-up Units);

(b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the KCIH Lock-up Units (including any securities convertible into or exercisable or exchangeable for any KCIH Lock-up Units or which carry rights to subscribe for or purchase any such KCIH Lock-up Units);

(c) enter into any transaction (including a derivative transaction) or other arrangement with a similar economic effect to the foregoing sub-paragraph (a) or (b);

(d) deposit any of its effective interest in the KCIH Lock-up Units (including any securities convertible into or exercisable or exchangeable for any KCIH Lock-up Units or which carry rights to subscribe for or purchase any such KCIH Lock-up Units) in any depository receipt facility;

(e) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

(f) publicly announce any intention to do any of the above,

whether any such transaction described in sub-paragraphs (a) to (e) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed within or after the First Lock-up Period or the Second Lock-up Period, and the same restrictions will apply in respect of its effective interest in 50.0% of the KCIH Lock-up Units (adjusted for any bonus issue or subdivision) during the Second Lock-up Period.

The restrictions described in the preceding paragraph do not apply to prohibit KCIH from:

(i) being able to create a charge over the KCIH Lock-up Units or otherwise grant of security over or creation of any encumbrance over the KCIH Lock-up Units, provided that such charge, security or encumbrance (i) cannot be enforced over any KCIH Lock-up Units during the First Lock-up Period, and (ii) can only be enforced with respect to 50.0% of the effective interest in the KCIH Lock-up Units during the Second Lock-up Period. The charge, security or encumbrance will only be created if the chargee (such as a bank or financial institution) agrees that the charge, security or encumbrance over the KCIH Lock-up Units cannot be enforced over 100.0% of the KCIH Lock-up Units during the First Lock-up Period and can only be enforced in relation to 50.0% of the effective interest in the KCIH Lock-up Units during the Second Lock-up Period;

(ii) entering into the Unit Lending Agreement with the Joint Bookrunners or any sale or transfer of the KCIH Lock-up Units by KCIH pursuant to the exercise of the Over-Allotment Option; and

(iii) being able to transfer the KCIH Lock-up Units to and between Keppel Corporation Limited or any direct or indirect wholly-owned subsidiaries of Keppel Corporation Limited, provided that Keppel Corporation Limited shall, during the First Lock-up Period, maintain a direct or indirect interest in 100.0% of the KCIH Lock-up Units and, during the Second Lock-up Period, maintain a direct or indirect interest in 50.0% of the KCIH Lock-up Units and Keppel Corporation Limited has procured that such transferee subsidiaries have executed and delivered to the Joint Bookrunners undertakings to the effect that such transferee subsidiaries will comply with such restrictions so as to enable KCIH to comply with the foregoing restrictions for the unexpired period of the First Lock-up Period and the Second Lock-up Period.

If, for any reason, the Listing Date does not take place within six months of the date of this Prospectus, the lock-up arrangements described above will be terminated. For the avoidance of doubt, any Units returned to KCIH pursuant to the Unit Lending Agreement shall be subject to the lock-up arrangements described above.

KC

Subject to the exceptions described below, KC has agreed with the Joint Bookrunners that it will not during the First Lock-up Period, directly or indirectly:

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise dispose of or transfer, any or all of its effective interest in the KCIH Lock-up Units (including any interests or securities convertible into or exercisable or exchangeable for any KCIH Lock-up Units or which carry rights to subscribe for or purchase any such KCIH Lock-up Units);

(b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the KCIH Lock-up Units (including any securities convertible into or exercisable or exchangeable for any KCIH Lock-up Units or which carry rights to subscribe for or purchase any such KCIH Lock-up Units);

(c) enter into any transaction (including a derivative transaction) or other arrangement with a similar economic effect to the foregoing sub-paragraph (a) or (b);

(d) deposit any of its effective interest in the KCIH Lock-up Units (including any securities convertible into or exercisable or exchangeable for any KCIH Lock-up Units or which carry rights to subscribe for or purchase any such KCIH Lock-up Units) in any depository receipt facility;

(e) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

(f) publicly announce any intention to do any of the above,

whether any such transaction described in sub-paragraphs (a) to (e) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed within or after the First Lock-up Period or the Second Lock-up Period, and the same restrictions will apply in respect of its effective interest in 50.0% of the KCIH Lock-up Units (adjusted for any bonus issue or subdivision) during the Second Lock-up Period.

The restrictions described in the preceding paragraph do not apply to prohibit:

(i) KC from being able to create a charge over the KCIH Lock-up Units or otherwise grant of security over or creation of any encumbrance over the KCIH Lock-up Units, provided that such charge, security or encumbrance (i) cannot be enforced over any KCIH Lock-up Units during the First Lock-up Period, and (ii) can only be enforced with respect to 50.0% of the effective interest in the KCIH Lock-up Units during the Second Lock-up Period. The charge, security or encumbrance will only be created if the chargee (such as a bank or financial institution) agrees that the charge, security or encumbrance over the KCIH Lock-up Units cannot be enforced over 100.0% of the KCIH Lock-up Units during the First Lock-up Period and can only be enforced in relation to 50.0% of the effective interest in the KCIH Lock-up Units during the Second Lock-up Period;

(ii) KCIH from entering into the Unit Lending Agreement with the Joint Bookrunners or any sale or transfer of the KCIH Lock-up Units by KCIH pursuant to the exercise of the Over-Allotment Option; and

(iii) KC from being able to transfer the KCIH Lock-up Units to and between any direct or indirect wholly-owned subsidiaries of Keppel Corporation Limited, provided that Keppel Corporation Limited shall, during the First Lock-up Period, maintain a direct or indirect interest in 100.0% of the KCIH Lock-up Units and, during the Second Lock-up Period, maintain a direct or indirect interest in 50.0% of the KCIH Lock-up Units and Keppel Corporation Limited has procured that such transferee subsidiaries have executed and delivered to the Joint Bookrunners undertakings to the effect that such transferee subsidiaries will comply with such restrictions so as to enable KC to comply with the foregoing restrictions for the unexpired period of the First Lock-up Period and the Second Lock-up Period.

If, for any reason, the Listing Date does not take place within six months of the date of this Prospectus, the lock-up arrangements described above will be terminated. For the avoidance of doubt, any Units returned to KCIH pursuant to the Unit Lending Agreement shall be subject to the lock-up arrangements described above.

KBS SORP LLC

Subject to the exceptions described below, KBS SORP LLC has agreed with the Joint Bookrunners that it will not during the First Lock-up Period, directly or indirectly:

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise dispose of or transfer, any or all of its effective interest in the KBS SORP LLC Lock-up Units (including any interests or securities convertible into or exercisable or exchangeable for any KBS SORP LLC Lock-up Units or which carry rights to subscribe for or purchase any such KBS SORP LLC Lock-up Units);

(b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the KBS SORP LLC Lock-up Units (including any securities convertible into or exercisable or exchangeable for any KBS SORP LLC Lock-up Units or which carry rights to subscribe for or purchase any such KBS SORP LLC Lock-up Units);

(c) enter into any transaction (including a derivative transaction) or other arrangement with a similar economic effect to the foregoing sub-paragraph (a) or (b);

(d) deposit any of its effective interest in the KBS SORP LLC Lock-up Units (including any securities convertible into or exercisable or exchangeable for any KBS SORP LLC Lock-up Units or which carry rights to subscribe for or purchase any such KBS SORP LLC Lock-up Units) in any depository receipt facility;

(e) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

(f) publicly announce any intention to do any of the above,

whether any such transaction described in sub-paragraphs (a) to (e) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed within or after the First Lock-up Period or the Second Lock-up Period, and the same restrictions will apply in respect of its effective interest in 50.0% of the KBS SORP LLC Lock-up Units (adjusted for any bonus issue or subdivision) during the Second Lock-up Period.

The restrictions described in the preceding paragraph do not apply to prohibit KBS SORP LLC from:

(i) being able to create a charge over the KBS SORP LLC Lock-up Units or otherwise grant of security over or creation of any encumbrance over the KBS SORP LLC Lock-up Units, provided that such charge, security or encumbrance (i) cannot be enforced over any KBS SORP LLC Lock-up Units during the First Lock-up Period, and (ii) can only be enforced with respect to 50.0% of the effective interest in the KBS SORP LLC Lock-up Units during the Second Lock-up Period. The charge, security or encumbrance will only be created if the chargee (such as a bank or financial institution) agrees that the charge, security or encumbrance over the KBS SORP LLC Lock-up Units cannot be enforced over 100.0% of the KBS SORP LLC Lock-up Units during the First Lock-up Period and can only be enforced in relation to 50.0% of the effective interest in the KBS SORP LLC Lock-up Units during the Second Lock-up Period;

(ii) entering into the Unit Lending Agreement with the Joint Bookrunners or any sale or transfer of the KBS SORP LLC Lock-up Units by KBS SORP LLC pursuant to the exercise of the Over-Allotment Option; and

(iii) being able to transfer the KBS SORP LLC Lock-up Units to and between KBS SORP LLC or any direct or indirect wholly-owned subsidiaries of KBS SORP LLC, provided that KBS SORP LLC shall, during the First Lock-up Period, maintain a direct or indirect interest in 100.0% of the KBS SORP LLC Lock-up Units and, during the Second Lock-up Period, maintain a direct or indirect interest in 50.0% of the KBS SORP LLC Lock-up Units and KBS SORP LLC has procured that such transferee subsidiaries have executed and delivered to the Joint Bookrunners undertakings to the effect that such transferee subsidiaries will comply with such restrictions so as to enable KBS SORP LLC to comply with the foregoing restrictions for the unexpired period of the First Lock-up Period and the Second Lock-up Period.

If, for any reason, the Listing Date does not take place within six months of the date of this Prospectus, the lock-up arrangements described above will be terminated. For the avoidance of doubt, any Units returned to KBS SORP LLC pursuant to the Unit Lending Agreement shall be subject to the lock-up arrangements described above.

KBS BVI

Subject to the exceptions described below, KBS BVI has agreed with the Joint Bookrunners that it will not during the First Lock-up Period, directly or indirectly:

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise dispose of or transfer, any or all of its effective interest in the KBS SORP LLC Lock-up Units (including interests or any securities convertible into or exercisable or exchangeable for any KBS SORP LLC Lock-up Units or which carry rights to subscribe for or purchase any such KBS SORP LLC Lock-up Units);

(b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the KBS SORP LLC Lock-up Units (including any securities convertible into or exercisable or exchangeable for any KBS SORP LLC Lock-up Units or which carry rights to subscribe for or purchase any such KBS SORP LLC Lock-up Units);

(c) enter into any transaction (including a derivative transaction) or other arrangement with a similar economic effect to the foregoing sub-paragraph (a) or (b);

(d) deposit any of its effective interest in the KBS SORP LLC Lock-up Units (including any securities convertible into or exercisable or exchangeable for any KBS SORP LLC Lock-up Units or which carry rights to subscribe for or purchase any such KBS SORP LLC Lock-up Units) in any depository receipt facility;

(e) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

(f) publicly announce any intention to do any of the above,

whether any such transaction described in sub-paragraphs (a) to (e) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed within or after the First Lock-up Period or the Second Lock-up Period, and the same restrictions will apply in respect of its effective interest in 50.0% of the KBS SORP LLC Lock-up Units (adjusted for any bonus issue or subdivision) during the Second Lock-up Period.

The restrictions described in the preceding paragraph do not apply to prohibit:

(i) KBS BVI from being able to create a charge over the KBS SORP LLC Lock-up Units or otherwise grant of security over or creation of any encumbrance over the KBS SORP LLC Lock-up Units, provided that such charge, security or encumbrance (i) cannot be enforced over any KBS SORP LLC Lock-up Units during the First Lock-up Period, and (ii) can only be enforced with respect to 50.0% of the effective interest in the KBS SORP LLC Lock-up Units during the Second Lock-up Period. The charge, security or encumbrance will only be created if the chargee (such as a bank or financial institution) agrees that the charge, security or encumbrance over the KBS SORP LLC Lock-up Units cannot be enforced over 100.0% of the KBS SORP LLC Lock-up Units during the First Lock-up Period and can only be enforced in relation to 50.0% of the effective interest in the KBS SORP LLC Lock-up Units during the Second Lock-up Period;

(ii) KBS SORP LLC from entering into the Unit Lending Agreement with the Joint Bookrunners or any sale or transfer of the KBS SORP LLC Lock-up Units by KBS SORP LLC pursuant to the exercise of the Over-Allotment Option; and

(iii) KBS BVI from being able to transfer the KBS SORP LLC Lock-up Units to and between KBS BVI or any direct or indirect wholly-owned subsidiaries of KBS BVI, provided that KBS BVI shall, during the First Lock-up Period, maintain a direct or indirect interest in 100.0% of the KBS SORP LLC Lock-up Units and, during the Second Lock-up Period, maintain a direct or indirect interest in 50.0% of the KBS SORP LLC Lock-up Units and KBS BVI has procured that such transferee subsidiaries have executed and delivered to the Joint Bookrunners undertakings to the effect that such transferee subsidiaries will comply with such restrictions so as to enable KBS BVI to comply with the foregoing restrictions for the unexpired period of the First Lock-up Period and the Second Lock-up Period.

If, for any reason, the Listing Date does not take place within six months of the date of this Prospectus, the lock-up arrangements described above will be terminated. For the avoidance of doubt, any Units returned to KBS SORP LLC pursuant to the Unit Lending Agreement shall be subject to the lock-up arrangements described above.

KBS SOLP

Subject to the exceptions described below, KBS SOLP has agreed with the Joint Bookrunners that it will not during the First Lock-up Period, directly or indirectly:

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise dispose of or transfer, any or all of its effective interest in the KBS SORP LLC Lock-up Units (including any interests or securities convertible into or exercisable or exchangeable for any KBS SORP LLC Lock-up Units or which carry rights to subscribe for or purchase any such KBS SORP LLC Lock-up Units);

(b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the KBS SORP LLC Lock-up Units (including any securities convertible into or exercisable or exchangeable for any KBS SORP LLC Lock-up Units or which carry rights to subscribe for or purchase any such KBS SORP LLC Lock-up Units);

(c) enter into any transaction (including a derivative transaction) or other arrangement with a similar economic effect to the foregoing sub-paragraph (a) or (b);

(d) deposit any of its effective interest in the KBS SORP LLC Lock-up Units (including any securities convertible into or exercisable or exchangeable for any KBS SORP LLC Lock-up Units or which carry rights to subscribe for or purchase any such KBS SORP LLC Lock-up Units) in any depository receipt facility;

(e) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

(f) publicly announce any intention to do any of the above,

whether any such transaction described in sub-paragraphs (a) to (e) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed within or after the First Lock-up Period or the Second Lock-up Period, and the same restrictions will apply in respect of its effective interest in 50.0% of the KBS SORP LLC Lock-up Units (adjusted for any bonus issue or subdivision) during the Second Lock-up Period.

The restrictions described in the preceding paragraph do not apply to prohibit:

(i) KBS SOLP from being able to create a charge over the KBS SORP LLC Lock-up Units or otherwise grant of security over or creation of any encumbrance over the KBS SORP LLC Lock-up Units, provided that such charge, security or encumbrance (i) cannot be enforced over any KBS SORP LLC Lock-up Units during the First Lock-up Period, and (ii) can only be enforced with respect to 50.0% of the effective interest in the KBS SORP LLC Lock-up Units during the Second Lock-up Period. The charge, security or encumbrance will only be created if the chargee (such as a bank or financial institution) agrees that the charge, security or encumbrance over the KBS SORP LLC Lock-up Units cannot be enforced over 100.0% of the KBS SORP LLC Lock-up Units during the First Lock-up Period and can only be enforced in relation to 50.0% of the effective interest in the KBS SORP LLC Lock-up Units during the Second Lock-up Period;

(ii) KBS SORP LLC from entering into the Unit Lending Agreement with the Joint Bookrunners or any sale or transfer of the KBS SORP LLC Lock-up Units by KBS SORP LLC pursuant to the exercise of the Over-Allotment Option; and

(iii) KBS SOLP from being able to transfer the KBS SORP LLC Lock-up Units to and between any direct or indirect wholly-owned subsidiaries of KBSSOLP, provided that KBS SOLP shall, during the First Lock-up Period, maintain a direct or indirect interest in 100.0% of the KBS SORP LLC Lock-up Units and, during the Second Lock-up Period, maintain a direct or indirect interest in 50.0% of the KBS SORP LLC Lock-up Units and KBS SOLP has procured that such transferee subsidiaries have executed and delivered to the Joint Bookrunners undertakings to the effect that such transferee subsidiaries will comply with such restrictions so as to enable KBS SOLP to comply with the foregoing restrictions for the unexpired period of the First Lock-up Period and the Second Lock-up Period.

If, for any reason, the Listing Date does not take place within six months of the date of this Prospectus, the lock-up arrangements described above will be terminated. For the avoidance of doubt, any Units returned to KBS SORP LLC pursuant to the Unit Lending Agreement shall be subject to the lock-up arrangements described above.

KBS SOR

Subject to the exceptions described below, KBS SOR has agreed with the Joint Bookrunners that it will not during the First Lock-up Period, directly or indirectly:

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise dispose of or transfer, any or all of its effective interest in the KBS SORP LLC Lock-up Units (including any interests or securities convertible into or exercisable or exchangeable for any KBS SORP LLC Lock-up Units or which carry rights to subscribe for or purchase any such KBS SORP LLC Lock-up Units);

(b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the KBS SORP LLC Lock-up Units (including any securities convertible into or exercisable or exchangeable for any KBS SORP LLC Lock-up Units or which carry rights to subscribe for or purchase any such KBS SORP LLC Lock-up Units);

(c) enter into any transaction (including a derivative transaction) or other arrangement with a similar economic effect to the foregoing sub-paragraph (a) or (b);

(d) deposit any of its effective interest in the KBS SORP LLC Lock-up Units (including any securities convertible into or exercisable or exchangeable for any KBS SORP LLC Lock-up Units or which carry rights to subscribe for or purchase any such KBS SORP LLC Lock-up Units) in any depository receipt facility;

(e) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

(f) publicly announce any intention to do any of the above,

whether any such transaction described in sub-paragraphs (a) to (e) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed within or after the First Lock-up Period or the Second Lock-up Period, and the same restrictions will apply in respect of its effective interest in 50.0% of the KBS SORP LLC Lock-up Units (adjusted for any bonus issue or subdivision) during the Second Lock-up Period.

The restrictions described in the preceding paragraph do not apply to prohibit:

(i) KBS SOR from being able to create a charge over the KBS SORP LLC Lock-up Units or otherwise grant of security over or creation of any encumbrance over the KBS SORP LLC Lock-up Units, provided that such charge, security or encumbrance (i) cannot be enforced over any KBS SORP LLC Lock-up Units during the First Lock-up Period, and (ii) can only be enforced with respect to 50.0% of the effective interest in the KBS SORP LLC Lock-up Units during the Second Lock-up Period. The charge, security or encumbrance will only be created if the chargee (such as a bank or financial institution) agrees that the charge, security or encumbrance over the KBS SORP LLC Lock-up Units cannot be enforced over 100.0% of the KBS SORP LLC Lock-up Units during the First Lock-up Period and can only be enforced in relation to 50.0% of the effective interest in the KBS SORP LLC Lock-up Units during the Second Lock-up Period;

(ii) KBS SORP LLC from entering into the Unit Lending Agreement with the Joint Bookrunners or any sale or transfer of the KBS SORP LLC Lock-up Units by KBS SORP LLC pursuant to the exercise of the Over-Allotment Option; and

(iii) KBS SOR from being able to transfer the KBS SORP LLC Lock-up Units to and between any direct or indirect wholly-owned subsidiaries of KBS SOR, provided that KBS SOR shall, during the First Lock-up Period, maintain a direct or indirect interest in 100.0% of the KBS SORP LLC Lock-up Units and, during the Second Lock-up Period, maintain a direct or indirect interest in 50.0% of the KBS SORP LLC Lock-up Units and KBS SOR has procured that such transferee subsidiaries have executed and delivered to the Joint Bookrunners undertakings to the effect that such transferee subsidiaries will comply with such restrictions so as to enable KBS SOR to comply with the foregoing restrictions for the unexpired period of the First Lock-up Period and the Second Lock-up Period.

If, for any reason, the Listing Date does not take place within six months of the date of this Prospectus, the lock-up arrangements described above will be terminated. For the avoidance of doubt, any Units returned to KBS SORP LLC pursuant to the Unit Lending Agreement shall be subject to the lock-up arrangements described above.

The Manager

Subject to the exceptions described below, the Manager has agreed with the Joint Bookrunners that it will not during the First Lock-up Period, directly or indirectly:

(a) allot, issue, offer, pledge, sell, contract to issue or sell, sell any option or contract to subscribe or purchase, purchase any option or contract to issue or sell, grant any option, right or warrant to subscribe, purchase, lend, hypothecate, grant security over, encumber or otherwise dispose of any Units (or any securities convertible into or exercisable or exchangeable for any Units or which carry rights to subscribe for or purchase any Units);

(b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Units or any other securities of Keppel-KBS US REIT or any of its subsidiaries or any interest in any of the foregoing (including any securities convertible into or exercisable or exchangeable for any Units, or which carry rights to subscribe for or purchase Units or any other securities of Keppel-KBS US REIT or any of its subsidiaries);

(c) enter into any transaction (including a derivative transaction) or other arrangement with a similar economic effect to the foregoing sub-paragraph (a) or (b);

(d) deposit any Units (including any securities convertible into or exercisable or exchangeable for any Units or which carry rights to subscribe for or purchase any Units) in any depository receipt facility;

(e) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

(f) publicly announce any intention to do any of the above,

whether any such transaction described in sub-paragraphs (a) to (e) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed within or after the First Lock-up Period.

The restrictions described in the preceding paragraph do not apply to the issuance of (i) the Offering Units, (ii) the Lock-up Units, (iii) the Cornerstone Units, (iv) the Relevant Entities Subscription Units and (v) Units to the Manager in payment of any fees payable to the Manager under the Trust Deed or the sale of Units issued to the Manager as payment of any fees payable to the Manager under the Trust Deed.

If, for any reason, the Listing Date does not take place within six months of the date of this Prospectus, the lock-up arrangements described above will be terminated.

DBS Bank Ltd.

DBS Bank Ltd. has agreed with the Manager that, subject to the exceptions set out below, it will not without the prior consent of the Manager (such consent not to be unreasonably withheld), during the First Lock-up Period, directly or indirectly:

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise dispose of or transfer, any or all of its effective interest in the DBS Cornerstone Units (as defined herein) (including any interests or securities convertible into or exercisable or exchangeable for any DBS Cornerstone Units or which carry rights to subscribe for or purchase any such DBS Cornerstone Units);

(b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the DBS Cornerstone Units (including any securities convertible into or exercisable or exchangeable for any DBS Cornerstone Units or which carry rights to subscribe for or purchase any such DBS Cornerstone Units);

(c) enter into any transaction (including a derivative transaction) or other arrangement with a similar economic effect to the foregoing sub-paragraph (a) or (b);

(d) deposit any of its effective interest in the DBS Cornerstone Units (including any securities convertible into or exercisable or exchangeable for any DBS Cornerstone Units or which carry rights to subscribe for or purchase any such DBS Cornerstone Units) in any depository receipt facility;

(e) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

(f) publicly announce any intention to do any of the above, whether any such transaction described in sub-paragraphs (a) to (e) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed within or after the First Lock-up Period).

The restrictions described in the preceding paragraph do not apply to prohibit DBS Bank Ltd. from being able to:

(i) create a charge over the DBS Cornerstone Units or otherwise grant of security over or creation of any encumbrance over the DBS Cornerstone Units, provided that such charge, security or encumbrance cannot be enforced over any DBS Cornerstone Units during the First Lock-up Period. The charge, security or encumbrance will only be created if the chargee (such as a bank or financial institution) agrees that the charge, security or encumbrance over the DBS Cornerstone Units cannot be enforced over 100.0% of the DBS Cornerstone Units during the First Lock-up Period; and

(ii) transfer the DBS Cornerstone Units to and between wholly-owned subsidiaries of DBS Bank Ltd., provided that DBS Bank Ltd. has procured that such subsidiaries have executed and delivered to the Manager an undertaking to the effect that such subsidiaries will comply with such restrictions for the unexpired period of the First Lock-up Period.

The lock-up arrangements described above will be terminated in the event that the subscription agreement in respect of DBS Bank Ltd.'s investment as a Cornerstone Investor is terminated.

SGX-ST LISTING

Keppel-KBS US REIT has received a letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, Keppel-KBS US REIT, the Manager, the Trustee or the Units. It is expected that the Units will commence trading on the SGX-ST on a "ready" basis on or about 9 November 2017.

Prior to this Offering, there has been no trading market for the Units. There can be no assurance that an active trading market will develop for the Units, or that the Units will trade in the public market subsequent to this Offering at or above the Offering Price. (See "Risk Factors – Risks Relating to an Investment in the Units – The Units have never been publicly traded and the listing of the Units on the Main Board of the SGX-ST may not result in an active or liquid market for the Units" for further details.)

ISSUE EXPENSES

The estimated amount of the expenses in relation to the Offering and the issuance of Cornerstone Units of US$21.7 million (assuming that the Over-Allotment Option is exercised in full) includes the Underwriting, Selling and Management Commission, professional and other fees and all other incidental expenses in relation to the Offering and the issuance of the Cornerstone Units, which will be borne by Keppel-KBS US REIT. A breakdown of these estimated expenses is as follows:

	(US$'000)
Professional and other fees[(1)]	5,565
Underwriting, Selling and Management Commission[(2)]	11,198
Miscellaneous Offering expenses[(3)]	4,983
Total estimated expenses of the Offering and issuance of the Cornerstone Units and Relevant Entities Units	**21,746**

Notes:

(1) Includes debt arrangement fees, solicitors' fees and fees for the Reporting Auditor, the Independent Tax Advisers (as defined herein), the Independent Valuers and other professionals' fees and other expenses.

(2) Such commission represent a maximum of 2.2% of the total proceeds of the Offering and the proceeds raised from the issuance of Cornerstone Units and assuming the Over-Allotment Option is exercised in full.

(3) Includes cost of prospectus production, road show expenses and certain other expenses incurred or to be incurred in connection with the Offering.

DISTRIBUTION AND SELLING RESTRICTIONS

None of the Manager, the Sponsors or the Joint Bookrunners have taken any action, or will take any action, in any jurisdiction other than Singapore that would permit a public offering of Units, or the possession, circulation or distribution of this Prospectus or any other material relating to the Offering in any jurisdiction other than Singapore where action for that purpose is required.

Accordingly, each purchaser of the Units may not offer or sell, directly or indirectly, any Units and may not distribute or publish this Prospectus or any other offering material or advertisements in connection with the Units in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

Each purchaser of the Units is deemed to have represented and agreed that it will comply with the selling restrictions set out below for each of the following jurisdictions:

Selling Restrictions

Australia

This Prospectus and the offer is only made available in Australia to persons to whom a disclosure document is not required to be given under either Chapter 6D or Chapter 7.9 of the Australian Corporations Act 2001 (Cth) ("**Australian Corporations Act**"). This Prospectus is not a prospectus, product disclosure statement or any other form of formal "disclosure document" for the purposes of Australian Corporations Act, and is not required to, and does not, contain all the information which would be required in a disclosure document under the Australian Corporations Act. If you are in Australia, this Prospectus is made available to you provided you are a person to whom an offer of securities can be made without a disclosure document such as a professional investor, sophisticated investor or wholesale client for the purposes of Chapter 6D or Chapter 7.9 of the Australian Corporations Act.

This Prospectus has not been and will not be lodged or registered with the Australian Securities and Investments Commission or ASX or any other regulatory body or agency in Australia. The persons referred to in this document may not hold Australian financial services licences and may not be licensed to provide financial product advice in relation to the securities. No "cooling-off" regime will apply to an acquisition of any interest in the Keppel-KBS US REIT.

This Prospectus does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to this document, you should assess whether the acquisition of any interest in the Keppel-KBS US REIT is appropriate in light of your own financial circumstances or seek professional advice.

If you acquire the Units in Australia then you:

(a) represent and warrant that you are a professional or sophisticated investor;

(b) represent and warrant that you are a wholesale client; and

(c) agree not to sell or offer for sale any Units in Australia within 12 months from the date of their issue under the Offering, except in circumstances where:

  (i) disclosure to investors would not be required under either Chapter 6D or Chapter 7.9 of the Corporations Act; or

  (ii) such sale or offer is made pursuant to a disclosure document which complies with either Chapter 6D or Chapter 7.9 of the Corporations Act.

Canada

The Units may only be offered or sold, directly or indirectly, in the provinces of Ontario and Quebec, or to residents thereof and not in, or to the residents of, any other province or territory of Canada. Such offers or sales will be made pursuant to an exemption from the requirement to file a prospectus with the regulatory authorities in the provinces of Ontario and Quebec and will be made only by a dealer duly registered under the applicable securities laws of the province of Ontario or Quebec, as the case may be, or in accordance with an exemption from the applicable registered dealer requirements.

The Units may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions ("**NI-45-106**") or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Units must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if the prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

The Joint Bookrunners intend to pre-fund part of the proceeds raised from the Offering and the Cornerstone Units, which together with the proceeds from the issuance of the Relevant Entities Units will be used by Keppel-KBS US REIT to partially finance the acquisition of the Properties. Keppel-KBS US REIT intends to use part of the proceeds from the Offering and the issuance of Cornerstone Units to repay the Joint Bookrunners for such pre-funded amounts. In addition:

(i) affiliates of certain of the Joint Bookrunners will be providing the Facilities which Keppel-KBS US REIT will have in place as at the Listing Date, and (ii) one of the Joint Bookrunners will be Subscribing for Units, both (a) on behalf of itself through its treasury investments, and (b) on behalf of certain of its private banking clients, as Cornerstone Investors. These facts constitute Keppel-KBS US REIT as a "connected issuer" of the Joint Bookrunners under National Instrument 33-105 "Underwriting Conflicts". Canadian investors should review the sections entitled "Use of Proceeds", "Ownership of the Units – Subscription by the Cornerstone Investors" and "Capitalisation and Indebtedness" for further details if they require further information.

Upon receipt of the Prospectus, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque acheteur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

Dubai International Financial Centre

This Prospectus relates to a fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority (the "**DFSA**"). The DFSA has no responsibility for reviewing or verifying this Prospectus or other documents in connection with Keppel-KBS US REIT. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it. The Units to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Units. If you do not understand the contents of this Prospectus you should consult an authorised financial advisor. This Prospectus is intended for distribution only to persons of a specific type defined in the DFSA's Rules as Professional Clients and must not, therefore, be delivered to, or relied on by, any other type of persons including Retail Clients.

Hong Kong

WARNING: The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice. This Prospectus has not been authorised by the Securities and Futures Commission in Hong Kong.

Accordingly, no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Units, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Units which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Oman

The information contained in this Prospectus neither constitutes a public offer of the Units in the Sultanate of Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations to the Capital

Market Law (issued vide CMA Decision 1/2009). Additionally, this Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the Sultanate of Oman.

Each purchaser of the Units in Oman represents that he/she is, or represents, a sophisticated investor (as described in Article 139 of the Executive Regulations of the Capital Market Law) and has such experience in business and financial matters that he/she is capable of evaluating the merits and risks of an investment in securities. Each purchaser acknowledges that he/she is aware that an investment in securities may involve a high degree of risk. Each purchaser further acknowledges that he/she is aware that: the Manager is not incorporated, registered or licensed in Oman and that this Prospectus has not been filed with or approved by Oman's Capital Market Authority, Central Bank of Oman, or any other regulatory body or authority in Oman.

Neither the Capital Market Authority nor the Central Bank of Oman are responsible for the accuracy of the statements and information contained in this Prospectus and shall not have any liability to any person for damage or loss resulting from reliance on any statement or information contained herein.

People's Republic of China

The Units may not be offered or sold, and will not be offered or sold to any person in the People's Republic of China (excluding Hong Kong, Macau and Taiwan, the "PRC") as part of the initial distribution of the Units, except pursuant to applicable laws and regulations of the PRC. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC.

The Manager makes no representation that this Prospectus may be lawfully distributed, or that any Units may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Manager which would permit a public offering of any Units or distribution of this Prospectus in the PRC. Accordingly, the Units are not being offered or sold within the PRC by means of this Prospectus or any other document. Neither this Prospectus nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

Qatar

This Prospectus is not intended to constitute an offer, sale or delivery of shares, units in a collective investment scheme, units or other securities under the laws of the State of Qatar including the rules and regulations of the Qatar Financial Centre Authority ("QFCA") or the Qatar Financial Centre Regulatory Authority ("QFCRA") or equivalent laws of the Qatar Central Bank ("QCB"). This Prospectus has not been lodged or registered with, or reviewed or approved by the QFCA, the QFCRA, the QCB or the Qatar Financial Markets Authority and is not otherwise authorised or licensed for distribution in the State of Qatar or the Qatar Financial Centre ("QFC"). The information contained in this Prospectus does not, and is not intended to, constitute a public or general offer or other invitation in respect of shares, units in a collective investment scheme or other securities in the State of Qatar or the QFC. The Units will not be admitted or traded on the Qatar Stock Exchange.

Switzerland

The Units may not be publicly offered, distributed or re-distributed on a professional basis in or from Switzerland and neither this document nor any other solicitation for investments in Keppel-KBS US REIT may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 1156/652a of the Swiss Code of Obligations ("**CO**"). This document may not be copied, reproduced, distributed or passed on to others without the Joint Bookrunners' prior written consent. This document is not a prospectus within the meaning of Articles 1156/652a of the CO and Keppel-KBS US REIT will not be listed on the SIX Swiss Exchange. Therefore, this document may not comply with the disclosure standards of the CO and/or the listing rules (including any prospectus schemes) of the SIX Swiss Exchange set forth in art. 27 et seq. of the SIX Listing Rules. In addition, it cannot be excluded that Keppel-KBS US REIT could qualify as a foreign collective investment scheme pursuant to Article 119 of the Swiss Federal Act on Collective Investment Schemes, as amended ("**CISA**"). Keppel-KBS US REIT will not be licensed for distribution in and from Switzerland. Keppel-KBS US REIT will not be distributed in or from Switzerland as defined in the CISA. Keppel-KBS US REIT may only be acquired by (i) licensed financial institutions, (ii) regulated insurance institutions, and (iii) other investors in a way which does not represent a "distribution" within the meaning of the CISA.

The United Kingdom

Keppel-KBS US REIT is an unregulated collective investment scheme for the purposes of the Financial Services and Markets Act 2000 ("**FSMA**"), which has not been authorised or recognised by the United Kingdom Financial Conduct Authority. The promotion of Units in Keppel-KBS US REIT and distribution of this Prospectus in the United Kingdom is accordingly restricted by law.

Where the person distributing this Prospectus is:

(i) a person authorised under FSMA to carry on business in the United Kingdom, this Prospectus is being communicated only to:

   (a) persons outside the United Kingdom;

   (b) firms that are authorised under FSMA and certain other persons who are investment professionals falling within Article 14 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001, as amended (the "**CIS Promotion Order**");

   (c) high net worth companies, unincorporated associations and other bodies falling within the categories described in Article 22 of the CIS Promotion Order;

   (d) the directors, officers and employees ("**A**") of any person falling within (i)(b)-(c) above ("**B**"), where the duties of A when acting in that capacity involve A in B's participation in unregulated schemes; or

   (e) persons to whom it may otherwise lawfully be communicated; and

(ii) a person not authorised under FSMA to carry on business in the United Kingdom, this Prospectus is being communicated only to:

   (a) persons outside the United Kingdom;

   (b) persons having professional experience in matters relating to investments who are firms that are authorised under FSMA or certain other persons who are investment professionals falling within Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**FPO**") and the directors, officers and employees ("**A**") of any such firms and persons ("**B**"), where the communication is made to A in that capacity and where A's responsibilities when acting in that capacity involve A in the carrying on B of controlled activities; or

(c) high net worth companies, unincorporated associations and other bodies falling within the categories described in Article 49 of the FPO and the directors, officers and employees ("**A**") of any such high net worth companies, unincorporated associations and other bodies ("**B**"), where the responsibilities of A when acting in that capacity, involve A in B's engaging in investment activity; or

(d) persons to whom it may otherwise lawfully be communicated,

(the persons described in (i) or (ii) as relevant, together "**Relevant Persons**").

This document and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a Relevant Person should not act or rely on this document or any of its contents. Any Relevant Person seeking to rely on this Prospectus is warned that buying Units may expose him to a significant risk of losing all the property he invested. If a Relevant Person is in doubt about the Units he should consult a person authorised under FSMA who specialises in advising on such investments.

This Prospectus does not constitute an offer document or an offer of transferable securities in the United Kingdom to which section 85 of FSMA applies and should not be considered as a recommendation that any person should subscribe for or purchase any of the Units. The Units will not be offered or sold to any person in the United Kingdom except in circumstances which have not resulted and will not result in an offer to the public in contravention of section 85(1) of FSMA. This Prospectus has been prepared on the basis that all offers of Units will be made to an exemption under section 86 of FSMA.

United States

The Units have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in a transaction that is exempt from, or not subject to, the registration requirements of the Securities Act. The Units are being offered and sold in offshore transactions in reliance on Regulation S (terms used in this subsection that are defined in Regulation S are used herein as defined therein).

General

Each applicant for Units in the Offering will be deemed to have represented and agreed that it is relying on this Prospectus and not on any other information or representation not contained in this Prospectus and none of Keppel-US US REIT, the Manager, the Trustee, the Sponsors, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners or any other person responsible for this Prospectus or any part of it will have any liability for any such other information or representation.

CLEARANCE AND SETTLEMENT

INTRODUCTION

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 100 Units.

Upon listing and quotation on the SGX-ST, the Units will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account-holders and facilitates the clearance and settlement of securities transactions between account-holders through electronic book-entry changes in the Securities Accounts maintained by such account-holders with CDP.

It is expected that the Units will be credited into the Securities Accounts of applicants for the Units within four Market Days after the closing date for applications for the Units.

CLEARANCE AND SETTLEMENT UNDER THE DEPOSITORY SYSTEM

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Unitholders in respect of the number of Units credited to their respective Securities Accounts.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a S$10.00 transfer fee payable to CDP. All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

CLEARING FEES

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.0325% of the transaction value. In addition, a trading fee at the rate of 0.0075% of the transaction value is payable. The clearing fee, trading fee and the deposit fee and unit withdrawal fee that CDP may charge may be subject to the prevailing GST.

Dealings in the Units will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

EXPERTS

Ernst & Young LLP, the Reporting Auditor, was responsible for preparing the Reporting Auditor's Report on the Profit Forecast and Profit Projection and the Reporting Auditor's Report on the Unaudited Pro Forma Consolidated Financial Information found in Appendix A and Appendix B of this Prospectus, respectively.

Allen & Gledhill LLP, the Independent Singapore Tax Adviser, was responsible for preparing the Independent Singapore Taxation Report found in Appendix D of this Prospectus.

DLA Piper LLP (US), the Independent US Tax Adviser, was responsible for preparing the Independent US Taxation Report found in Appendix D of this Prospectus.

JLL and Cushman, the Independent Valuers, were responsible for preparing the Independent Property Valuation Summary Reports found in Appendix E of this Prospectus.

Cushman, the Independent Market Research Consultant, was responsible for preparing the Independent Property Market Research Report found in Appendix F of this Prospectus.

The Independent Tax Advisers, the Independent Valuers and the Independent Market Research Consultant have each given and have not withdrawn their written consents to the issue of this Prospectus with the inclusion herein of their names and their respective write-ups and reports and all references thereto in the form and context in which they respectively appear in this Prospectus, and to act in such capacity in relation to this Prospectus.

None of Allen & Gledhill LLP, DLA Piper LLP (US), Allen & Overy LLP, Sheppard Mullin Richter & Hampton LLP or Dentons Rodyk & Davidson LLP, makes, or purports to make, any statement in this Prospectus and none of them is aware of any statement in this Prospectus which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this Prospectus.

REPORTING AUDITOR

Ernst & Young LLP, the Reporting Auditor, have given and have not withdrawn their consent to the issue of this Prospectus for the inclusion herein of:

- their name;
- the Reporting Auditor's Report on the Profit Forecast and Profit Projection; and
- the Reporting Auditor's Report on the Unaudited Pro Forma Consolidated Financial Information,

in the form and context in which they appear in this Prospectus, and references to its name and such reports in the form and context which they appear in this Prospectus and to act in such capacity in relation to this Prospectus.

GENERAL INFORMATION

RESPONSIBILITY STATEMENT BY THE DIRECTORS

(1) The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Offering, Keppel-KBS US REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Prospectus misleading, and the Directors are satisfied that the Profit Forecast and Profit Projection contained in "Profit Forecast and Profit Projection" have been stated after due and careful enquiry. Where information in the Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

MATERIAL BACKGROUND INFORMATION

(2) There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against the Manager the outcome of which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position of the Manager.

(3) There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against Keppel-KBS US REIT the outcome of which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position (on a pro forma basis) of Keppel-KBS US REIT.

(4) The name, age and address of each of the Directors are set out in "The Manager and Corporate Governance – The Manager of Keppel-KBS US REIT – Board of Directors of the Manager". A list of the present and past directorships of each Director and executive officer of the Manager over the last five years preceding the Latest Practicable Date is set out in Appendix H, "List of Present and Past Principal Directorships of Directors and Executive Officers".

(5) There is no family relationship among the Directors and executive officers of the Manager.

(6) Save as disclosed below, none of the Directors or executive officers of the Manager is or was involved in any of the following events:

(i) at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

(ii) at any time during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

(iii) any unsatisfied judgment against him;

(iv) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

(v) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

(vi) at any time during the last 10 years, judgment been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

(vii) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

(viii) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

(ix) any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

(x) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

    (a) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

    (b) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

    (c) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

    (d) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

    in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

(xi) the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Mr John J. Ahn

In relation to Question 6(ii) above, Mr John J. Ahn was a non-executive director at Regent Communications, Inc. ("**Regent**"), a public-listed company on the NASDAQ, which filed for Chapter 11 bankruptcy in 2010. Mr Ahn was appointed as a non-executive director at Regent as his employer, Riley Investment Management, held a large stake in Regent at that time. Riley Investment Management is a hedge fund that took large equity stakes in public companies. Regent was a radio broadcasting company based in Cincinnati, United States.

Regent filed for Chapter 11 bankruptcy as part of a pre-arranged agreement with its creditors. As such, Regent managed to reorganise its structure to reduce debt level by effecting a debt exchange which gave creditors control of the company. Regent subsequently exited Chapter 11 bankruptcy as a private company with Oaktree Management as its majority owner.

For the avoidance of doubt, no applications were made to wind up or dissolve Regent under the Chapter 11 bankruptcy proceedings at any point in time. Regent was merely in the process of a debt restructuring exercise. Nonetheless, disclosure of this issue has been included in this Prospectus as a measure of prudence.

MATERIAL CONTRACTS

(7) The dates of, parties to, and general nature of every material contract which the Trustee and its subsidiaries has entered into within the two years preceding the date of this Prospectus (not being contracts entered into in the ordinary course of the business of Keppel-KBS US REIT) are as follows:

(i) the Trust Deed (see "The Formation and Structure of Keppel-KBS US REIT – The Trust Deed"); and

(ii) the Portfolio Purchase and Sale Agreement (see "Certain Agreements Relating to Keppel-KBS US REIT and the Properties – Portfolio Purchase and Sale Agreement")

In relation to the Property Management Agreements and Leasing Services Agreements (which will be entered into upon completion of the acquisition of the IPO Portfolio) the dates of, parties to, and general nature of such contract are set out in "Certain Agreements Relating to Keppel-KBS US REIT and the Properties – Property Management Agreements" and "Certain Agreements Relating to Keppel-KBS US REIT and the Properties – Leasing Services Agreements" respectively.

DOCUMENTS FOR INSPECTION

(8) Copies of the following documents are available for inspection at the principal place of business of the Manager at *230 Victoria Street, #05-08 Bugis Junction Towers, Singapore 188024*, for a period of six months from the date of this Prospectus (prior appointment would be appreciated):

(i) the material contracts referred to in paragraph 7 above, save for the Trust Deed (which will be available for inspection for so long as Keppel-KBS US REIT is in existence);

(ii) the Underwriting Agreement;

(iii) the Reporting Auditor's Report on the Profit Forecast and Profit Projection as set out in Appendix A of this Prospectus;

(iv) the Reporting Auditor's Report on the Unaudited Pro Forma Consolidated Financial Information as set out in Appendix B of this Prospectus;

(v) the Independent Singapore Taxation Report and Independent US Taxation Report as set out in Appendix D of this Prospectus;

(vi) the Independent Property Valuation Summary Reports as set out in Appendix E of this Prospectus as well as the full valuation reports for each of the Properties;

(vii) the Independent Property Market Research Report set out in Appendix F of this Prospectus;

(viii) the written consents of the Reporting Auditor, the Independent Valuers, the Independent Market Research Consultant and the Independent Tax Advisers (see "Experts" and "Reporting Auditor" for further details);

(ix) the Relevant Entities Subscription Agreements;

(x) the separate subscription agreements entered into between the Manager and the Cornerstone Investors to subscribe for the Cornerstone Units; and

(xi) the Depository Services Terms and Conditions.

CONSENTS OF THE SOLE FINANCIAL ADVISER AND ISSUE MANAGER AND THE JOINT BOOKRUNNERS AND UNDERWRITERS

(9) DBS Bank Ltd. has given and not withdrawn its written consent to being named in this Prospectus as the Sole Financial Adviser and Issue Manager to the Offering.

(10) DBS Bank Ltd., Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited and Merrill Lynch (Singapore) Pte. Ltd. have each given and not withdrawn its written consent to being named in this Prospectus as a Joint Bookrunner and Underwriter to the Offering.

WAIVERS FROM THE SGX-ST

(11) The Manager has obtained from the SGX-ST waivers from compliance with the following listing rules under the Listing Manual:

(i) Rule 404(3)(a), which requires the REIT to limit its investments in companies which are related to the investment fund's substantial shareholders, investment managers or management companies, to a maximum of 10% of gross assets; and Rule 404(3)(c) which requires the REIT to restrict investments in unlisted securities to 30% of gross assets, subject to compliance with (i) the requirements under Chapter 9 of the Listing Manual and (ii) the Code on Collective Investment Schemes;

(ii) Rule 404(5), which requires the management company (if there is no management company, the sponsor or trustee) to be reputable and have an established track record in managing investments, subject to the management team in the Manager having the relevant experience as required under Rule 404(6) of the Listing Manual;

(iii) Rule 407(4), which requires the submission of the financial track record of the investment manager, the investment adviser and persons employed by them in the listing application, subject to the management team in the Manager having the relevant experience as required under Rule 404(6) of the Listing Manual;

(iv) Rule 705(1), which requires the REIT to announce its financial statements for the full financial year immediately after the figures are available, but in any event not later than 60 days after the relevant financial period, subject to the REIT announcing its first quarter results announcement for the period from the Listing Date to 31 March 2018 not later than 45 days after the quarter end; and

(v) Rule 707(1) and 707(2), which require the holding of annual general meetings and the issuance of annual reports, subject to (i) the REIT obtaining MAS' confirmation on the application of the Property Funds Appendix to the REIT; and (ii) the REIT holding its first AGM by 30 April 2019 and the first annual report to be issued for the financial period from Listing Date to 31 December 2018.

WAIVERS FROM THE MAS

(12) The Manager has obtained from the MAS waivers from compliance with the following:

(i) the requirement under paragraph 4.3 of the Property Funds Appendix for financial statements of a property fund to be prepared in accordance with Chapter 5.1.1 of the CIS Code; and

(ii) paragraph 4.1(c) of the Property Funds Appendix which requires that the trust deed of a property fund contain a provision to hold an AGM once in every calendar year and not more than 15 months after the holding of the last preceding AGM, except for the first AGM which should be held within 18 months of its constitution.

MISCELLANEOUS

(13) The financial year end of Keppel-KBS US REIT is 31 December and the first reporting period for Keppel-KBS US REIT will be from Listing Date to 31 December 2018.

(14) A full valuation of each of the real estate assets held by Keppel-KBS US REIT will be carried out at least once a year in accordance with the Property Funds Appendix. Generally, where the Manager proposes to issue new Units (except in the case where new Units are being issued in payment of the Manager's management fees) or to redeem existing Units, a valuation of the real properties held by Keppel-KBS US REIT must be carried out in accordance with the Property Funds Appendix. The Manager or the Trustee may at any other time arrange for the valuation of any of the real properties held by Keppel-KBS US REIT if it is of the opinion that it is in the best interest of Unitholders to do so.

(15) While Keppel-KBS US REIT is listed on the SGX-ST, investors may check the SGX-ST website http://www.sgx.com for the prices at which Units are being traded on the SGX-ST. Investors may also check one or more major Singapore newspapers such as *The Straits Times and The Business Times*, for the price range within which Units were traded on the SGX-ST on the preceding day.

(16) The Manager does not intend to receive soft dollars (as defined in the CIS Code) in respect of Keppel-KBS US REIT. Save as disclosed in this Prospectus, unless otherwise permitted under the Listing Manual, neither the Manager nor any of its Associates will be entitled to receive any part of any brokerage charged to Keppel-KBS US REIT, or any part of any fees, allowances or benefits received on purchases charged to Keppel-KBS US REIT.

%	:	Per centum or percentage
Acquisition Fee	:	Pursuant to Clause 15.2.1 of the Trust Deed, 1.0% (or such lower percentage as may be determined by the Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double-counting): • the acquisition price of any real estate purchased, whether directly or indirectly through one or more SPVs, by Keppel-KBS US REIT (plus any other payments in addition to the acquisition price made by Keppel-KBS US REIT or its SPVs to the vendor in connection with the purchase of the real estate) (pro-rated, if applicable, to the proportion of Keppel-KBS US REIT's interest); • the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased by Keppel-KBS US REIT, whether directly or indirectly through one or more SPVs (plus any additional payments made by Keppel-KBS US REIT or its SPVs to the vendor in connection with the purchase of such equity interests) (pro-rated, if applicable, to the proportion of Keppel-KBS US REIT's interest); or • the acquisition price of any investment purchased by Keppel-KBS US REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate
Adjustments	:	Adjustments which are charged or credited to the consolidated profit and loss account of Keppel-KBS US REIT for the relevant financial year or the relevant distribution period (as the case may be), including (i) differences between cash and accounting gross revenue, (ii) unrealised income or loss, including property revaluation gains or losses, and provision or reversals of impairment provisions; (iii) deferred tax charges/credits; (iv) negative goodwill; (v) differences between cash and accounting finance and other costs; (vi) realised gains or losses, including gains or losses on the disposal of properties and disposal/settlement of financial instruments/assets/liabilities; (vii) the portion of the Management Fee that is paid or payable in the form of Units; (viii) costs of any public or other offering of Units or convertible instruments that are expensed but are funded by proceeds from the issuance of such Units or convertible instruments; (ix) depreciation and amortisation in respect of the Properties and their ancillary machines, equipment and

other fixed assets; (x) adjustment for amortisation of rental incentives; (xi) other non-cash or timing differences related to income or expenses; (xii) differences between the audited and unaudited financial statements for the previous Financial Year; (xiii) other charges or credits (in each case from (i) to (xiii) as deemed appropriate by the Manager); and (xiv) any other such adjustments as deemed appropriate by the Manager

Aggregate Leverage	:	The total borrowings and deferred payments (if any) as a percentage of the Deposited Property
Alpha	:	Alpha Investment Partners Limited
Annual Distributable Income	:	The amount calculated by the Manager (based on the audited financial statements of Keppel-KBS US REIT for that financial year) as representing the consolidated audited net profit after tax of Keppel-KBS US REIT (which includes the net profits of the SPVs held by Keppel-KBS US REIT for the financial year, to be pro-rated where applicable to the portion of Keppel-KBS US REIT's interest in the relevant SPV) for the financial year, as adjusted to eliminate the effects of Adjustments. After eliminating the effects of these Adjustments, the Annual Distributable Income may be different from the net profit recorded for the relevant Financial Year
Application Forms	:	The printed application forms to be used for the purpose of the Offering and which form part of this Prospectus
Application List	:	The list of applicants subscribing for Units which are the subject of the Public Offer
Asset Manager Indemnified Parties	:	GKP, the US Asset Manager and its affiliates under indemnity from the Manager in relation to the KBS Management Agreement
Associate	:	Has the meaning ascribed to it in the Listing Manual
ATM	:	Automated teller machine
Audit and Risk Committee	:	The audit and risk committee of the Board
AUM	:	Assets under management
Authorised Investments	:	Means: (i) real estate; (ii) any improvement or extension of or addition to, or reconstruction, refurbishment, retrofitting, renovation or other development of any real estate or any building thereon;

(iii) real estate-related assets, wherever the issuers, assets or securities are incorporated, located, issued or traded;

(iv) listed or unlisted debt securities and listed shares or stock and (if permitted by the Authority) unlisted shares or stock of or issued by local or foreign non-property companies or corporations;

(v) government securities (issued on behalf of the Singapore Government or governments of other countries) and securities issued by a supra-national agency or a Singapore statutory board;

(vi) cash and cash equivalent items;

(vii) financial derivatives only for the purposes of (a) hedging existing positions in Keppel-KBS US REIT's portfolio where there is a strong correlation to the underlying investments or (b) efficient portfolio management, PROVIDED THAT such derivatives are not used to gear the overall portfolio of Keppel-KBS US REIT or intended to be borrowings or any form of financial indebtedness of Keppel-KBS US REIT; and

(viii) any other investment not covered by paragraph (i) to (vii) of this definition but specified as a permissible investment in the Property Funds Appendix and selected by the Manager for investment by Keppel-KBS US REIT and approved by the Trustee in writing

Authority or **MAS** : Monetary Authority of Singapore

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

Base Fee : 10.0% per annum of Keppel-KBS US REIT's Annual Distributable Income (calculated before accounting for the Base Fee and the Performance Fee)

Board : The board of directors of the Manager

Business 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

Cash Rental Income : Rental income and recoveries income without straight-line adjustments and amortisation of tenant improvement allowance, leasing commissions and free rent incentives

CBD : Central business district

CC&Rs	:	Declaration of Restrictive Covenants, Conditions, Restrictions, Reservations and Easements for Unigard Park
CDP	:	The Central Depository (Pte) Limited
CEO	:	Chief Executive Officer
CFIUS	:	Committee on Foreign Investments in the United States
CFO	:	Chief Financial Officer
CIO	:	Chief Investment Officer
CIS Code	:	The Code on Collective Investment Schemes issued by the MAS
Closing	:	The closing in respect of the transfers of the Vendors' title to the Properties on the Closing Date
Closing Date	:	The date on which the transfers of the Vendors' titles to the Properties take place
CMS Licence	:	Capital markets services licence for REIT management
Companies Act	:	Companies Act, Chapter 50 of Singapore
controlling shareholder	:	As defined in the Listing Manual, means a person who: (i) holds directly or indirectly 15.0% or more of the total number of issued shares (excluding treasury shares) of a company; or (ii) in fact exercises control over a company, where "control" refers to the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
Core Strategy REITs	:	KBS REIT, KBS REIT II, KBS REIT III and KBS Growth & Income REIT
Core Strategy Team	:	Refers to the team operating within KBS which primarily manages the Core Strategy REITs
Cornerstone Investors	:	The cornerstone investors being Affin Hwang Asset Management Bhd, Credit Suisse AG, Singapore Branch and Credit Suisse AG, Hong Kong Branch (on behalf of certain of their private banking clients), DBS Bank Ltd. and DBS Bank Ltd. (on behalf of certain private banking clients) and Hillsboro Capital, Ltd.
Cornerstone Units	:	The 246,365,400 Units to be issued to the Cornerstone Investors

CPF	Central Provident Fund
Cushman	Cushman & Wakefield of Illinois, Inc.
DBS Cornerstone Units	All the Cornerstone Units which will be held by DBS Bank Ltd. on the Listing Date, except the Cornerstone Units held by DBS Bank Ltd. on behalf of certain private banking clients
Deal Team	KCI or the KC Vehicle investment team
Deposited Property	All the assets of Keppel-KBS US REIT, including all its Authorised Investments held or deemed to be held in accordance with the Trust Deed
Depository Services Terms and Conditions	CDP's depository services terms and conditions in relation to the deposit of the Units in CDP
Development Project	A project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Keppel-KBS US REIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations
Directors	The directors of the Manager
Divestment Fee	Pursuant to Clause 15.2.1 of the Trust Deed, 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double-counting): • the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by Keppel-KBS US REIT (plus any other payments in addition to the sale price received by Keppel-KBS US REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated, if applicable, to the proportion of Keppel-KBS US REIT's interest); • the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested, whether directly or indirectly through one or more SPVs, by Keppel-KBS US REIT (plus any additional payments received by Keppel-KBS US REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests) (pro-rated, if applicable, to the proportion of Keppel-KBS US REIT's interest); or • the sale price of any investment sold or divested by Keppel-KBS US REIT, whether directly or indirectly

through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate

DPU	:	Distribution per Unit
Enhanced Independence Requirements	:	The enhancements to independence requirements announced by the MAS on 2 July 2015
Exempted Agreements	:	The Trust Deed and the Portfolio Purchase and Sale Agreement
Exempted Offeror	:	An offeror for the purposes of 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
Extraordinary Resolution	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed
Facilities	:	The separate loan facilities which Keppel-KBS US REIT has obtained from the Lenders aggregating approximately US$339.4 million
FATCA	:	The United States Foreign Account Tax Compliance Act
FFI	:	A financial institution (as defined for FATCA purposes) outside the United States
First Distribution	:	The first distribution of Keppel-KBS US REIT after the Listing Date for the period from the Listing Date to 30 June 2018
First Lock-up Period	:	The period commencing from the date of issuance of the Units until the date falling 6 months after the Listing Date (both dates inclusive)
Forecast Year 2018	:	1 January 2018 to 31 December 2018

FY	:	Financial year ended or, as the case may be, ending 31 December
GA-400	:	Georgia Highway 400
GDP	:	Gross domestic product
GFC	:	Global Financial Crisis
GKP	:	GKP Holding LLC
GMP	:	Gross metropolitan product, being the monetary measure of the value of all final goods and services produced within a metropolitan statistical area during a specified period
Gross Revenue	:	Consists of Rental Income and other income attributable to the operation of the Properties and a service charge collected to offset the recoverable expenses
GST	:	Goods and Services Tax
I-285	:	Interstate 285
IFRS	:	International Financial Reporting Standards
IGA	:	An Intergovernmental Agreement between the United States and another government regarding the implementation of FATCA
Independent Market Research Consultant	:	Cushman
Independent Singapore Tax Adviser	:	Allen & Gledhill LLP
Independent Tax Advisers	:	Independent Singapore Tax Adviser and Independent US Tax Adviser
Independent US Tax Adviser	:	DLA Piper LLP (US)
Independent Valuers	:	Cushman and JLL
Initial Unit	:	The Unit held by KCIH on the Listing Date immediately before the issue of the Offering Units
Instruments	:	Offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units

Interested Party	:	Has the meaning ascribed to it in the Property Funds Appendix
Interested Party Transaction	:	Has the meaning ascribed to it in the Property Funds Appendix
Interested Person	:	Has the meaning ascribed to it in the Listing Manual
Interested Person Transactions	:	Has the meaning ascribed to it in the Listing Manual
IPO	:	Initial public offering
IPO Portfolio	:	The initial portfolio of Properties held by Keppel-KBS US REIT as at the Listing Date
IRAS	:	Inland Revenue Authority of Singapore
IRC	:	United States Internal Revenue Code of 1986, as amended
Iron Point	:	1110-1180 Iron Point Road
IRS	:	United States Internal Revenue Service
JLL	:	JLL Valuation & Advisory Services, LLC
Joint Bookrunners and Underwriters or **Joint Bookrunners**	:	DBS Bank Ltd., Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited and Merrill Lynch (Singapore) Pte. Ltd.
KBS	:	KBS Capital Advisors LLC
KBS BVI	:	KBS SOR (BVI) Holdings Ltd
KBS DAP	:	The procedure adopted by KBS to deal with potential conflicts of interest upon listing of Keppel-KBS US REIT
KBS Management Agreement	:	The outsourcing agreement to be entered into prior to the Listing Date between the Manager, the Manager US Sub, GKP, the US Asset Manager, the Trustee, the Parent US REIT and Sub-US REITs
KBS Group	:	KBS and/or its subsidiaries
KBS SOLP	:	KBS Strategic Opportunity Limited Partnership
KBS SOR	:	KBS Strategic Opportunity REIT, Inc.
KBS SORP LLC	:	KBS SOR Properties LLC, a Delaware limited liability Company

KBS SORP LLC Lock-up Units	:	The Units held by KBS SORP LLC and subject to the lock-up arrangement
KC	:	Keppel Capital Holdings Pte. Ltd.
KCI	:	Keppel Capital International Pte. Ltd.
KCI Indemnified Parties	:	KCI and its affiliates under indemnity from the Manager in relation to the Keppel Management Agreement
KCIH	:	Keppel Capital Investment Holdings Pte. Ltd.
KCIH Lock-up Units	:	The Units held by KCIH and subject to the lock-up arrangement
KCI's Misconduct	:	KCI Indemnified Party's gross negligence or wilful misconduct
KC DAC	:	KC Deal Allocation Committee
KC DAP	:	KC Deal Allocation Procedure
KC DAP Secretariat	:	Secretariat nominated from time to time by the KC Investments team to support the KC DAP
KC Trusts/Funds	:	Current and future trusts and funds managed by the KC Vehicles
KC Vehicles	:	Vehicles which have entered into outsourcing arrangements with KCI for KCI to provide centralised support services
Keppel Management Agreement	:	The outsourcing arrangement entered into between the Manager and KCI
Keppel Group	:	Keppel Corporation Limited and/or its subsidiaries
Keppel-KBS TRS	:	Keppel-KBS US TRS, LLC, a Delaware Limited Liability Company which shall act as a TRS of the Lower Tier Sub-US REITs and is equally owned among the Parent US REIT and the Sub US REITs
Keppel-KBS US REIT Group	:	Keppel-KBS US REIT and its subsidiaries
KPA	:	KBS Pacific Advisors Pte. Ltd.
Latest Practicable Date	:	18 October 2017, being the latest practicable date prior to the lodgment of this Prospectus with the MAS

Leasing Agents	:	Jones Lang LaSalle, Inc., a Washington corporation, Cushman & Wakefield of California, Inc., CBRE, Inc., a Delaware corporation, Transwestern Property Company SW GP, L.L.C. dba Transwestern, PM Realty Group, L.P., a Delaware limited partnership and Tavistock Realty Inc. as the leasing agents of the Properties
Leasing Services Agreements	:	The leasing services agreements in relation to the Properties entered into between the relevant Leasing Agent and the relevant Lower-Tier Sub-US REIT
Lenders	:	Bank of America, Singapore Branch and Citibank N.A., Singapore Branch
Listing Date	:	The date of admission of Keppel-KBS US REIT to the Official List of the SGX-ST
Listing Manual	:	The Listing Manual of the SGX-ST
Loan Subsidiary	:	Shall have the meaning set out in the section on “Taxation – Income Tax – Taxation of Keppel-KBS US REIT – Tax Rulings”
Lock-up Units	:	The KCIH Lock-up Units and the KBS SORP LLC Lock-up Units
Losses	:	Claims, liabilities, losses and damages
Lower-Tier Sub-US REIT 1	:	Keppel-KBS Bellevue Technology Center, Inc., a Delaware corporation
Lower-Tier Sub-US REIT 2	:	Keppel-KBS Plaza Buildings, Inc., a Delaware corporation
Lower-Tier Sub-US REIT 3	:	Keppel-KBS Iron Point, Inc., a Delaware corporation
Lower-Tier Sub-US REIT 4	:	Keppel-KBS Westmoor Center, Inc., a Delaware corporation
Lower-Tier Sub-US REIT 5	:	Keppel-KBS Great Hills Plaza, Inc., a Delaware corporation
Lower-Tier Sub-US REIT 6	:	Keppel-KBS Westech 360, Inc., a Delaware corporation
Lower-Tier Sub-US REIT 7	:	Keppel-KBS 1800 West Loop, Inc., a Delaware corporation
Lower-Tier Sub-US REIT 8	:	Keppel-KBS West Loop I and II, Inc., a Delaware corporation

Lower-Tier Sub-US REIT 9	:	Keppel-KBS Powers Ferry Landing, Inc., a Delaware corporation
Lower-Tier Sub-US REIT 10	:	Keppel-KBS Northridge Center, Inc., a Delaware corporation
Lower-Tier Sub-US REIT 11	:	Keppel-KBS Maitland Promenade, Inc., a Delaware corporation
Lower-Tier Sub-US REITs	:	Lower Tier Sub-US REIT 1, Lower Tier Sub-US REIT 2, Lower Tier Sub-US REIT 3, Lower Tier Sub-US REIT 4, Lower Tier Sub-US REIT 5, Lower Tier Sub-US REIT 6, Lower Tier Sub-US REIT 7, Lower Tier Sub-US REIT 8, Lower Tier Sub-US REIT 9, Lower Tier Sub-US REIT 10 and Lower Tier Sub-US REIT 11
Management Fee or **Manager's Management Fee**	:	Base Fee and Performance Fee
Manager	:	Keppel-KBS US REIT Management Pte. Ltd., in its capacity as manager of Keppel-KBS US REIT
Manager US Services	:	All of the services that are undertaken in the US and are not otherwise covered in the KBS Management Agreement and certain additional United States services
Manager US Services Agreement	:	The services agreement entered into between the Trustee, the Manager, the Manager US Sub, the Parent US-REIT and the Sub-US REITs
Manager US Sub	:	Keppel-KBS US REIT Management Inc.
Market Day	:	A day on which the SGX-ST is open for trading in securities
MSA	:	Metropolitan Statistical Area
NAV	:	Net asset value
NLA	:	Net lettable area
Net Property Income	:	Gross Revenue less property operating expenses
Non-US Unitholder	:	A Unitholder that is not a United States person
Northridge Center	:	Northridge Center I & II
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
Offering	:	The offering of 262,772,400 Units by the Manager for subscription at the Offering Price under the Placement Tranche and the Public Offer
Offering Price	:	The subscription price of each Unit under the Offering, currently expected to be US$0.88 per Unit
Offering Units	:	The 262,772,400 Units to be issued pursuant to the Offering
Office-using employment	:	Means employment including the professional and business services, financial activities and information services sectors
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed
other payments	:	In relation to the Acquisition Fee, refer to additional payments to the vendor of the asset, for example, where the vendor has already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers, and in relation to the Divestment Fee, refer to additional payments to Keppel-KBS US REIT or its SPVs for the sale of the asset, for example, where Keppel-KBS US REIT or its SPVs have already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers
Over-Allotment Option	:	An option granted by the Unit Lender to the Joint Bookrunners to purchase from the Unit Lenders up to an aggregate of 31,428,200 Units at the Offering Price, solely to cover the over-allotment of Units (if any)
Parent US REIT	:	Keppel-KBS US Parent REIT, Inc., a Delaware corporation
p.a.	:	Per annum
Participating Banks	:	DBS Bank (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited
PDPA	:	Personal Data Protection Act 2012, Singapore Act No. 26 of 2012

Performance Fee	:	25.0% per annum of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year
Placement Tranche	:	The international placement of Units to investors other than the Sponsors and the Cornerstone Investors, pursuant to the Offering
Portfolio City	:	City in which a Property is located in
Portfolio Purchase and Sale Agreement	:	The sale and purchase agreement entered into by the Lower-Tier Sub-US REITs in relation to the Properties
Powers Ferry	:	Powers Ferry Landing East
Profit Forecast	:	The forecast results for Forecast Year 2018
Profit Projection	:	The projected results for Projection Year 2019
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
Projection Year 2019	:	1 January 2019 to 31 December 2019
Properties	:	The properties which are held by Keppel-KBS US REIT, and "**Property**" means any one of them
Property Funds Appendix	:	Appendix 6 of the CIS Code issued by the MAS in relation to REITs
Property Management Agreements	:	The property management agreements in relation to the Properties entered into between the relevant Property Manager and the relevant Lower-Tier Sub-US REIT
Property Management Fee	:	Based on gross revenue income and ranges from 1.5% to 3% of gross revenue income
Property Managers	:	Transwestern Commercial Services Washington, L.L.C. d/b/a Transwestern, a Delaware limited liability company; CBRE, Inc., a Delaware corporation; Transwestern Property Company SW GP, L.L.C. dba Transwestern; and PM Realty Group, L.P., a Delaware limited partnership as the property managers of the Properties
Public Offer	:	The offering to the public in Singapore of 34,090,600 Units
Recognised Stock Exchange	:	Any stock exchange of repute in any country in any part of the world

Recording Authorities	:	Proper local county or city recording office in the US
Regent	:	Regent Communications, Inc.
Regulation S	:	Regulation S under the Securities Act
REIT	:	Real estate investment trust
Relevant Entities	:	KBS SOR Properties and KCIH
Relevant Entities Subscription Units	:	The 119,427,119 Units to be issued to the Relevant Entities
Relevant Entities Subscription Agreements	:	The subscription agreements dated 25 October 2017 entered into between the Manager and each of KCIH and KBS SORP LLC to subscribe for the Relevant Entities Units
Relevant Entities Units	:	The Units held by KCIH and KBS SORP LLC
Related Party	:	Refers to an Interested Person and/or, as the case may be, an Interested Party
Related Party Transactions	:	"Interested person transactions" in the Listing Manual and "interested party transactions" in the Property Funds Appendix
Relevant Loan	:	Shall have the meaning set out in the section on "Tax Rulings" in "Taxation"
Remaining Development Management Fee	:	Development Management Fee payable in relation to the Remaining Total Project Costs
Remaining Total Project Costs	:	Amount of Total Project Costs in excess of US$100 million
Remitted Income	:	Shall have the meaning set out in the section on "Tax Rulings" in "Taxation"
Remitted Principal Repayment	:	Shall have the meaning set out in the section on "Tax Rulings" in "Taxation"
Rental Income	:	Comprises principally rental income received from rental of office space
Reporting Auditor	:	Ernst & Young LLP
Revolving Credit Facility	:	The three-year committed revolving credit facility of US$50.0 million from Bank of America, Singapore Branch
S$ or **Singapore dollars and cents**	:	Singapore dollars and cents, the lawful currency of the Republic of Singapore

Second Lock-up Period	:	The period immediately following the First Lock-up Period until the date falling 12 months after the Listing Date
Securities Account	:	Securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP
Securities Act	:	US Securities Act of 1933, as amended
Securities and Futures Act or **SFA**	:	Securities and Futures Act, Chapter 289 of Singapore
Settlement Date	:	The date and time on which the Units are issued as settlement under the Offering
SGX-ST	:	Singapore Exchange Securities Trading Limited
Singapore IGA Legislation	:	Singapore legislation implementing the IGA between Singapore and the United States
Singapore Sub 1	:	Keppel-KBS US REIT S1 Pte. Ltd.
Singapore Sub 2	:	Keppel-KBS US REIT S2 Pte. Ltd.
SITA	:	Income Tax Act, Chapter 134 of Singapore
Sole Financial Adviser and Issue Manager	:	DBS Bank Ltd.
SOR REITs	:	KBS SOR and KBS Strategic Opportunity REIT II
SOR Team	:	Refers to the team operating within KBS which primarily manages the Core Strategy REITs
Sponsors	:	KC and KPA
SPVs	:	Special purpose vehicles
sq ft	:	Square foot or Square feet
sq m	:	Square metres
Stabilising Manager	:	Merrill Lynch (Singapore) Pte. Ltd.
Sub-US REITs	:	Upper-Tier Sub-US REIT and the Lower-Tier Sub-US REITs
Substantial Unitholder	:	Any Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue
Take-over Code	:	Singapore Code on Take-overs and Mergers

Tax Rulings	:	The advanced tax rulings set out in IRAS' letter dated 26 September 2017, and as further clarified in IRAS' emails of 27 September 2017 and 3 October 2017 and IRAS' letter of 29 September 2017
Term Loan Facilities	:	A four-year term loan facility of US$144.7 million and a five-year term loan facility of US$144.7 million
Title Company	:	The title company selected by the Vendors and the Lower Tier Sub-US REITs and to be named in the Portfolio Purchase and Sale Agreement
Title Insurance Companies	:	First American Title Insurance Company, being the title insurance company which will be issuing title insurance policies to the Lower-Tier Sub-US REITS for the Properties in the IPO Portfolio
Total Project Costs	:	The sum of: • construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor; • principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager; • the cost of obtaining all approvals for the project; • site staff costs; • interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with the International Financial Reporting Standards; and • any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with the International Financial Reporting Standards, but for the avoidance of doubt, shall not include land costs (including but not limited to the acquisition price or underlying value of such land).
TRS	:	Taxable REIT subsidiary, as defined in Section 856(l) of the IRC
Trust Companies Act	:	Trust Companies Act, Chapter 336 of Singapore

Trust Deed	:	The trust deed dated 22 September 2017 entered into between the Manager and the Trustee constituting Keppel-KBS US REIT, and as may be amended, varied or supplemented from time to time
Trustee	:	Perpetual (Asia) Limited, in its capacity as trustee of Keppel-KBS US REIT
Underwriting Agreement	:	The underwriting agreement dated 2 November 2017 entered into between the Manager, the Sponsors, GKP and the Joint Bookrunners
Underwriting, Selling and Management Commission	:	The underwriting, selling and management commission payable to the Joint Bookrunners for their services in connection with the Offering
Unit(s)	:	An undivided interest in Keppel-KBS US REIT as provided for in the Trust Deed, and otherwise in accordance with all applicable laws and regulations
Unit Buy-Back Mandate	:	The powers of the Manager to repurchase issued Units for and on behalf of Keppel-KBS US REIT in accordance with all applicable laws and regulations including the rules of the SGX-ST or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, be and is hereby authorised and approved generally and unconditionally
Unit Issue Mandate	:	The general mandate for the Manager to issue Units within certain limits until (i) the conclusion of the first annual general meeting of Keppel-KBS US REIT or (ii) the date by which first annual general meeting of Keppel-KBS US REIT is required by applicable regulations to be held, whichever is earlier
Unit Lenders	:	KCIH and KBS SORP LLC
Unit Lending Agreement	:	The unit lending agreement entered into between the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) and the Unit Lender dated 2 November 2017 in connection with the Over-Allotment Option
Unitholder(s)	:	The registered holder for the time being of a Unit including persons so registered as joint holders, except that where the registered holder is CDP, the term “Unitholder” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with Units
Unitholding	:	The holding of Units by a Unitholder
Unit Ownership Limit	:	9.8% of the outstanding Units
Unit Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd.

United States or US	:	United States of America
Upper-Tier Sub-US REIT	:	Keppel-KBS US Properties REIT, Inc., a Delaware corporation
US Asset Manager	:	KBS
US Asset Manager's Misconduct	:	Asset Manager Indemnified Party's gross negligence or wilful misconduct
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 Singapore Sub 2 pursuant to the loan from Singapore Sub 2, 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 Subsidiary Boards	:	The board of directors of the Parent US REIT and the Sub-US REITs
VAT	:	Value-added tax
Vendors	:	KBS SOR Northridge, LLC, KBS SOR Iron Point, LLC, KBS SOR 156th Avenue Northeast, LLC, KBS SOR Powers Ferry Landing East, LCC, KBS SOR 1800 West Loop South, LLC, KBS SOR 6565-6575 West Loop South, LLC, KBS SOR Austin Suburban Portfolio, LLC, KBS SOR Westmoor Center, LLC, KBS SOR Maitland Promenade II, LLC and KBS SOR Plaza Bellevue, LLC
WALE	:	Weighted average lease expiry
WFP	:	A withholding foreign partnership

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

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

Any reference to a time of day in this Prospectus is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding.

Information contained in the Manager's website does not constitute part of this Prospectus.

This page has been intentionally left blank.

REPORTING AUDITOR'S REPORT ON THE PROFIT FORECAST AND PROFIT PROJECTION

2 November 2017

The Board of Directors
Keppel-KBS US REIT Management Pte. Ltd.
(in its capacity 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

Dear Sirs,

Letter from the Independent Reporting Auditor on the Profit Forecast for the financial year ending 31 December 2018 and the Profit Projection for the financial year ending 31 December 2019

This letter has been prepared for inclusion in the prospectus dated 2 November 2017 (the "**Prospectus**") to be issued in connection with the total offering of 628,564,999 units in Keppel-KBS US REIT at the offering price of US$0.88 per unit (the "**Offering**").

The directors of the Manager (the "**Directors**") are responsible for the preparation and presentation of the forecast and projected consolidated statements of comprehensive income and distribution of Keppel-KBS US REIT for the financial year ending 31 December 2018 (the "**Profit Forecast**") and for the financial year ending 31 December 2019 (the "**Profit Projection**"), as set out on page 123 of the Prospectus, which have been prepared on the basis of the assumptions as set out on pages 124 to 134 of the Prospectus.

We have examined the Profit Forecast and Profit Projection as set out on page 123 of the Prospectus, which have been prepared on the basis of the assumptions as set out on pages 124 to 134 of the Prospectus, in accordance with International Standard on Assurance Engagements (ISAE) 3400, *The Examination of Prospective Financial Information*. The Directors are solely responsible for the Profit Forecasts and Profit Projection, including the assumptions set out on pages 124 to 134 of the Prospectus on which they are based.

Profit Forecast

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast. Further, in our opinion, the Profit Forecast is properly prepared on the basis of the assumptions set out on pages 124 to 134 of the Prospectus, is consistent with the accounting policies as set out on pages C-15 to C-22 of the Prospectus, and is presented in accordance with the relevant presentation principles of International Financial Reporting Standards (but not all the required disclosures) as issued by the International Accounting Standards Board ("**IASB**"), which is the framework to be adopted by Keppel-KBS US REIT in the preparation of its financial statements.

Profit Projection

The Profit Projection is intended to show a possible outcome based on the stated assumptions. As the length of the period covered by the Profit Projection extends beyond the period covered by the Profit Forecast, the assumptions used in the Profit Projection (which included hypothetical assumptions about future events which may not necessarily occur) are more subjective than would be appropriate for the Profit Forecast. The Profit Projection does not therefore constitute a profit forecast.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Projection. Further, in our opinion, the Profit Projection is properly prepared on the basis of the assumptions as set out on pages 124 to 134 of the Prospectus, is consistent with the accounting policies as set out on pages C-15 to C-22 of the Prospectus, and is presented in accordance with the relevant presentation principles of International Financial Reporting Standards (but not all the required disclosures) as issued by the IASB, which is the framework to be adopted by Keppel-KBS US REIT in the preparation of its financial statements.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions described in the Prospectus occur, actual results are still likely to be different from the Profit Forecast and Profit Projection since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecasted and projected. For these reasons, we do not express any opinion as to the possibility of achievement of the Profit Forecast and Profit Projection.

Attention is drawn to the risk factors set out on pages 65 to 92 of the Prospectus which describe the principal risks associated with the Offering to which the Profit Forecast and Profit Projection relate and the sensitivity analysis of the Profit Forecast and Profit Projection as set out on pages 135 to 136 of the Prospectus.

Yours faithfully,

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

Partner-in-charge: Nelson Chen

REPORTING AUDITOR'S REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

2 November 2017

The Board of Directors
Keppel-KBS US REIT Management Pte. Ltd.
(in its capacity 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

Dear Sirs,

Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information of Keppel-KBS US REIT

We have completed our assurance engagement to report on the compilation of Unaudited Pro Forma Consolidated Financial Information of Keppel-KBS US REIT by Keppel-KBS US REIT Management Pte. Ltd. (the "**Manager**"). The Unaudited Pro Forma Consolidated Financial Information of Keppel-KBS US REIT comprises the unaudited pro forma consolidated statement of financial position as at 31 December 2016 and 30 June 2017; the unaudited pro forma consolidated statements of comprehensive income for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 and the financial periods ended 30 June 2016 and 30 June 2017; the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2016 and period ended 30 June 2017; and related notes (collectively, the "**Unaudited Pro Forma Consolidated Financial Information**") as set out on pages C-1 to C-36 of the prospectus dated 2 November 2017 (the "**Prospectus**") to be issued in connection with the total offering of 628,564,999 units in Keppel-KBS US REIT (the "**Offering**"). The Unaudited Pro Forma Consolidated Financial Information of Keppel-KBS US REIT has been prepared for illustrative purpose only and are based on certain assumptions, after making certain adjustments. The applicable criteria (the "**Criteria**") on the basis of which the Manager has compiled the Unaudited Pro Forma Consolidated Financial Information are described in Appendix C to the Prospectus.

With reference to the basis of preparation as stated in Appendix C to the Prospectus, the Unaudited Pro Forma Consolidated Financial Information of Keppel-KBS US REIT has been compiled by the Manager to illustrate the impact of:

(a) the comprehensive income of Keppel-KBS US REIT if it had acquired the properties comprising The Plaza Buildings (10800 & 10900 NE 8th Street, Bellevue, King County, Washington, USA), Bellevue Technology Center (15805 NE 24th Street, Bellevue, King County, Washington, USA), Iron Point (1110-1180 Iron Point Road, Folsom, Sacramento County, California, USA), Westmoor Center (10055-10385 Westmoor Drive, Westminster, Jefferson County, Colorado, USA), Great Hills Plaza (9600 Great Hills Trail, Austin, Texas, USA), Westech 360 (8911 N Capital of Texas Hwy, Austin, Texas, USA), West Loop I & II

(6565 & 6575 West Loop South Bellaire, Harris County, Texas, USA), 1800 West Loop South (1800 West Loop South, Houston, Harris County, Texas, Powers Ferry (6190 Powers Ferry Road, Atlanta, Fulton County, Georgia, USA), Northridge Center (365 and 375 Northridge Road, Atlanta, Fulton County, Georgia) and Maitland Promenade II (495 N Keller Road, Maitland, Orange County, Florida, USA) (collectively, the "Properties") on the respective dates stated in Appendix C, under the same terms set out in the Prospectus;

(b) the cash flows of Keppel-KBS US REIT if it had acquired the Properties on 1 January 2016, under the same terms set out in the Prospectus; and

(c) the financial position of Keppel-KBS US REIT if it had acquired the Properties on 31 December 2016 and 30 June 2017, under the same terms set out in the Prospectus.

The dates on which the transactions described in Appendix C to the Prospectus are assumed to have been undertaken are hereinafter collectively referred to as the "**Relevant Dates**".

As part of this process, information about Keppel-KBS US REIT's financial position, comprehensive income and cash flows has been extracted by the Manager from the financial statements of the KBS SOR (BVI) Holdings, Ltd., which owned the Properties prior to their acquisition by Keppel-KBS US REIT for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 on which separate audit reports have been published, and the unaudited financial information for the financial periods ended 30 June 2016 and 30 June 2017. The aforementioned financial statements are hereinafter collectively referred to as "**the Relevant Financial Statements**".

The Manager's responsibility for the Unaudited Pro Forma Consolidated Financial Information

The Manager is responsible for compiling the Unaudited Pro Forma Consolidated Financial Information on the basis of the Criteria.

Reporting Auditor's Responsibilities

Our responsibility is to express an opinion about whether the Unaudited Pro Forma Consolidated Financial Information of Keppel-KBS US REIT has been compiled, in all material respects, by the Manager on the basis of the Criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by International Auditing and Assurance Standards Board ("**IAASB**"). This standard requires that the Reporting Auditor comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Manager has compiled, in all material respects, the Unaudited Pro Forma Consolidated Financial Information on the basis of the Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Consolidated Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Consolidated Financial Information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at each of the Relevant Dates would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Consolidated Financial Information has been compiled, in all material respects, on the basis of the Criteria involves performing procedures to assess whether the applicable criteria used by the Manager in the compilation of the Unaudited Pro Forma Consolidated Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

(a) the related pro forma adjustments give appropriate effect to those Criteria; and

(b) the Unaudited Pro Forma Consolidated Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the Reporting Auditor's judgement, having regard to the Reporting Auditor's understanding of the nature of the event or transaction in respect of which the Unaudited Pro Forma Consolidated Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Consolidated Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Consolidated Financial Information has been compiled:

  (i) from the information in the Relevant Financial Statements (which were prepared based on International Financial Reporting Standards) and is presented in accordance with the relevant presentation principles of International Financial Reporting Standards as issued by the International Accounting Standards Board;

  (ii) in a manner consistent with the accounting policies to be adopted by Keppel-KBS US REIT; and

  (iii) on the basis of the Criteria stated in Appendix C of the Prospectus; and

(b) each material adjustment made to the information used in the preparation of the Unaudited Pro Forma Consolidated Financial Information is appropriate for the purpose of preparing such unaudited financial information.

This report has been prepared for inclusion in the Prospectus of Keppel-KBS US REIT to be issued in connection with the Offering and should not be used for any other purpose.

Yours faithfully,

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

Partner-in-charge: Nelson Chen

This page has been intentionally left blank.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

A INTRODUCTION

The Unaudited Pro Forma Consolidated Financial Information has been prepared for inclusion in the prospectus (the "Prospectus") to be issued in connection with the proposed listing of Keppel-KBS US REIT ("Keppel-KBS US REIT") on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

Keppel-KBS US REIT is a Singapore REIT constituted pursuant to a Trust Deed dated 22 September 2017 made between Keppel-KBS US REIT Management Pte. Ltd. (the "Manager") and Perpetual (Asia) Limited (the "Trustee"). Keppel-KBS US REIT is established with the investment strategy principally to invest, directly or indirectly, in a portfolio of income-producing commercial assets and real estate-related assets in key growth markets in the United States.

The Manager's key financial objectives are to provide Unitholders of Keppel-KBS US REIT ("Unitholders") with regular and stable distributions and to achieve long-term growth in distribution and net asset value per Unit, while maintaining an appropriate capital structure for Keppel-KBS US REIT.

Prior to Keppel-KBS US REIT's admission to the Official List of the SGX-ST, it will, through its subsidiaries in the U.S., acquire a portfolio of 11 office properties located in the U.S. with an aggregate net lettable area of over 3.2 million rentable square feet (the "Properties"). See "Business and Properties" section of the Prospectus for further details of the Properties. The acquisitions as described above are collectively referred to as the "Acquisitions."

Northridge Center, Iron Point, Bellevue Technology Center, Powers Ferry, 1800 West Loop South, West Loop I & II, Great Hills Plaza, Westech 360, the Plaza Buildings, Westmoor Center and Maitland Promenade II (each, the "Property"), which will be held through wholly-owned subsidiaries of Keppel-KBS US Parent REIT, Inc., a real estate investment trust, incorporated in the U.S., and intermediate holding companies in Singapore and the U.S., are hereinafter collectively referred to the "Properties."

In connection with the Acquisitions, Keppel-KBS US REIT proposes to issue approximately 628.6 million new Units (the "Offering") at an offering price of US$0.88 per Unit (equivalent to S$1.1961 per Unit) (the "Offering Price"). The Offering consists of (i) an international placement of approximately 228.7 million Units to investors, outside the U.S. and (ii) an offering of approximately 34.1 million Units to the public in Singapore.

The sponsors of Keppel-KBS US REIT will be KPA and KC (the "Sponsors"). Separate from the Offering, KBS SOR Properties LLC ("KBS SORP LLC") and Keppel Capital Investment Holdings Pte. Ltd. ("KCIH") have entered into subscription agreements to subscribe for an aggregate of approximately 119.4 million Units, together with the Units issued on the constitution of Keppel-KBS US REIT, at the Offering Price.

In addition, concurrently with, but separate from the Offering, cornerstone investors have entered into a conditional subscription agreement to subscribe for an aggregate of approximately 246.4 million Units (the "Cornerstone Units") at the Offering Price.

Details on the Manager's management fees, the Trustee's fee and the property management fees are set out in Section E.

B BASIS OF PREPARATION OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The Unaudited Pro Forma Consolidated Financial Information set out in this report has been prepared for illustrative purposes only and based on certain assumptions, after making certain adjustments, and shows the Unaudited Pro Forma Consolidated Statement of Financial Position of Keppel-KBS US REIT and its subsidiaries as of 31 December 2016 and 30 June 2017, the Unaudited Pro Forma Consolidated Statements of Comprehensive Income of the Pro Forma Group for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 and the periods ended 30 June 2016 and 30 June 2017 and the Unaudited Pro Forma Consolidated Statement of Cash Flows of the Pro Forma Group for the year ended 31 December 2016 and the period ended 30 June 2017.

The Unaudited Pro Forma Consolidated Statement of Financial Position as at 31 December 2016 and 30 June 2017 reflects the financial position of the Pro Forma Group had it been in place and had the Acquisitions been completed on 31 December 2016 and 30 June 2017, pursuant to the terms set out in the Prospectus.

The Unaudited Pro Forma Consolidated Statements of Comprehensive Income for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 and the periods ended 30 June 2016 and 30 June 2017 reflect the financial performance of the Pro Forma Group had it been in place and had the Acquisitions been completed on 1 January 2014.

The Unaudited Pro Forma Consolidated Statement of Cash Flows for the year ended 31 December 2016 and the period ended 30 June 2017 reflects the cash flows of the Pro Forma Group had it been in place and had the Acquisitions been completed on 1 January 2016, pursuant to the terms set out in the Prospectus.

The Unaudited Pro Forma Consolidated Statement of Financial Position, Unaudited Pro Forma Consolidated Statements of Comprehensive Income and Unaudited Pro Forma Consolidated Statement of Cash Flows (collectively, the "Unaudited Pro Forma Consolidated Financial Information") have been prepared on the basis of the accounting policies set out in Section D and is to be read in conjunction with Section E.

The objective of the Unaudited Pro Forma Consolidated Financial Information is to show what the financial position, financial performance and cash flows might have been, had the Pro Forma Group as described above existed at an earlier date. However, the Unaudited Pro Forma Consolidated Financial Information is not necessarily indicative of the financial position, financial performance and cash flows that would have been attained had the Pro Forma Group actually existed earlier. The Unaudited Pro Forma Consolidated Financial Information has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Pro Forma Group's actual financial position, financial performance or cash flows.

The Unaudited Pro Forma Consolidated Financial Information of the Pro Forma Group has been compiled based on the unaudited divisional financial information of the Properties for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 and the periods ended 30 June 2016 and 30 June 2017. The unaudited divisional financial information of the Properties for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 are extracted from audited financial statements of KBS SOR (BVI) Holdings, Ltd. ("KBS SOR BVI") for the same relevant periods. The unaudited divisional financial information of the Properties for the periods ended 30 June 2016 and 30 June 2017 are extracted from unaudited financial statements of KBS SOR BVI for the same relevant periods.

The audited financial statements of KBS SOR BVI for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 were prepared in accordance with International Financial Reporting Standards and were audited by Kost Forer Gabbay and Kasierer (a member of Ernst & Young global), located in Tel Aviv, Israel in accordance with Israeli generally accepted auditing standards. The auditor's reports on these financial statements were not subjected to any qualifications, modifications or disclaimers.

Unaudited Pro Forma Consolidated Statement of Financial Position

The Unaudited Pro Forma Consolidated Statement of Financial Position as at 31 December 2016 and 30 June 2017 has been prepared to reflect the financial position of the Pro Forma Group had it been in place and had the Acquisitions been completed on 31 December 2016 and 30 June 2017, respectively, pursuant to the terms set out in the Prospectus.

In arriving at the Unaudited Pro Forma Consolidated Statement of Financial Position as at 31 December 2016 and 30 June 2017, the following key assumptions were made:

- The Properties are acquired at an aggregated purchase consideration of US$807.4 million, inclusive of related transaction costs estimated at US$3.4 million;

- Liabilities (comprising security deposits, rent received in advance, real estate taxes payables and tenancy obligations) directly attributable to the Properties, amounting to US$19.5 million and $19.5 million as at 31 December 2016 and 30 June 2017, respectively, were assumed by Keppel-KBS US REIT with corresponding cash retained from the net purchase consideration;

- Proceeds raised from the Offering and Sponsor Subscription Units amounted to US$553.1 million;

- Issuance costs relating to the Offering are estimated to be US$23.9 million and are assumed to be funded by the proceeds raised from the Offering;

- Proceeds raised from the issuance of Preferred Shares by various wholly-owned subsidiaries amounted to US$1.6 million; and

- Borrowings of US$286.5 million, net of transaction costs of US$2.9 million, were drawn down by Keppel-KBS US REIT on 31 December 2016 and 30 June 2017 to partially fund the acquisition of the Properties.

Unaudited Pro Forma Consolidated Statements of Comprehensive Income

The Unaudited Pro Forma Consolidated Statements of Comprehensive Income have been prepared to reflect the financial performance of the Pro Forma Group had it been in place and had the Acquisitions been completed on 1 January 2014 pursuant to the terms set out in the Prospectus.

In arriving at the Unaudited Pro Forma Consolidated Statement of Comprehensive Income for each of the years ended presented, the following key adjustments and assumptions were made:

- Adjustments to reflect the recognition of straight-line rent as of the pro forma acquisition date of 1 January 2014 and the amortisation of lease incentives related to the Pro Forma Group for leases commencing on or after the pro forma acquisition date of 1 January 2014;

- The Manager's management fees, the Trustee's fee and the property management fees were computed based on the formula as set out in Section E. 100% of management fees payable to the Manager for the year ended 31 December 2014 and 75% of management fees payable to the Manager thereafter are paid in the form of Units;

- No Manager's Performance Fee has been assumed for the financial year ended 31 December 2014;

- Other trust expenses comprise of annual listing fee, registry fee, audit and tax fees, valuation fees, costs associated with the preparation and distribution of reports to Unitholders and miscellaneous expenses;

- Finance expenses comprise of interest expense incurred on borrowings, amortisation of debt-related transaction costs and dividends on Preferred Shares. It is assumed that (i) the borrowings on the term loan to fund the acquisition of the Properties would bear interest at an assumed effective interest rate of 3.35% per annum; (ii) borrowings to fund capital expenditures, lease commissions and tenant improvements would bear interest at an assumed effective interest rate of approximately 2.9%, and (iii) the holders of the Preferred Shares would receive dividends at a rate of 12.5% per annum for all the years presented;

- Properties are acquired at an estimated aggregate purchase consideration of US$807.4 million, inclusive of transaction costs estimated at US$3.4 million;

- Capital expenditures, tenant improvements, lease commissions and leasing fees incurred for the respective years are assumed to be capitalised as part of the value of the relevant Property and as such, would increase the value of Keppel-KBS US REIT's Deposited Property. Capital expenditures, tenant improvements, lease commissions and leasing fees of US$30.8 million, US$23.3 million, US$20.2 million, $8.5 million and $10.2 million were assumed to be incurred on the Properties for the years ended 31 December 2014, 2015 and 2016 and the periods ended 30 June 2016 and 2017, respectively;

- The aggregate valuation of the Properties of US$804.0 million remained unchanged throughout the years presented except to the extent of the assumed capital expenditures, tenant improvements, lease commissions and leasing fees as described above;

- Tax expense comprises deferred tax expenses which relates to temporary differences recognised on investment properties;

- 100.0% of distributable income to Unitholders is distributed. Distributions are paid on a semi-annual basis in arrears; and

- No withholding tax payable by the Pro Forma Group has been assumed for the years presented.

Unaudited Pro Forma Consolidated Statement of Cash Flows

The Unaudited Pro Forma Consolidated Statement of Cash Flows for the year ended 31 December 2016 and period ended 30 June 2017 has been prepared to reflect the cash flows of the Pro Forma Group had it been in place and had the Acquisitions been completed on 1 January 2016, pursuant to the terms set out in the Prospectus.

In arriving at the Unaudited Pro Forma Consolidated Statement of Cash Flows for the year ended 31 December 2016 and period ended 30 June 2017, the following key assumptions were made:

- On 1 January 2016, the Acquisitions were undertaken at an aggregated purchase consideration of US$807.4 million, inclusive of transaction costs estimated at US$3.4 million;

- Liabilities (comprising security deposits, rent received in advance, real estate taxes payables and tenancy obligations) directly attributable to the Properties, amounting to US$19.5 million as at 1 January 2016, were assumed by Keppel-KBS US REIT with a corresponding cash retained from the net purchase consideration;

- Capital expenditures, tenant improvements, lease commissions and leasing fees incurred for the year are assumed to be capitalised as part of the value of the relevant Property and as such, would increase the value of Keppel-KBS US REIT's Deposited Property. Capital expenditures, tenant improvements, lease commissions and leasing fees of US $20.2 million and $10.2 million for the year ended 31 December 2016 and the period ended 30 June 2017, respectively, were assumed to be incurred on the Properties subsequent to the Acquisitions;

- Acquisition expenses of US$3.4 million was expensed as a fair value adjustment on investment properties for the year ended 31 December 2016;

- Finance expenses comprise of interest expense incurred on borrowings, amortisation of debt-related transaction costs and dividends on Preferred Shares. It is assumed that (i) the borrowings on the term loan to fund the acquisition of the Properties would bear interest at an assumed effective interest rate of 3.35% per annum; (ii) borrowings to fund capital expenditures, lease commissions and tenant improvements would bear interest at an assumed effective interest rate of approximately 2.9%; and (iii) the holders of the Preferred Shares would receive dividends at a rate of 12.5% per annum for all the years presented;

- Capital expenditures, tenant improvements, lease commissions and leasing fees of US$20.2 million and $10.2 million for the year ended 31 December 2016 and the period ended 30 June 2017, respectively, were funded with draws under the revolving credit facility;

- The Units issued to purchase the Properties is assumed to be on 1 January 2016;

- The Manager's Management Fees and the Trustee's fee were computed based on the formula as set out in Section E. 100% of the Management Fees payable to the Manager for the year ended 31 December 2016 and 75% of the Management Fees payable to the Manager for the period ended 30 June 2017 are paid in the form of Units;

- No Manager's Performance Fee has been assumed for the financial year ended 31 December 2016;

- Proceeds raised from the Offering and Sponsor Subscription Units amounted to US$553.1 million;

- Proceeds raised from the issuance of Preferred Shares amounted to US$1.6 million;

- Issuance costs relating to the Offering are estimated to be US$23.9 million and are assumed to be funded by the proceeds raised from the Offering;

- The aggregate valuation of the Properties remained unchanged throughout the year presented except to the extent of the assumed capital expenditures, tenant improvement, lease commissions and leasing fees incurred as described above;

- No withholding tax is payable by the Pro Forma Group has been assumed for the financial year ended 31 December 2016; and

- 100.0% of the distributable income to the Unitholders is distributed for the year ended 31 December 2016 and the period ended 30 June 2017. Distributions to Unitholders are paid on a semi-annual basis in arrears.

C UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Unaudited Pro Forma Consolidated Statement of Financial Position[1]

The Unaudited Pro Forma Consolidated Statements of Financial Position as at 31 December 2016 and 30 June 2017 have been prepared for inclusion in the Prospectus and is presented below. Details of the pro forma assumptions made are set out in the Financial Information in Section B of the Prospectus.

	Note	As at 31 December 2016 US$'000	As at 30 June 2017 US$'000
Current Assets:			
Cash and cash equivalents	3	28,995	28,995
Prepaid expenses and other assets	4	460	460
Total current assets		29,455	29,455
Non-current Assets:			
Investment properties	5	804,000	804,000
Total non-current assets		804,000	804,000
Total assets		833,455	833,455
Current Liabilities:			
Accounts payable and accrued liabilities	8	12,381	12,381
Other liabilities	8	3,913	3,913
Total current liabilities		16,294	16,294
Non-current Liabilities:			
Loans and borrowings	6	286,546	286,546
Rental security deposits	8	3,161	3,161
Preferred shares	7	1,625	1,625
Total non-current liabilities		291,332	291,332
Total liabilities		307,626	307,626
Net assets attributable to Unitholders	9	525,829	525,829
Units in issue ('000)		628,565	628,565
Net asset value per Unit (US$)		$ 0.84	$ 0.84

Note:

(1) Based on the Offering Price of US$0.88 per Unit (equivalent to S$1.1961 per Unit).

Unaudited Pro Forma Consolidated Statements of Comprehensive Income

The Unaudited Pro Forma Consolidated Statements of Comprehensive Income of the Pro Forma Group for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 and for the periods ended 30 June 2016 and 30 June 2017 have been prepared for inclusion in the Prospectus and are presented below. Details of the pro forma adjustments and assumptions made are set out in the Basis of Preparation of Pro Forma Financial Information in Section B.

Year Ended 31 December 2014	**Note**	**Unaudited Consolidated Statement of Comprehensive Income US$'000**	**Pro Forma Adjustments US$'000**	**Unaudited Pro Forma Consolidated Statement of Comprehensive Income US$'000**
Revenue:				
Rental income	10	53,275	1,094[(a)]	54,369
Recoveries income	10	12,111	–	12,111
Other operating income	10	2,464	–	2,464
Gross Revenue		67,850	1,094	68,944
Expenses:				
Operating, maintenance, and management	11	(22,127)	(161)[(b)]	(22,288)
Real estate taxes and insurance		(9,938)	–	(9,938)
Property expenses		(32,065)	(161)	(32,226)
Net Property Income		35,785	933	36,718
Asset management fees to affiliate		(4,605)	4,605[(c)]	–
Manager's Base Fee		–	(1,681)[(c)]	(1,681)
Manager's Performance Fee		–	–[(c)]	–
Trustee's fee		–	(168)[(c)]	(168)
General and administrative expenses		(31)	(2,565)[(c)]	(2,596)
Finance expense on preferred shares		–	(203)[(d)]	(203)
Finance expense	13	(11,229)	1,384[(d)]	(9,845)
Amortisation of financing costs		–	(579)[(d)]	(579)
Net income before tax, fair value change in investment properties and other non-operating income		19,920	1,726	21,646
Finance income		15	–	15
Fair value change in investment properties		11,143	(21,872)[(e)]	(10,729)
Tax expense	14	–	(5,390)[(f)]	(5,390)
Net income after tax and fair value change in investment properties		**31,078**	**(25,536)**	**5,542**

Notes:

(a) Adjustments to reflect the recognition of straight-line rent and the amortisation of lease incentives beginning on the pro forma acquisition date of 1 January 2014.

(b) Adjustments to reflect the recognition of the amortisation of lease commission beginning on the pro forma acquisition date of 1 January 2014.

(c) Adjustments to eliminate the historical asset management fees and to include the Manager's Base Fee, the Manager's Performance Fee, the Trustee's fee, and other corporate-level expenses.

(d) Adjustments to reflect (i) the finance expenses (including amortisation of upfront debt-related transaction costs and commitment fees) on the new borrowings drawn down by the Pro Forma Group and (ii) dividends on the Preferred Shares.

(e) Adjustment to (i) eliminate the historical fair value change in investment properties, (ii) recognise a fair value loss related to acquisition expenses and (iii) recognise a fair value change for the current period's effects of straight-line rent, lease incentive amortisation and lease commission amortisation.

(f) Adjustments to recognise deferred tax expense on temporary differences on investment properties.

Year Ended 31 December 2015	Note	Unaudited Consolidated Statement of Comprehensive Income US$'000	Pro Forma Adjustments US$'000	Unaudited Pro Forma Consolidated Statement of Comprehensive Income US$'000
Revenue:				
Rental income	10	57,282	926[(a)]	58,208
Recoveries income	10	13,750	–	13,750
Other operating income	10	3,117	–	3,117
Gross Revenue		74,149	926	75,075
Expenses:				
Operating, maintenance and management	11	(23,357)	(811)[(b)]	(24,168)
Real estate taxes and insurance		(9,871)	–	(9,871)
Property expenses		(33,228)	(811)	(34,039)
Net Property Income		40,921	115	41,036
Asset management fees to affiliate		(4,867)	4,867[(c)]	–
Manager's Base Fee		–	(2,381)[(c)]	(2,381)
Manager's Performance Fee		–	(1,603)[(c)]	(1,603)
Trustee's fee		–	(168)[(c)]	(168)
General and administrative expenses		(102)	(2,624)[(c)]	(2,726)
Finance expense on preferred shares		–	(203)[(d)]	(203)
Finance expense	13	(10,832)	356[(d)]	(10,476)
Amortisation of financing costs		–	(579)[(d)]	(579)
Net income before tax, fair value change in investment properties and other non-operating income		25,120	(2,220)	22,900
Finance Income		12	–	12
Fair value change in investment properties		20,315	(24,145)[(e)]	(3,830)
Tax expense	14	–	(5,587)[(f)]	(5,587)
Net income after tax and fair value change in investment properties		**45,447**	**(31,952)**	**13,495**

Notes:

(a) Adjustments to reflect the recognition of straight-line rent and the amortisation of lease incentives beginning on the pro forma acquisition date of 1 January 2014.

(b) Adjustments to reflect the recognition of the amortisation of lease commission beginning on the pro forma acquisition date of 1 January 2014.

(c) Adjustments to eliminate the historical asset management fees and to include the Manager's Base Fee, the Manager's Performance Fee, the Trustee's fee, and other corporate-level expenses.

(d) Adjustments to reflect (i) the finance expenses (including amortisation of upfront debt-related transaction costs and commitment fees) on the new borrowings drawn down by the Pro Forma Group and (ii) dividends on the Preferred Shares.

(e) Adjustment to (i) eliminate the historical fair value change in investment properties and (ii) recognise a fair value change for the current period's effects of straight-line rent, lease incentive amortisation and lease commission amortisation.

(f) Adjustments to recognise deferred tax expense on temporary differences on investment properties.

Year Ended 31 December 2016	Note	Unaudited Consolidated Statement of Comprehensive Income US$'000	Pro Forma Adjustments US$'000	Unaudited Pro Forma Consolidated Statement of Comprehensive Income US$'000
Revenue:				
Rental income	10	61,631	1,063[(a)]	62,694
Recoveries income	10	14,159	–	14,159
Other operating income	10	3,220	–	3,220
Gross Revenue		79,010	1,063	80,073
Expenses:				
Operating, maintenance and management	11	(23,670)	(1,604)[(b)]	(25,274)
Real estate taxes and insurance		(10,206)	–	(10,206)
Property expenses		(33,876)	(1,604)	(35,480)
Net Property Income		45,134	(541)	44,593
Asset management fees to affiliate		(4,998)	4,998[(c)]	–
Manager's Base Fee		–	(2,893)[(c)]	(2,893)
Manager's Performance Fee		–	(1,247)[(c)]	(1,247)
Trustee's fee		–	(168)[(c)]	(168)
General and administrative expenses		(39)	(2,823)[(c)]	(2,862)
Finance expense on preferred shares		–	(203)[(d)]	(203)
Finance expense	13	(12,068)	1,069[(d)]	(10,999)
Amortisation of financing costs		–	(579)[(d)]	(579)
Net income before tax, fair value change in investment properties and other non-operating income		28,029	(2,387)	25,642
Finance Income		3	–	3
Fair value change in investment properties		15,855	(17,459)[(e)]	(1,604)
Tax expense	14	–	(5,739)[(f)]	(5,739)
Net income after tax and fair value change in investment properties		**43,887**	**(25,585)**	**18,302**

Notes:

(a) Adjustments to reflect the recognition of straight-line rent and the amortisation of lease incentives beginning on the pro forma acquisition date of 1 January 2014.

(b) Adjustments to reflect the recognition of the amortisation of lease commission beginning on the pro forma acquisition date of 1 January 2014.

(c) Adjustments to eliminate the historical asset management fees and to include the Manager's Base Fee, the Manager's Performance Fee, the Trustee's fee, and other corporate-level expenses.

(d) Adjustments to reflect (i) the finance expenses (including amortisation of upfront debt-related transaction costs and commitment fees) on the new borrowings drawn down by the Pro Forma Group and (ii) dividends on the Preferred Shares.

(e) Adjustment to (i) eliminate the historical fair value change in investment properties and (ii) recognise a fair value change for the current period's effects of straight-line rent, lease incentive amortisation and lease commission amortisation.

(f) Adjustments to recognise deferred tax expense on temporary differences on investment properties.

Period Ended 30 June 2016	Note	Unaudited Consolidated Statement of Comprehensive Income US$'000	Pro Forma Adjustments US$'000	Unaudited Pro Forma Consolidated Statement of Comprehensive Income US$'000
Revenue:				
Rental income	10	29,887	602[(a)]	30,489
Recoveries income	10	6,986	–	6,986
Other operating income	10	1,511	–	1,511
Gross Revenue		38,384	602	38,986
Expenses:				
Operating, maintenance and management	11	(11,640)	(655)[(b)]	(12,295)
Real estate taxes and insurance		(5,091)	–	(5,091)
Property expenses		(16,731)	(655)	(17,386)
Net Property Income		21,653	(53)	21,600
Asset management fees to affiliate		(2,470)	2,470[(c)]	–
Manager's Base Fee		–	(1,403)[(c)]	(1,403)
Manager's Performance Fee		–	(624)[(c)]	(624)
Trustee's fee		–	(84)[(c)]	(84)
General and administrative expenses		(24)	(1,407)[(c)]	(1,431)
Finance expense on preferred shares		–	(102)[(d)]	(102)
Finance expense	13	(6,073)	655[(d)]	(5,418)
Amortisation of financing costs		–	(289)[(d)]	(289)
Net income before tax, fair value change in investment properties and other non-operating income		13,086	(837)	12,249
Finance Income		1	–	1
Fair value change in investment properties		(2,543)	1,919[(e)]	(624)
Tax expense	14	–	(2,848)[(f)]	(2,848)
Net income after tax and fair value change in investment properties		**10,544**	**(1,766)**	**8,778**

Notes:

(a) Adjustments to reflect the recognition of straight-line rent and the amortisation of lease incentives beginning on the pro forma acquisition date of 1 January 2014.

(b) Adjustments to reflect the recognition of the amortisation of lease commission beginning on the pro forma acquisition date of 1 January 2014.

(c) Adjustments to eliminate the historical asset management fees and to include the Manager's Base Fee, the Manager's Performance Fee, the Trustee's fee, and other corporate-level expenses.

(d) Adjustments to reflect (i) the finance expenses (including amortisation of upfront debt-related transaction costs and commitment fees) on the new borrowings drawn down by the Pro Forma Group and (ii) dividends on the Preferred Shares.

(e) Adjustment to (i) eliminate the historical fair value change in investment properties and (ii) recognise a fair value change for the current period's effects of straight-line rent, lease incentive amortisation and lease commission amortisation.

(f) Adjustments to recognise deferred tax expense on temporary differences on investment properties.

Period Ended 30 June 2017	Note	Unaudited Consolidated Statement of Comprehensive Income US$'000	Pro Forma Adjustments US$'000	Unaudited Pro Forma Consolidated Statement of Comprehensive Income US$'000
Revenue:				
Rental income	10	31,662	477[(a)]	32,139
Recoveries income	10	8,269	–	8,269
Other operating income	10	1,891	–	1,891
Gross Revenue		41,822	477	42,299
Expenses:				
Operating, maintenance and management	11	(11,239)	(1,015)[(b)]	(12,254)
Real estate taxes and insurance		(5,803)	–	(5,803)
Property expenses		(17,042)	(1,015)	(18,057)
Net Property Income		24,780	(538)	24,242
Asset management fees to affiliate		(2,534)	2,534[(c)]	–
Manager's Base Fee		–	(1,767)[(c)]	(1,767)
Manager's Performance Fee		–	(782)[(c)]	(782)
Trustee's fee		–	(84)[(c)]	(84)
General and administrative expenses		(30)	(1,473)[(c)]	(1,503)
Finance expense on preferred shares		–	(102)[(d)]	(102)
Finance expense	13	(6,187)	487[(d)]	(5,700)
Amortisation of financing costs		–	(289)[(d)]	(289)
Net income before tax, fair value change in investment properties and other non-operating income		16,029	(2,014)	14,015
Finance Income		7	–	7
Fair value change in investment properties		(1,005)	1,734[(e)]	729
Tax expense	14	–	(2,924)[(f)]	(2,924)
Net income after tax and fair value change in investment properties		**15,031**	**(3,204)**	**11,827**

Notes:

(a) Adjustments to reflect the recognition of straight-line rent and the amortisation of lease incentives beginning on the pro forma acquisition date of 1 January 2014.

(b) Adjustments to reflect the recognition of the amortisation of lease commission beginning on the pro forma acquisition date of 1 January 2014.

(c) Adjustments to eliminate the historical asset management fees and to include the Manager's Base Fee, the Manager's Performance Fee, the Trustee's fee, and other corporate-level expenses.

(d) Adjustments to reflect (i) the finance expenses (including amortisation of upfront debt-related transaction costs and commitment fees) on the new borrowings drawn down by the Pro Forma Group and (ii) dividends on the Preferred Shares.

(e) Adjustment to (i) eliminate the historical fair value change in investment properties and (ii) recognise a fair value change for the current period's effects of straight-line rent, lease incentive amortisation and lease commission amortisation.

(f) Adjustments to recognise deferred tax expense on temporary differences on investment properties.

Unaudited Pro Forma Consolidated Statement of Cash Flows

The Unaudited Pro Forma Consolidated Statements of Cash Flows for the year ended 31 December 2016 and the period ended 30 June 2017 have been prepared for inclusion in the Prospectus and are presented below. Details of the pro forma adjustments and assumptions made are set out in the Basis of Preparation of Pro Forma Consolidated Financial Information set out in Section B.

	Year ended 31 December 2016	Period ended 30 June 2017
	US$'000	**US$'000**
Cash flows from operating activities:		
Net income before tax	23,301	15,585
Adjustments for:		
Straight-line rent and amortisation of lease incentives	(3,208)	(286)
Manager's fee paid/payable in Units	3,055	1,906
Finance expenses[(1)]	9,848	5,116
Amortisation of lease commissions	244	362
Fair value change in investment properties	6,409	(76)
Amortisation of debt related transaction costs	579	289
Changes in working capital:		
Rent and other receivables	(808)	(735)
Prepaid expenses and other assets	(11)	15
Accounts payable and accrued liabilities	(31)	(860)
Other liabilities	(183)	(2,883)
Net cash flows generated from operating activities	39,195	18,433
Cash flows from investing activities:		
Acquisition of investment properties and related assets and liabilities	(785,005)	–
Additions to investment properties	(20,160)	(10,241)
Payments of capital expenditures payable assumed at acquisition	(5,800)	–
Acquisition costs	(3,445)	–
Cash flows used in investing activities	(814,410)	(10,241)
Cash flows from financing activities:		
Proceeds from issuance of units	553,137	–
Payments of costs related to issuance of units	(23,863)	–
Proceeds from debt financings	289,440	–
Increase in borrowings for capital expenditures	20,160	10,241
Payment of debt related transaction costs	(2,894)	–
Proceeds from preferred shares	1,625	–
Finance expense paid on loans and borrowings	(8,840)	(4,991)
Finance expense paid on preferred shares	(203)	(102)
Distribution to unit holders	(15,274)	(15,274)
Cash flows generated from/(used in) financing activities	813,288	(10,126)
Net increase/(decrease) in cash and cash equivalents	38,073	(1,934)
Cash and cash equivalents at beginning of the year/period	–	38,073
Cash and cash equivalents at end of the year/period	38,073	36,139

Note:

(1) Comprises finance expenses incurred on borrowings, dividends on Preferred Shares and amortisation of debt-related transaction costs and commitment fees.

Note to the Unaudited Pro Forma Consolidated Statement of Cash Flows

The effects of acquisition of the Properties and related assets and liabilities on the Pro Forma Group's Unaudited Pro Forma Consolidated Statement of Cash Flows for the year ended 31 December 2016 are set out below:

	Year ended 31 December 2016 US$'000
Investment properties	804,000
Prepaid expenses and other assets	460
Accounts payable and other payables	(12,381)
Rent received in advance	(3,913)
Security deposits	(3,161)
Net assets acquired	785,005
Cash purchase consideration[(1)]	785,005
Acquisition costs	3,445
	788,450

Note:

(1) Includes the purchase consideration for investment properties and prepaid expenses acquired and liabilities assumed.

Significant Non-Cash Transaction

During the year ended 31 December 2016, approximately 3.5 million Units at US$0.88 per Unit (equivalent to amounting to US$3.1 million), were or would be issued as payment for the Manager's Base Fee. During the period ended 30 June 2017, approximately 2.2 million Units at US$0.88 per Unit (equivalent to amounting to US$1.9 million), were or would be issued as payment for the Manager's Base Fee and Manager's Performance Fee.

See Section E for the relevant fee structure.

D NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

1 Basis of preparation

(a) Statement of compliance

The Unaudited Pro Forma Consolidated Financial Information is prepared in accordance with the basis set out in Section B and presented in accordance with International Financial Reporting Standards and the applicable requirements of the Code of Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Keppel-KBS US REIT's Trust Deed.

The financial statements of the Pro Forma Group comprise Keppel-KBS US REIT and its subsidiaries.

(b) Basis of measurement

The Unaudited Pro Forma Consolidated Financial Information is prepared on the historical cost basis except as disclosed in the accounting policies below.

(c) Functional and presentation currency

The financial information is presented in U.S. dollars ("US$") which is Keppel-KBS US REIT's functional currency. All financial information presented in US$ has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgments

The preparation of the financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial information is included in:

- Note 5 – Investment properties and
- Note 14 – Tax expense

Valuation of investment properties

The Pro Forma Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The fair values of investment properties are determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise both the Yield Method and the Discounted Cash Flow Method. The key assumptions used to determine the fair value of these investment properties are provided in Note 5.

Provision for taxation

Uncertainties exist with respect to the interpretation of complex tax regulations in the jurisdictions in which Keppel-KBS US REIT operates, any potential changes to the IRC and the amount and timing of future taxable income. Given the span of tax regulations which may apply to the various taxable entities or persons within Keppel-KBS US REIT, the cross-border and long-term nature and complexity of the contractual arrangements and the conditions to the tax rulings which have been obtained, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions recorded or require new or additional tax provisions to be recorded. Keppel-KBS US REIT establishes provisions, based on reasonable estimates, for anticipated tax liabilities or possible consequences of audits by the tax authorities of the respective jurisdictions in which it operates. The amount of such provisions is based on various factors, such as the experience from previous tax audits, differing interpretations of tax regulations between the taxable entity or person involved and the relevant tax authority and anticipated future changes in the tax laws that may have a direct impact on any tax ruling or favorable tax treatment relied upon. Such instances may arise on a wide variety of issues depending on the conditions prevailing in the domicile of the respective entity or person involved.

2 Significant accounting policies

The accounting policies set out below have been applied consistently throughout the years presented in this financial information, and have been applied consistently by the Pro Forma Group.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Pro Forma Group.

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

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

(ii) Subsidiaries

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

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Keppel-KBS US REIT.

(iii) Loss of control

When a change in the Pro Forma Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary, are derecognised. Amounts previously recognised in other comprehensive income or loss in respect of that entity are also reclassified to profit or loss or transferred to retained earnings.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date control is lost and its fair value is recognised in profit or loss.

(iv) Transactions eliminated on consolidation

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

(b) Foreign currencies

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

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

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

(c) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation, or both. They are not for sale in the ordinary course of business, or used in the production or supply of goods or services, or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Initial cost includes expenditures that are directly attributable to the acquisition of the investment properties. The Trust Deed requires the investment properties to be valued by independent registered valuers in such manner and frequency required under the Property Funds Appendix of the CIS Code issued by the MAS.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised and the carrying amounts of the replaced components are written off to profit or loss. To the extent that lease commissions paid increase the future economic benefits of investment properties, they are capitalised as part of the assets.

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

(d) Financial instruments

(i) Non-derivative financial assets

The Pro Forma Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Pro Forma Group becomes a party to the contractual provisions of the instrument.

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

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

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

Loans and receivables

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

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

(ii) Non-derivative financial liabilities

The Pro Forma Group initially recognises financial liabilities on the trade date at which the Pro Forma Group becomes a party to the contractual provisions of the instrument.

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

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

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

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

(iii) Preferred Shares

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

(iv) Derivative financial instruments

The Pro Forma Group may hold derivative financial instruments to hedge its interest rate risk exposures.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss.

(v) Net assets attributable to Unitholders

Net assets attributable to Unitholders are classified as equity.

Issuance costs relate to expenses incurred in connection with the issue of Units. The expenses are deducted directly against net assets attributable to Unitholders.

(e) Impairment of financial assets

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Pro Forma Group on terms that the Pro Forma Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Pro Forma Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

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

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

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

(f) Leases

When the Pro Forma Group is the lessor of an operating lease

Leases where the Pro Forma Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases.

(g) Levies

A provision for levies is recognised when the activity that triggers the payment of the levy as specified in the relevant legislation occurs. A levy obligation is accrued ratably over the reporting period if the activity that triggers payment occurs over the period in accordance with relevant legislation. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

(h) Revenue recognition

Rental income from operating leases

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

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

Lease cancellation fees are recognised as revenue once an agreement is reached with the tenant to terminate the lease and the collectability is reasonably assured.

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

(i) Finance expenses

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

(j) Tax

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

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

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

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

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

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Pro Forma Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. The carrying amount of the investment properties will be recovered through sale or use. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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

In determining the amount of current and deferred tax, the Pro Forma Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Pro Forma Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Pro Forma Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(k) Segment reporting

An operating segment is a component of the Pro Forma Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Pro Forma Group's other components. The Pro Forma Group's investment properties are primarily commercial office properties and are located in the U.S. Therefore, the directors consider that the

Pro Forma Group operates within a single business segment and within a single geographical segment in the U.S. Accordingly, no segment information has been presented in this financial information.

(l) New Standards issued but not yet effective

IFRS 9 – Financial Instruments

IFRS 9 replaces the existing guidance in International Accounting Standard ("IAS") 39, Financial Instruments – Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in IFRS 9 are based on an expected credit losses model and replace the IAS 39 incurred loss model. Adopting the expected credit losses requirements will require the Company to make changes to its current systems and processes. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Manager is currently in the process of assessing the impact of the new standard to the financial statements, but does not expect this standard to have a material impact to the financial statements.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration which the entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when the performance obligation is satisfied.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with an early adoption permitted. The Manager is currently in the process of assessing the impact of the new standard to the financial statements, but does not expect this standard to have a material impact to the financial statements.

IFRS 16 – Leases

IFRS 16 requires lessees to recognise for most leases, a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard is effective for annual periods beginning on or after 1 January 2019. The Manager plans to adopt the new standard on the required effective date and does not expect the adoption of this standard to have a material impact to the financial statements.

3 Cash and cash equivalents

	As at 31 December 2016 US$'000	As at 30 June 2017 US$'000
Cash at bank	28,995	28,995

Included in cash and cash equivalents is an amount of approximately US$19.5 million and $19.5 million as of 31 December 2016 and 30 June 2017, respectively, set aside to settle real estate taxes payable, accrued expenses and tenancy obligations as disclosed in Note 8.

4 Prepaid expenses and other assets

	As at 31 December 2016 US$'000	As at 30 June 2017 US$'000
Prepaid expense and other deposits	460	460

5 Investment properties

	As at 31 December 2016 US$'000	As at 30 June 2017 US$'000
Investment properties, at acquisition value	804,000	804,000

(a) Investment properties comprise office spaces which are leased to external customers. The remaining lease terms range from less than 1 year to 9.7 years as at 30 June 2017.

(b) The acquisition value of the investment properties have been determined after taking into consideration independent valuations of the investment properties performed between 31 May 2017 and 27 June 2017.

(c) The acquisition values of the investment properties are set out below:

Property	Description and Location	Tenure of Land	US$'000
Northridge Center	Two Class B office buildings located in Atlanta, GA	Freehold	20,325
Iron Point	Five Class A office buildings located in Folsom, CA	Freehold	36,700
Bellevue Technology Center	Nine Class A/B office buildings located in Bellevue, WA	Freehold	131,150
Powers Ferry	Six-storey Class B office building located in Atlanta, GA	Freehold	18,725
1800 West Loop South	21-storey Class A office building, located in Houston, TX	Freehold	78,550
West Loop I & II	Two Class A office buildings located in Houston, TX	Freehold	46,300
Great Hills Plaza	Three-storey Class B office building located in Austin, TX	Freehold	33,150
Westech 360	Four three-storey Class B buildings located in Austin, TX	Freehold	41,800
The Plaza Buildings	Two Class A office buildings located in Bellevue, WA	Freehold	240,000
Westmoor Center	Six Class A office buildings located in Westminster, CO	Freehold	117,075
Maitland Promenade II	A five-storey Class A office building located in Orlando, FL	Freehold	40,225
			804,000

(i) *Valuation of investment properties*

The independent appraisers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair values were generally calculated using the Income Approach. The two primary income approaches that may be used are the Discounted Cash Flow ("DCF") and the Direct Capitalisation Method ("DCM"). DCF calculates the present values of future cash flows over a specified time period, including the potential proceeds of a deemed disposal, to determine the fair value. DCM determines value by applying a capitalisation rate to the property's stabilised net operating income, normally at the first year. Both the DCF and DCM approaches convert the earnings of a property into an estimate of value. The Market Transaction or Direct Comparison approach may also be used, which is based on sound considerations for similarity and comparability between properties that have recently been sold. Considerations may include geographic location, physical, legal, and revenue generating characteristics, market conditions and financing terms and conditions. The final step in the appraisal process involves the reconciliation of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property.

The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal capitalisation rate and capitalisation rate, which are unobservable. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

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

– Level 1: for unadjusted price quoted in active markets for identical assets or liabilities,

– Level 2: for inputs, other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

– Level 3: for inputs that are based on unobservable market data. These unobservable inputs reflect the Pro Forma Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability, and are developed based on the best information available in the circumstances (which might include the Pro Forma Group's own data).

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

(ii) Level 3 fair value

The following table shows the range of key unobservable inputs used within the valuation reports:

Valuation technique	Key unobservable inputs	Relationship between key unobservable inputs and fair value measurement
Discounted cash flow approach	Discount rate of 6.50% – 9.50% Terminal capitalisation rate of 5.50% – 8.25%	Higher discount rate or terminal capitalisation rate would result in a lower fair value, while lower rates would result in a higher fair value
Direct capitalisation method	Capitalisation rate of 5.00% – 8.50%	Higher capitalisation rate would result in a lower fair value, while lower rate would result in a higher fair value
Market or direct comparison approach	Price per square foot of US $108.50 to $454.18	Higher price per square foot would result in a higher fair value, while lower price per square foot would result in a lower fair value.

Key unobservable inputs

Key unobservable inputs correspond to:

- Discount rate, which reflects the risk-free rate, adjusted for a risk premium to reflect the increased risk of investing in the asset class.
- Terminal capitalisation rate, which reflects the uncertainty, functional/economic obsolescence and the risk associated with a future assumed sale of the investment properties.
- Capitalisation rate, which reflects the ratio of the property's net property income to its fair value.
- Price per square foot which takes into consideration comparable market prices, having adjustments made for any difference in the nature, location or condition of the specific property.

6 Loans and borrowings

	As at 31 December 2016 US$'000	As at 30 June 2017 US$'000
Interest bearing bank borrowings	289,440	289,440
Less: Debt-related transaction costs	(2,894)	(2,894)
	286,546	286,546

As of the Listing Date, Keppel-KBS US REIT is expected to have gross borrowings of US$289.4 million drawn down from the Loan Facilities. (See "Capitalisation and Indebtedness further details.)

7 Preferred Shares

	As at 31 December 2016 US$'000	As at 30 June 2017 US$'000
Preferred Shares issued (net of issuance costs)	1,625	1,625

Preferred Shares issued

The indirect subsidiaries of the Trust have issued 1,625 Preferred Shares with a par value of US$1,000 per Preferred Share.

The Preferred Shares rank senior to all units of the indirect subsidiaries. Each holder of the Preferred Shares is entitled to receive cumulative preferential cash dividends (recorded as finance expenses) at a rate of 12.5% per annum on the subscription price of US$1,000 per Preferred Share plus all accrued and unpaid dividends which is payable annually in arrears.

The Preferred Shares are not convertible into or exchangeable for any other property or securities of the subsidiaries. The Board of Directors of the subsidiaries may, in its sole and absolute discretion, cause the subsidiaries to redeem units of the Preferred Shares at US$1,000 per unit plus all accrued and unpaid dividends.

The Preferred Shares have been classified as financial liabilities in accordance with IAS 32 Financial Instruments: Presentation.

8 Accrued expenses and other payables

As at 31 December 2016 and 30 June 2017, the total accrued expenses and other payables assumed and directly attributable to the properties amounted to US$19.5 million and US$19.5 million, respectively. These liabilities consist of rental security deposits, real estate taxes payable, prepaid rental income and tenancy obligations.

9 Net assets attributable to Unitholders

	As at 31 December 2016 US$'000	As at 30 June 2017 US$'000
Units in issue	553,137	553,137
Issuance costs	(23,863)	(23,863)
Accumulated losses	(3,445)	(3,445)
	525,829	525,829

The following represents the units in issue as at 31 December 2016:

	Number of units '000	US$'000
Creation of new Keppel-KBS US REIT Units arising from:		
– Constitution	–(1)	–(1)
– Sponsor Subscription Units	119,427	105,096
– Cornerstone Units	246,365	216,801
– The Offering	262,773	231,240
	628,565	553,137

Note:

(1) Less than 1,000 Units and US$1,000.

10 Gross Revenue

	Year ended 31 December 2014 US$'000	Year ended 31 December 2015 US$'000	Year ended 31 December 2016 US$'000	Period ended 30 June 2016 US$'000	Period ended 30 June 2017 US$'000
Rental income	54,369	58,208	62,694	30,489	32,139
Recoveries income	12,111	13,750	14,159	6,986	8,269
Other operating income	2,464	3,117	3,220	1,511	1,891
Gross Revenue	68,944	75,075	80,073	38,986	42,299

Recoveries income includes charges to tenants for reimbursements of certain operating costs and property taxes in accordance with the individual tenant leases.

11 Operating, maintenance and management expenses

Operating, maintenance and management expenses comprise:

	Year ended 31 December 2014 US$'000	Year ended 31 December 2015 US$'000	Year ended 31 December 2016 US$'000	Period ended 30 June 2016 US$'000	Period ended 30 June 2017 US$'000
Utilities	7,037	7,233	6,680	3,233	3,042
Repairs & maintenance	10,651	11,279	11,744	5,754	5,663
Property management fees	3,500	4,004	4,128	2,063	2,197
Amortisation of lease commissions	161	811	1,604	655	1,015
Other operating expenses	939	841	1,118	590	337
	22,288	24,168	25,274	12,295	12,254

12 Other trust expenses

Included in other trust expenses are the following:

	Year ended 31 December 2014 US$'000	Year ended 31 December 2015 US$'000	Year ended 31 December 2016 US$'000	Period ended 30 June 2016 US$'000	Period ended 30 June 2017 US$'000
Audit fees	630	630	630	315	315
Compliance tax fees	800	800	800	400	400
Unit registry expense	100	100	100	50	50

13 Finance expense

	Year ended 31 December 2014 US$'000	Year ended 31 December 2015 US$'000	Year ended 31 December 2016 US$'000	Period ended 30 June 2016 US$'000	Period ended 30 June 2017 US$'000
Interest expense on loans and borrowings	9,845	10,476	10,999	5,418	5,700

14 Tax expense

	Year ended 31 December 2014 US$'000	Year ended 31 December 2015 US$'000	Year ended 31 December 2016 US$'000	Period ended 30 June 2016 US$'000	Period ended 30 June 2017 US$'000
Deferred tax					
Origination of temporary differences	5,390	5,587	5,739	2,848	2,924
	5,390	5,587	5,739	2,848	2,924
Reconciliation of tax expense					
Net income before tax	10,932	19,082	24,041	11,626	14,751
Income tax at 17%	1,858	3,244	4,087	1,976	2,508
Expenses not deductible for tax purposes	2,562	3,083	3,222	1,590	1,738
Tax exempt income	(6,353)	(6,118)	(5,876)	(2,938)	(2,846)
Effect of different tax rates arising from foreign jurisdiction	2,772	2,873	2,951	1,465	1,504
Deferred tax asset not recognised	4,551	2,505	1,355	755	20
	5,390	5,587	5,739	2,848	2,924

15 Significant related party transactions

For the purposes of the pro forma financial information, parties are considered to be related to the Pro Forma Group if the Pro Forma Group has the direct and indirect ability to control the party, jointly control or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Pro Forma Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The following significant related party transactions were carried out in the normal course of business on terms agreed between the parties:

	Year ended 31 December 2014 US$'000	Year ended 31 December 2015 US$'000	Year ended 31 December 2016 US$'000	Period ended 30 June 2016 US$'000	Period ended 30 June 2017 US$'000
Manager's Base Fee	1,681	2,381	2,893	1,403	1,767
Manager's Performance Fee	–	1,603	1,247	624	782
Trustee Fee	168	168	168	84	84
	1,849	4,152	4,308	2,111	2,633

16 Financial risk management

The Pro Forma Group's activities expose it to credit risk, liquidity risk, market risk and interest rate risk in the normal course of its business. The Pro Forma Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Pro Forma Group's financial performance.

The Board of Directors ("BOD") of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Pro Forma Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organizational and reporting structure, operating manuals and delegation of authority guidelines.

Credit risk

Credit risk is the risk of financial loss to the Pro Forma Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Pro Forma Group's receivables from customers. In addition, tenants may experience financial difficulty and are unable to fulfil their lease commitments or tenants may fail to occupy and pay rent in accordance with lease agreements. The Pro Forma Group mitigates credit risk through staggered lease maturities, diversification of revenue sources by ensuring no individual tenant contributes a significant percentage of Keppel-KBS US REIT's gross revenue and obtaining security deposits from the tenants.

Derivatives are only entered into with banks and financial counterparties with sound credit ratings.

Cash is placed with financial institutions which are regulated.

The Pro Forma Group believes that there is little credit risk inherent in the Pro Forma Group's loan and receivables, based on historical payment behaviors and the security deposits held. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Pro Forma Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors the liquidity risk of the Pro Forma Group and maintains a level of cash deemed adequate to finance its operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

The following are the contractual maturities of financial liabilities including interest payments:

	Carrying amount US$'000	Total US$'000	Within 1 year US$'000	Between 2 to 5 US$'000	More than 5 years US$'000
As at 31 December 2016					
Non-derivative financial liabilities(1)	288,171	333,756	9,117	323,014	1,625
Security deposits	3,161	3,161	–	2,622	539
Accrued expenses and other payables	16,294	16,294	16,294	–	–
	307,626	353,211	25,411	325,636	2,164

	Carrying amount US$'000	Total US$'000	Within 1 year US$'000	Between 2 to 5 US$'000	More than 5 years US$'000
As at 30 June 2017					
Non-derivative financial liabilities(1)	288,171	333,756	9,117	323,014	1,625
Security deposits	3,161	3,161	–	2,622	539
Accrued expenses and other payables	16,294	16,294	16,294	–	–
	307,626	353,211	25,411	325,636	2,164

Note:

(1) Excludes cash dividend payable on the Preferred Shares. Contractual cash flows arising from cash dividends on Preferred Shares amount to US$0.2 million per annum, as disclosed in Note 7.

The maturity analyses show the contractual undiscounted cash flows of the Pro Forma Group and the financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instruments held are normally not closed out prior to contractual maturity. The disclosure shows the net cash flow amounts for derivatives that are net cash-settled.

Accounting classifications

The carrying amounts of financial assets and financial liabilities are as follows:

	Loans and receivables US$'000	Financial liabilities measured at amortised cost US$'000	Total US$'000
31 December 2016			
Cash and cash equivalents	28,995	–	28,995

	Loans and receivables US$'000	Financial liabilities measured at amortised cost US$'000	Total US$'000
31 December 2016			
Loans and borrowings	–	286,546	286,546
Security deposits	–	3,161	3,161
Preferred shares	–	1,625	1,625
Accrued expenses and other payables	–	16,294	16,294
	–	307,626	307,626

	Loans and receivables US$'000	Financial liabilities measured at amortised cost US$'000	Total US$'000
30 June 2017			
Cash and cash equivalents	28,995	–	28,995

	Loans and receivables US$'000	Financial liabilities measured at amortised cost US$'000	Total US$'000
30 June 2017			
Loans and borrowings	–	286,546	286,546
Security deposits	–	3,161	3,161
Preferred shares	–	1,625	1,625
Accrued expenses and other payables	–	16,294	16,294
	–	307,626	307,626

Market Risk

(i) ***Currency risk***

Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Pro Forma Group's business is not exposed to significant currency risk as the portfolio of properties are located in the U.S. and the cash flows from the operations of the properties are denominated in USD. The Pro Forma Group also borrows in the same currency as the assets in order to manage the foreign currency risk. Keppel-KBS US REIT will receive USD distributions from the investment properties which will be passed to the Unitholders, either in USD or converted to SGD at the spot foreign exchange rate. The Keppel-KBS US REIT is exposed to fluctuations in the cross currency rates of the USD and SGD for operating expenses incurred in Singapore, which are not material. Where appropriate, based on the prevailing market conditions, the Pro Forma Group may adopt suitable hedging strategies to minimise any foreign exchange risk.

(ii) ***Cash flow risk***

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Pro Forma Group is exposed to minimal interest rate risks as at least 75% of its variable rate borrowings are assumed to be hedged at a fixed interest rate and the fair value change in derivative instruments is assumed to be zero throughout the relevant periods.

Interest rate risk

The Pro Forma Group's exposure to changes in interest rates relates primarily to interest bearing financial liabilities. The Manager will actively monitor and manage the Pro Forma Group's net exposure to interest rate risk through the use of interest rate hedging instruments and/or fixed rate borrowings, where applicable.

As at 31 December 2016 and 30 June 2017, the Pro Forma Group is exposed to minimal interest rate risks as at least 75% of its variable rate borrowings are assumed to be hedged at a fixed interest rate and the fair value change in derivatives is assumed to be zero throughout the relevant periods.

Capital management

The Manager's objective when managing capital is to optimise Keppel-KBS US REIT's capital structure within the borrowing limits set out in the CIS Code by the Monetary Authority of Singapore to fund future acquisitions and asset enhancement projects at Keppel-KBS US REIT's properties. To maintain or achieve an optimal capital structure, the Manager may issue new units or source additional borrowing from both financial institutions and capital markets.

Keppel-KBS US REIT has a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Manager monitors the yield, which is defined as net property income from the property divided by the latest valuation for the property, on the properties acquired. The Manager also monitors the level of distributions made to Unitholders.

Keppel-KBS US REIT seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position.

Keppel-KBS US REIT is subject to the aggregate leverage limit as defined in the Property Funds Appendix. The Property Funds Appendix stipulates that the total borrowings and deferred payments (collectively, the "Aggregate Leverage") of a property fund should not exceed 45.0% of the fund's Deposited Property.

The Manager actively monitors the term of each loan facility, the weighted average cost of debt, and variable debt as a proportion of overall debt outstanding. The Manager also monitors the debt covenants on an ongoing basis and ensures there is sufficient cash available to make the payments under the loan agreement.

The aggregate leverage ratio is calculated as total borrowings divided by Deposited Property. The aggregate leverage ratio is approximately 36% as at 31 December 2016 and 30 June 2017.

E MANAGER'S MANAGEMENT FEES, TRUSTEE'S FEES AND PROPERTY MANAGEMENT FEES

Unless defined in this report, abbreviations below shall have the meanings set out in the Glossary to the Prospectus.

(a) Manager's management fee

The Manager is entitled under the Trust Deed to management fees comprising the base fee and performance fee as follows:

(i) A Base Fee of 10% per annum of the Annual Distributable Income (calculated before accounting for the Base Fee and the Performance Fee); and

(ii) A Performance Fee of 25% per annum of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

The Performance Fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in such financial year where the Performance Fee is payable may be less than the DPU in any preceding financial year.

(b) Trustee's fees

Pursuant to Clause 15.4 of the Trust Deed, the Trustee's fee shall be charged on a scaled basis of up to 0.015% per annum of value of the Deposited Property, subject to a minimum amount of S$14,000 per month, excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the Trustee from time to time.

(c) Property management fees

Under the property management agreement in respect of the properties, the Property Manager will provide property management services, lease management services and construction supervision services. The Property Manager is entitled to the following fees:

Property management fee

Each Property Manager is entitled to a monthly property management fee equal to a certain percentage of rent or gross revenues, as more specifically defined in each Property Management Agreement. All the Property Managers are unrelated to the Sponsors.

Property management fees are assessed on a monthly basis and payable in arrears. The property management fees for the IPO Portfolio is charged based on gross revenue income and ranges from 1.5% to 3.0% of the gross revenue income. The specific percentages of the property management fees are set out in each of the Property Management Agreements.

Notwithstanding that under the Property Management Agreements the property management fee is payable in cash and not Units, Clause 15.7 of the Trust Deed allows for the payment of property management fee in the form of cash and/or Units. Keppel-KBS US REIT may, in the future, enter into new property management agreements that provide for the payment of property management fee in Units.

Construction supervision fee

The Property Managers are entitled to construction supervision fees in connection with providing construction management services for certain construction projects with respect to the Property managed by the Property Manager. All the Property Managers are unrelated to the Sponsors.

Construction supervision fees are assessed as a percentage of the total cost of the applicable construction project with respect to the Properties, as more specifically set forth in each Property Management Agreement or construction management addendum to the Property Management Agreement, with the applicable percentage decreasing as the total cost of a construction project increases.

With respect to 1800 West Loop South, the percentages can range from 5.0% of the portion of the total cost of a construction project for amounts between US$10,000 and US$50,000, 4.0% for amounts between US$50,001 and US$150,000, 3.0% for amounts between US$150,001 and US$500,000 and 2.0% for amounts over US$500,000.

With respect to Maitland Promenade II, Iron Point, Northridge Center, Powers Ferry and Westmoor Center, the percentages can range from 5.0% of the cost of a construction project for amounts up to US$200,000, 4.0% for amounts between US$200,001 and US$400,000, 3.0% for amounts between US$400,001 and US$600,000, and 2.0% for amounts over US$600,000.

With respect to Great Hills Plaza and Westech 360, the percentages can range from 3.5% of the cost of a construction project for amounts between US$10,001 and US$50,000, 2.8% for amounts between US$50,001 and US$100,000, 2.1% for amounts between US$100,001 and US$250,000, and amounts above US$250,000 are subject to negotiation.

With respect to The Plaza Buildings and Bellevue Technology Center, the percentages can range from 5.0% of the cost of a construction project for amounts up to US$500,000, 4.0% for amounts between US$500,001 and US$1.0 million, 3.0% for amounts between US$1,000,001 and US$1.5 million, and 2.0% for amounts over US$1,500,001.

With respect to West Loop I & II, the percentages can range from 5.0% of the cost of a construction project for amounts up to US$100,000, 3.5% for amounts between US$100,001 and US$500,000 and 2.0% for amounts over US$500,000.

Leasing services commissions

Under the Leasing Services Agreements, the Leasing Agents are entitled to leasing services commissions, which are payable in cash.

Leasing services commissions for procuring leases with new tenants

The Leasing Agents are entitled to certain leasing services commissions for procuring leases with new tenants.

In relation to The Plaza Buildings, Westmoor Center and Bellevue Technology Center, each of the Leasing Agent's commission can range from US$0.75 to US$1.00 per square foot per year of the lease term for years 1 to 5 of the initial lease term and US$0.25 to US$0.50 per square foot per year for years 6 to 10 of the lease term for the initial lease term.

In relation to Powers Ferry and Northridge I & II, each of the Leasing Agent's commission can range from 2% to 4% of the base rental rate for the initial lease term. The Leasing Agent is also entitled to a procurement fee (which is part of the leasing services commission payable to the Leasing Agent on leases with new tenants) equal to one half or one month's full base rental.

In relation to West Loop I & II, Maitland Promenade II and Iron Point each of the Leasing Agent's commission can range from 2% to 4% of the base rental rate for the initial lease term.

In relation to Westech 360, Great Hills Plaza and 1800 West Loop South, each of the Leasing Agent's commission can range from 2% to 4% of the base rental rate (including additional rent) for the initial lease term.

No leasing services commission is payable to the Leasing Agent for a lease term in excess of ten years.

Leasing services commissions for procuring lease renewals

The Leasing Agents are entitled to certain leasing services commissions for procuring leases renewals.

In relation to Powers Ferry, West Loop I & II, Great Hills Plaza, Westech 360 and 1800 West Loop South each of the Leasing Agent's commission can range from 2% to 4% of the base rental rate (including additional rent) for the initial lease term.

In relation to Iron Point and Northridge I & II each of the Leasing Agent's commission can range from 1.25% to 2.5% of the base rental rate for the initial lease term.

In relation to Westmoor Center, Bellevue Technology Center and The Plaza Buildings, each of the Leasing Agent's commission is US$0.50 per square foot per year of the lease term for years 1 to 5 of the initial lease term and can range from US$0.25 to US$0.50 per square foot per year for years 6 to 10 of the lease term for the initial lease term.

In relation to Maitland Promenade II, the Leasing Agent's commission on lease renewals is computed based upon the rate then prevalent in the applicable market for comparable transactions as reasonably determined by the parties. The Leasing Agent's commission for lease renewals will be benchmarked to third party brokers' commissions for new leases, which would be approximately 2% to 4% of the base rental rate of the lease.

Leasing services commissions for procuring lease expansions

Save for The Plaza Buildings and Bellevue Technology Center, the Leasing Agents are entitled to certain leasing services commissions for procuring lease expansions, which can range from 2% to 4% of the base rental rate for the initial lease term, or in the case of Westmoor Center, from US$0.25 to US$0.50 per square feet per year of the lease term for the initial lease term.

INDEPENDENT TAXATION REPORTS

The Board of Directors
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

2 November 2017

Dear Sirs

SINGAPORE TAXATION REPORT

This letter has been prepared at the request of Keppel-KBS US REIT Management Pte. Ltd. (the "**Manager**") for inclusion in the Prospectus to be issued in relation to the initial public offering of units in Keppel-KBS US REIT on the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The purpose of this letter is to provide prospective purchasers ("**Unitholders**") of the units in Keppel-KBS US REIT ("**Units**") with an overview of the Singapore income tax consequences of the acquisition, ownership and disposition of the Units. The information contained in this letter may be more relevant to Unitholders who acquire and hold the Units as long-term investment assets. Therefore, Unitholders who acquire and hold the Units for dealing or trading purposes should consult their own tax advisers concerning the tax consequences of the acquisition and holding of the Units based on their personal circumstances.

This letter does not constitute tax advice and does not attempt to describe comprehensively all the tax considerations that may be relevant to a decision to acquire, own or dispose of the Units. Unitholders should consult their own tax advisers concerning the tax consequences of their acquisition, holding and disposal of the Units based on their personal circumstances. In particular, Unitholders who are not Singapore tax residents are advised to consult their own tax advisers to take into account the tax implications under the tax laws of their respective countries of tax residence and the existence of any tax treaty, which their countries of tax residence may have with Singapore.

This letter is based on the Singapore income tax law and the relevant interpretation thereof current as at the date of this letter (all of which may be subject to change, possibly with retroactive effect).

Words and expressions in this letter have the same meaning as defined in the Prospectus. In addition, unless the context requires otherwise, words in the singular include the plural and the other way around and words of one gender include any gender.

SINGAPORE TAXATION OF TRUSTS IN GENERAL

Under the existing provisions of the Income Tax Act, the taxable income of a trust comprises:

(a) income accruing in or derived from Singapore (or deemed as such); and

(b) unless otherwise exempt, income derived from outside Singapore which is received in Singapore (or deemed as such).

The taxable income of a trust is ascertained in accordance with the provisions of the Income Tax Act, after deduction of all allowable expenses and any other allowances permitted under that Act.

The taxable income of a trust, or part thereof, is taxed at the prevailing corporate rate of income tax and the tax is assessed on the trustee in the following circumstances:

(a) where the income is derived from any trade or business carried on by the trustee, in its capacity as the trustee of the trust;

(b) where the beneficiaries of the trust are not resident in Singapore for Singapore income tax purposes; or

(c) where the beneficiaries are not entitled to the income of the trust.

Any distribution made out of taxable income which has been assessed to tax on the trustee is treated as capital in nature and the beneficiaries will not be subject to further tax on such distribution. Non-taxable income/receipts do not form part of the statutory income of the trustee and distributions by the trustee out of non-taxable income/receipts are not taxable in the hands of the Unitholders.

TAXATION OF KEPPEL-KBS US REIT

Keppel-KBS US REIT is expected to derive dividends from Singapore Sub 1 and the Loan Subsidiaries (as defined below), and may derive gains from the sale of the shares in Singapore Sub 1 and/or the shares of the Loan Subsidiaries.

Tax Rulings

An application for the Tax Rulings was made based on the structure diagram of Keppel-KBS US REIT as illustrated in "Overview – Structure of Keppel-KBS US REIT" of this Prospectus and, *inter alia*, the following representations and information:

(a) Keppel-KBS US REIT will invest in immovable properties situated in the US and the structure of Keppel-KBS US REIT is as described above.

(b) Singapore Sub 1 and Singapore Sub 2 will both be Singapore-incorporated companies. Each of Singapore Sub 1 and Singapore Sub 2 will be a wholly-owned subsidiary of Keppel-KBS US REIT.

(c) Keppel-KBS US REIT will inject share capital in US dollars (out of the IPO proceeds or proceeds from the future post-IPO debt/or equity fund raisings, as applicable) in Singapore Sub 1 in exchange for the issuance of shares in Singapore Sub 1 to the trustee of Keppel-KBS US REIT. Singapore Sub 1 will inject the equity funding from Keppel-KBS US REIT into the Parent US REIT in US dollars in exchange for 100% of the voting common stock in the Parent US REIT.

(d) Keppel-KBS US REIT will also inject share capital in US dollars (out of the IPO proceeds or proceeds from future post-IPO debt and/or equity fund raisings, as applicable) into Singapore Sub 2 in exchange for the issuance of shares in Singapore Sub 2 to the trustee of Keppel-KBS US REIT. Using the equity funding from Keppel-KBS US REIT, Singapore Sub 2 will make a loan to the Parent US REIT at a debt-to-equity ratio determined on an arm's length basis.

(e) Singapore Sub 2 will be making a loan to the Parent US REIT for the acquisition of the IPO Portfolio. Subsequent to the IPO, Keppel-KBS US REIT will incorporate a new wholly-owned subsidiary for each occasion of acquisition. Each such new subsidiary will make a single loan to the Parent US REIT for purposes of that occasion of acquisition (each of Singapore Sub 2 and such other Singapore wholly-owned subsidiaries shall be referred to as a "**Loan Subsidiary**" and each such loan made to the Parent US REIT by a Loan Subsidiary shall be referred to as a "**Relevant Loan**"). Each Loan Subsidiary will only be making a singular loan to the Parent US REIT where that singular loan can be used by the Parent US REIT to ultimately fund (in whole or in part) acquisition of one or more US immovable properties by one or more Lower-Tier Sub-US REITs.

(f) Each Relevant Loan will be denominated in US dollars and disbursed by the Loan Subsidiary from its offshore US dollar account to the Parent US REIT's offshore US dollar account. Each Relevant Loan agreement may either be concluded electronically or may be executed wholly outside Singapore by the authorised representatives of the relevant Loan Subsidiary and the Parent US REIT.

(g) Each Relevant Loan will be unsecured, interest-bearing, arm's length and on market terms and conditions governed by US laws and may allow for the repayment of principal from time to time by the Parent US REIT.

(h) Each Loan Subsidiary will not be undertaking any other business activities apart from its passive investment by extending the Relevant Loan.

(i) Singapore Sub 1 and each Loan Subsidiary will be tax resident in Singapore.

(j) The Parent US REIT will inject the equity funding from Singapore Sub 1 and the Relevant Loan from the Loan Subsidiary into the Upper-Tier Sub-US REIT as share capital/equity in exchange for 100% of the voting common shares in the Upper-Tier Sub-US REIT, and the Upper-Tier Sub-US REIT will in turn inject the equity funding into the relevant Lower-Tier Sub-US REIT as share capital/equity in exchange for voting common shares in the Lower-Tier Sub-US REIT. The Parent US REIT, Upper-Tier Sub-US REIT and each of the Lower-Tier Sub-US REITs will be a US corporation electing to be treated as a US REIT for US tax purposes.

(k) Each of the Lower-Tier Sub-US REITs will use the equity funding together with proceeds from third party secured loan(s) (if any) to pay for the US immovable property concerned and to fund its operations. Each Lower-Tier Sub-US REIT will hold a single immovable property in the US.

(l) The Parent US REIT will not be carrying out any activities in Singapore and will not be tax resident in Singapore. The control and management of the Parent US REIT will be fully exercised in the US by the directors of the Parent US REIT.

(m) Each Lower-Tier Sub-US REIT can distribute its income from the operation of US immovable property that it holds as ordinary dividends to the Upper-Tier Sub-US REIT and the Upper-Tier Sub-US REIT can in turn distribute the dividends from the Lower-Tier Sub-US REIT as dividends to the Parent US REIT, which the Parent US REIT can use to pay dividends to Singapore Sub 1 and/or interest on the Relevant Loans to the Loan Subsidiaries.

(n) Singapore Sub 1 may also receive capital proceeds which may originate from share capital/equity redemption/repayment proceeds paid by a Lower-Tier Sub-US REIT to the Upper-Tier Sub-US REIT. The aforementioned capital proceeds may be used by the Upper-Tier Sub-US REIT to redeem/repay share capital/equity injected by the Parent US REIT, which may in turn be used by the Parent US REIT to redeem/repay share capital injected by Singapore Sub 1.

(o) A Loan Subsidiary may also receive repayments of principal on its Relevant Loan from the Parent US REIT which may originate from capital/equity redemption/repayment proceeds paid by a Lower-Tier Sub-US REIT to the Upper-Tier Sub-US REIT. The aforementioned capital proceeds may be used by the Upper-Tier Sub-US REIT to redeem/repay share capital/equity injected by the Parent US REIT, which may in turn be used by the Parent US REIT to repay any amount of principal on any of the Relevant Loans.

(p) Each of Keppel-KBS US REIT, Singapore Sub 1, the Loan Subsidiaries, the Parent US REIT, the Upper-Tier Sub-US REIT and the Lower-Tier Sub-US REITs will have at least one US dollar bank account maintained outside Singapore.

(q) The injection of share capital/equity by Singapore Sub 1, the Parent US REIT and the Upper-Tier Sub-US REIT as well as the disbursements of the Relevant Loan by each Loan Subsidiary to the Parent US REIT will be made from a US dollar account of the relevant party maintained outside Singapore to a US dollar account of the receiving party maintained outside Singapore.

(r) The Parent US REIT can make the following distributions:

  (i) foreign-sourced dividends to Singapore Sub 1 into Singapore Sub 1's US dollar account maintained outside Singapore;

  (ii) interest to each Loan Subsidiary into the relevant Loan Subsidiary's US dollar account maintained outside Singapore;

  (iii) capital proceeds to Singapore Sub 1, into another US dollar account of Singapore Sub 1 maintained outside Singapore; and/or

  (iv) principal repayments from time to time on a Relevant Loan, into a US dollar account of the relevant Loan Subsidiary maintained outside Singapore.

(s) Each Loan Subsidiary may make the following distributions:

  (i) one-tier tax exempt dividends out of the interest income it receives from the Parent US REIT, to a US dollar account of Keppel-KBS US REIT, maintained outside Singapore; and/or

  (ii) returns of capital to a US dollar account maintained by Keppel-KBS US REIT outside of Singapore out of the principal repayments on the Relevant Loans from the Parent US REIT.

(t) Each Loan Subsidiary may also remit the following amounts to finance its operating expenses (which are expected to be minimal):

    (i) a portion of the interest received in its US dollar account maintained outside Singapore (the "**Remitted Income**") into the Loan Subsidiary's bank account in Singapore; and/or

    (ii) a portion of the principal repayment on the Relevant Loans into the Loan Subsidiary's bank account in Singapore (the "**Remitted Principal Repayment**").

(u) Each Loan Subsidiary will not utilise its interest income for any other purpose except for as set out in sub-paragraphs (s)(i) and (t)(i) above, or for reinvestments wholly outside Singapore.

(v) The directors of Singapore Sub 1 can decide to distribute the dividends and/or capital proceeds received from the Parent US REIT to Keppel-KBS US REIT as one-tier tax exempt dividends and/or to use such receipts to fund a return of capital to Keppel-KBS US REIT, in each case paid from a US dollar account maintained by Singapore Sub 1 outside Singapore to a US dollar account maintained by Keppel-KBS US REIT outside Singapore.

(w) Keppel-KBS US REIT may:

    (i) make distributions to the Unitholders out of the dividends received from Singapore Sub 1 and/or the Loan Subsidiaries;

    (ii) remit a portion of the dividends from Singapore Sub 1 and/or the Loan Subsidiaries into Singapore to defray its operating expenses; and/or

    (iii) make distributions to the Unitholders out of any capital returned by Singapore Sub 1 and/or a Loan Subsidiary.

Pursuant to the Tax Rulings, the IRAS confirmed that:

(i) the following receipts will not be subject to tax in Singapore:

    (a) the principal repayments on the Relevant Loans by the Parent US REIT to the Loan Subsidiaries (including the Remitted Principal Repayment),

    (b) the capital proceeds from the Parent US REIT redeeming/repaying share capital/equity injected by Singapore Sub 1,

    (c) the tax exempt (one-tier) dividends receivable by Keppel-KBS US REIT (which will be paid by each Loan Subsidiary out of its interest income from the Parent US REIT, other than the Remitted Income),

    (d) the tax exempt (one-tier) dividends receivable by Keppel-KBS US REIT (which will be paid by Singapore Sub 1 out of its dividend income from the Parent US REIT),

    (e) the returns of capital receivable by Keppel-KBS US REIT (from each Loan Subsidiary out of the loan principal repayments from the Parent US REIT as well as from Singapore Sub 1 out of capital proceeds from the Parent US REIT redeeming/repaying share capital/equity injected by Singapore Sub 1),

    (f) the distributions receivable by the Unitholders of Keppel-KBS US REIT (payable out of its dividend income from Singapore Sub 1 and each Loan Subsidiary), and

(g) the distribution of capital proceeds receivable by the Unitholders of Keppel-KBS US REIT (payable out of the returns of capital by Singapore Sub 1 and/or each Loan Subsidiary).

(ii) As regards the interest income from the Relevant Loan provided by Singapore Sub 2 in relation to the acquisition of the IPO Portfolio, the IRAS is prepared to treat the interest income as foreign-sourced. The interest income therefore will not be subject to tax in Singapore unless it is remitted or deemed remitted under Section 10(25) of the SITA, provided that Singapore Sub 2 is a passive lender, providing a single loan out of its equity capital to the Parent US REIT and that Singapore Sub 2 is not expected to undertake any other business activities in relation to the making of that Relevant Loan. To the extent that each subsequent Loan Subsidiary (in relation to future acquisitions post-IPO) is of the same structure and makes the same single loan to the Parent US REIT, this tax position may apply.

Further, the Loan Subsidiaries may utilise their interest income for reinvestments wholly outside Singapore. If so, if the investments are realised and the proceeds brought into Singapore, the interest income will be deemed received in Singapore under Section 10(25)(a) of the SITA. For clarity, if the aforesaid investment proceeds are used to pay tax exempt (one-tier) dividends directly into Keppel-KBS US REIT's offshore bank account (and does not involve any physical remittance, transmission or bringing of funds into Singapore by the Loan Subsidiary for the purpose of the dividend payment), the said amount will not be considered as remitted or deemed remitted under Section 10(25) of the SITA.

(iii) On the dividend income for Singapore Sub 1 from the Parent US REIT, the IRAS agrees that the amount received by Singapore Sub 1 outside Singapore will not be subject to tax in Singapore. If any of the dividend income is received by Singapore Sub 1 in Singapore, the amount will be exempt from tax in Singapore under Section 13(8) of the SITA if the conditions under Section 13(9) of the SITA are met.

Terms and conditions of the Tax Rulings

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 each Loan Subsidiary and its transaction to be undertaken remain as represented to the IRAS and there are no other changes made to each Loan Subsidiary or its activities.

The Tax Rulings were made based on facts presented to the IRAS and IRAS' current interpretation and application of the existing tax law and the Tax Rulings will 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) an assumption about a future event or another matter that is material to the Tax Rulings, stated either in the Tax Rulings or in the application for the Tax Rulings, subsequently proves to be incorrect; or

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

In addition, where a provision of the SITA is repealed or amended, the Tax Rulings shall automatically not apply from the date of the repeal or amendment to the extent that the repeal or the amendment changes the way the provision applies in the Tax Rulings. Further, the IRAS may at any time withdraw the Tax Rulings from such date specified, by notifying the Sponsors in writing of the withdrawal and the reasons therefor.

Dividends received by Keppel-KBS US REIT from Singapore Sub 1 and the Loan Subsidiaries

Based on the Tax Rulings, IRAS has agreed that:

(a) the tax exempt (one-tier) dividends receivable by Keppel-KBS US REIT (which will be paid by each Loan Subsidiary out of its interest income from the Parent US REIT, other than the Remitted Income); and

(b) the tax exempt (one-tier) dividends receivable by Keppel-KBS US REIT (which will be paid by Singapore Sub 1 out of its dividend income from the Parent US REIT),

will not be subject to tax in Singapore.

Dividends paid by Singapore Sub 1 or the Loan Subsidiaries should be considered tax exempt (1-tier) dividends pursuant to Section 13(1)(za) of the SITA, provided Singapore Sub 1 and the Loan Subsidiaries are tax resident in Singapore. For the purposes of the SITA a company is considered to be tax resident of Singapore if the control and management of its business is exercised in Singapore.

Returns of capital received by Keppel-KBS US REIT

Based on the Tax Rulings, IRAS has agreed that the returns of capital receivable by Keppel-KBS US REIT (from each Loan Subsidiary out of the loan principal repayments from the Parent US REIT as well as from Singapore Sub 1 out of capital proceeds from the Parent US REIT redeeming/repaying share capital/equity injected by Singapore Sub 1) will not be subject to tax in Singapore.

Gains from the sale of shares of Singapore Sub 1 and/or the Loan Subsidiaries

Singapore does not impose tax on capital gains. Gains derived by Keppel-KBS US REIT from the disposal of shares in Singapore Sub 1 or any Loan Subsidiary that are capital in nature will not be subject to tax. However, such gains may be considered income in nature and subject to income tax if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore. Such gains may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity, if Keppel-KBS US REIT did not intend to acquire and hold the shares in question as long-term investments. Whether any gain from the sale of any such shares is or is not derived from a trade or business has to be determined based on the totality of facts surrounding the acquisition, holding and disposal of the relevant shares.

Should such gains be determined to be income and hence subject to income tax, the tax will be assessed on the Trustee. In the event that the Trustee and the Manager exercise their discretion to make a distribution out of such gains assessed to tax directly on the Trustee, such distribution will not be further taxed and the Unitholders will not be able to claim a tax credit in respect of the tax paid at the Trustee level.

Taxation of Singapore Sub 1

Dividends from the Parent US REIT

Based on the Tax Rulings, on the dividend income for Singapore Sub 1 from the Parent US REIT, the IRAS has agreed that the amount received by Singapore Sub 1 outside Singapore will not be subject to tax in Singapore.

If any of the dividend income is received by Singapore Sub 1 in Singapore, the amount will be exempt from tax in Singapore under Section 13(8) of the SITA if the conditions under Section 13(9) of the SITA are met.

Pursuant to Section 13(8) and Section 13(9) of the SITA, foreign-sourced dividends which are received in Singapore will be exempt from Singapore income tax where:

(a) the income is subject to tax of a similar character to income tax (by whatever name called) under the law of the territory from which the income is received;

(b) at the time the income is received in Singapore by the person resident in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%; and

(c) the Comptroller is satisfied that the tax exemption would be beneficial to the person resident in Singapore.

Gains from the disposal of the Parent US REIT

Singapore does not impose tax on capital gains. Gains derived by Singapore Sub 1 from the disposal of shares in the Parent US REIT that are capital in nature will not be subject to tax. However, such gains may be considered income in nature and subject to income tax if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore. Such gains may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity, if Singapore Sub 1 did not intend to acquire and hold the shares in question as long-term investments. Whether any gain from the sale of any such shares is or is not derived from a trade or business has to be determined based on the totality of facts surrounding the acquisition, holding and disposal of the relevant shares.

Taxation of Loan Subsidiaries

Interest income from the Parent US REIT

Pursuant to the Tax Rulings, IRAS is prepared to treat the interest income from the Relevant Loan provided by Singapore Sub 2 as foreign-sourced. The interest income will therefore not be subject to tax in Singapore unless it is remitted or deemed remitted under Section 10(25) of the SITA, provided Singapore Sub 2 is a passive investment holding company providing a single loan out of its equity capital to the Parent US REIT and that Singapore Sub 2 is not expected to undertake any other business activities in relation to the making of that Relevant Loan. To the extent that each subsequent Loan Subsidiary is of the same structure and makes the same single loan to the Parent US REIT, this tax position may apply.

Section 10(25) of the SITA states that the following amounts shall be deemed to be income received in Singapore from outside Singapore whether or not the source from which the income is derived has ceased:

(a) any amount from any income derived from outside Singapore which is remitted to, transmitted or brought into Singapore;

(b) any amount from any income derived from outside Singapore which is applied in or towards satisfaction of any debt incurred in respect of a trade or business carried on in Singapore; and

(c) any amount from any income derived from outside Singapore which is applied to purchase any movable property which is brought into Singapore.

Further, the Loan Subsidiaries may utilise their interest income for reinvestments wholly outside Singapore. If so, if the investments are realised and the proceeds brought into Singapore, the interest income will deemed received in Singapore under Section 10(25)(a) of the SITA. For clarity, if the aforesaid investment proceeds are used to pay tax exempt (one-tier) dividends directly into Keppel-KBS US REIT's offshore bank account (and there is not any physical remittance, transmission or bringing of funds Singapore by the Loan Subsidiary for the purpose of the dividend payment), the said amount will not be considered as remitted or deemed remitted under Section 10(25) of the SITA.

Principal repayments and Capital Proceeds by the Parent US REIT

Pursuant to the Tax Rulings, the IRAS had agreed that the principal repayments on the Relevant Loans by the Parent US REIT to each Loan Subsidiary, including the Remitted Principal Repayment, and capital proceeds from the Parent US REIT redeeming/repaying share capital/equity injected by Singapore Sub 1 will not be subject to tax in Singapore.

Taxation of Keppel-KBS US REIT'S Unitholders

Keppel-KBS US REIT distributions

Distributions out of tax exempt dividends

Tax exempt dividends should not form part of the statutory income of the Trustee of Keppel-KBS US REIT and distributions made out of such non-taxable income should not be taxable in the hands of the Unitholders. Pursuant to the Tax Rulings, IRAS has agreed that the distributions receivable by the Unitholders of Keppel-KBS US REIT (payable out of its dividend income from Singapore Sub 1 and each Loan Subsidiary) will not be subject to tax in Singapore.

Distributions out of capital gains

Capital gains should not form part of the statutory income of the Trustee of Keppel-KBS US REIT and distributions made out of such non-taxable income should not be taxable in the hands of the Unitholders. Hence, distributions made out of gains or profits arising from a disposal of any property of Keppel-KBS US REIT that have been determined to be capital gains are not taxable in the hands of Unitholders.

Pursuant to the Tax Rulings, IRAS had agreed that the distribution of capital proceeds receivable by the Unitholders of Keppel-KBS US REIT (payable out of the returns of capital by Singapore Sub 1 and/or a Loan Subsidiary) will not be subject to tax in Singapore.

Gains from disposal of the Units

Singapore does not impose tax on capital gains. Therefore, gains on disposal of the Units that are capital in nature will not be subject to tax. However, such gains may be considered income in nature and subject to income tax if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore. Such gains may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity, if the Unitholder did not intend to acquire and hold the Units as long-term investments.

Whether any gain from the sale of any of the Units is or is not derived from a trade or business has to be determined based on the totality of facts surrounding the acquisition, holding and disposal of the Units. Because of this, Unitholders are advised to consult their own professional advisers on the Singapore tax consequences that may apply to their individual circumstances.

Yours faithfully

Lim Pek Bur
Partner
For and on behalf of
Allen & Gledhill LLP

US TAXATION REPORT

2 November 2017

The Board of Directors
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: INDEPENDENT TAXATION REPORTS

Ladies and Gentlemen: This letter has been prepared at the request of Keppel-KBS US REIT Management Pte. Ltd. (the "**Manager**") for inclusion in the Prospectus to be issued in relation to the initial public offering of units in Keppel-KBS US REIT ("**Keppel-KBS US REIT**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Words and expressions in this letter have the same meaning as defined in the Prospectus. In addition, words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires.

The purpose of this letter is to provide prospective purchasers ("**Unitholders**") of the units in Keppel-KBS US REIT ("**Units**") with an overview of the US federal income tax consequences of the acquisition, ownership and disposition of the Units. The information contained in this letter is qualified in its entirety by applicable provisions of the United States Internal Revenue Code of 1986, as amended ("**IRC**"), relevant rules and regulations, and administrative and judicial interpretations of applicable IRC provisions and regulations. The information contained in this letter is limited to investors who own Units as investment assets rather than as inventory or as property used in a trade or business. This letter does not discuss all aspects of US federal income taxation that may be relevant to a particular prospective investor in light of its particular circumstances and income tax situation and does not describe any estate, gift, state, local, non-US, or other tax consequences. Except as expressly stated below, this letter does not discuss tax consequences that might be relevant to a Unitholder that is subject to special rules under US federal income tax law or a Unitholder (i) that is a United States person; (ii) that has an office or a fixed place of business in the United States; (iii) that is an individual present in the United States for 183 days or more in a taxable year; or (iv) that is (a) a former citizen or long-term resident of the United States, (b) a foreign insurance company that is treated as holding Units in connection with its United States business, (c) a passive foreign investment company (as such term is defined in the IRC), (d) a corporation that accumulates earnings to avoid US federal income tax, or (e) an entity treated as a partnership for US federal income tax purposes.

The information contained in this letter is based on existing law. No assurance can be given that the relevant laws will not change. In preparing this letter, we have examined and are familiar with the Prospectus. In addition, we have examined such other documents, certificates, and records as we have deemed necessary or appropriate for the purpose of preparing this letter. We also assume that Keppel-KBS US REIT and each of its direct and indirect subsidiaries will be owned, organized and operated in accordance with their respective organizational documents. With respect to all questions of fact on which our letter is based, we have assumed the initial and continuing truth, accuracy and completeness of the information set forth in the Prospectus. If any of the information in the Prospectus is inaccurate or incomplete for any reason, or if the transactions described in the Prospectus are consummated in a manner that is inconsistent with the manner contemplated therein, this letter may be adversely affected and may not be relied upon.

Prospective Unitholders should consult their own tax advisers or counsel as to the specific US tax consequences to them from the acquisition, ownership and disposition of Units, including the possible effects of changes in US or other tax laws.

US Federal Income Taxation of the Parent US REIT, Upper-Tier Sub-US REIT and the Lower Tier Sub-US REITs

General

Parent US REIT (as defined in the Prospectus), Upper-Tier Sub-US REIT (as defined in the Prospectus) and each Lower Tier Sub-US REIT (as defined in the Prospectus) intend to make elections in each case to be taxed as a real estate investment trust for US federal income tax purposes ("**US REIT**") under Sections 856 through 860 of the IRC commencing with its 2017 taxable year; and that election will continue in effect for subsequent taxable years, assuming continuing compliance with the then applicable qualification tests. The Parent US REIT's, Upper-Tier Sub-US REIT's and each Lower Tier Sub-US REIT's qualification and taxation as a US REIT will depend upon its compliance on a continuing basis with various qualification tests imposed under the IRC and summarized below. If the Parent US REIT, Upper-Tier Sub-US REIT or a Lower Tier Sub-US REIT fails to qualify as a US REIT in any year, it will be subject to US federal income taxation as if it were a corporation taxed under subchapter C of the IRC, or a C corporation. In this event, significant tax liabilities could be incurred, and the amount of cash available for distribution to Unitholders could be reduced or eliminated.

A US REIT is generally permitted to deduct dividends paid to its shareholders from its corporate income. As such, if the Parent US REIT, Upper-Tier Sub-US REIT and the Lower Tier Sub-US REITs qualify as US REITs and meet the tests described below, they will generally not be subject to US federal income tax on their net income distributed as dividends. Notwithstanding their US REIT elections, the Parent US REIT, Upper-Tier Sub-US REIT and the Lower Tier Sub-US REITs will be subject to US tax in certain circumstances, including but not limited to the following:

- The Parent US REIT, Upper-Tier Sub-US REIT or a Lower Tier Sub-US REIT will be taxed at regular corporate rates on any undistributed "real estate investment trust taxable income" and any undistributed "net capital gains".

- If either the Parent US REIT, Upper-Tier Sub-US REIT or a Lower Tier Sub-US REIT has any net income from prohibited transactions (which are, in general, certain sales or other dispositions of property (other than foreclosure property) held primarily for sale to customers in the ordinary course of business), such income will be subject to a 100% penalty tax.

- If the Parent US REIT's, Upper-Tier Sub-US REIT's or a Lower Tier Sub-US REIT's alternative minimum taxable income exceeds its taxable income, it may be subject to the corporate alternative minimum tax on its items of tax preference. Alternative minimum tax is a separate and independent tax that is parallel to the "regular" corporate income tax and is imposed at a lower rate but on an income base adjusted to eliminate certain tax allowances that cause taxable income to diverge from economic income.

- If either the Parent US REIT, Upper-Tier Sub-US REIT or a Lower Tier Sub-US REIT fails to satisfy the 75% gross income test or the 95% gross income test discussed below, due to reasonable cause and not due to willful neglect, but nonetheless maintains its qualification as a US REIT because of specified cure provisions, it will be subject to tax at a 100% rate on the greater of the amount by which it fails the 75% gross income test or the 95% gross income test, with adjustments, multiplied by a fraction intended to reflect its profitability.

- If either the Parent US REIT, Upper-Tier Sub-US REIT or a Lower Tier Sub-US REIT fails to satisfy the US REIT asset tests described below, due to reasonable cause and not due to willful neglect, but nonetheless maintains its qualification as a US REIT because of specified cure provisions, it will be subject to a tax equal to the greater of US$50,000 or the highest corporate tax rate multiplied by the net income generated by the non-qualifying assets that caused it to fail the test.

- If either the Parent US REIT, Upper-Tier Sub-US REIT or a Lower Tier Sub-US REIT fails to satisfy any provision of the IRC that would result in its failure to qualify as a US REIT (other than violations of the US REIT gross income tests or violations of the US REIT asset tests described below), due to reasonable cause and not due to willful neglect, it may retain its US REIT qualification but will be subject to a penalty of US$50,000 for each failure.

- If either the Parent US REIT, Upper-Tier Sub-US REIT or a Lower Tier Sub-US REIT does not distribute for any calendar year at least the sum of 85% of its REIT ordinary income for that year, 95% of its REIT capital gain net income for that year, and any undistributed taxable income from prior periods, it will be subject to a 4% non-deductible excise tax on the excess of the required distribution over the amounts actually distributed.

- A TRS is separately taxed on its net income as a C corporation. In addition, each Lower Tier Sub-US REIT will be subject to a 100% tax on the amount (if any) by which various charges and reimbursements between it and its TRSs (if any) are determined to be priced excessively in favour of such Lower Tier Sub-US REIT rather than on arms' length bases.

In addition, the Parent US REIT, Upper-Tier Sub-US REIT and the Lower Tier Sub-US REITs may be subject to state and local income or other taxation in various jurisdictions, and such treatment may differ from the US federal income tax treatment described herein.

Organization Requirements

Pursuant to Sections 856(a)(1) through (a)(6) of the IRC, in order to qualify as a US REIT, the Parent US REIT, Upper-Tier Sub-US REIT and each Lower Tier Sub-US REIT must be a corporation, trust or association:

(1) that is managed by one or more trustees or directors;

(2) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;

(3) that would be taxable, but for the US REIT provisions of the IRC, as a US domestic corporation;

(4) that is not a financial institution or an insurance company subject to special provisions of the IRC;

(5) the beneficial ownership of which is held by 100 or more persons; and

(6) that is not more than 50% in value owned, directly or indirectly, by five or fewer individuals (including natural persons and specified benefit plans, foundations, and charitable trusts).

The IRC provides that conditions (1) through (4) must be met during the entire taxable year, that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months, and that neither condition (5) nor (6) need to have been met during a company's first taxable year as a REIT. The Parent US REIT, Upper-Tier Sub-US REIT and each Lower Tier Sub-US REIT will issue to more than 100 individuals preferred shares that are subject to transfer restrictions to ensure compliance with condition (5). These individuals will be unrelated to the Sponsors and to Keppel-KBS US REIT. The preferred shares will be entitled to a fixed coupon but do not carry any voting rights. To help comply with condition (6), the Deed of Trust generally restricts transfers of Units that would otherwise result in concentrated ownership positions.

Income Tests

There are two gross income requirements for qualification as a US REIT under the IRC:

(1) At least 75% of a US REIT's gross income (excluding gross income from prohibited transactions and specified other items) for each taxable year must be derived directly or indirectly from investments relating to real property, including "rents from real property" as defined under Section 856 of the IRC, interest and gain from mortgages on real property, gain from the sale or other disposition of real property other than dealer property, or dividends and gain from shares in other US REITs. In addition, income attributable to the temporary investment of new capital is generally also qualifying income under the 75% gross income test if specified requirements are met; and

(2) At least 95% of a US REIT's gross income (excluding gross income from prohibited transactions and specified other items) for each taxable year must be derived from investments relating to real property that satisfy the 75% gross income test, dividends, interest, and gain from the sale or disposition of stock or securities.

These two gross income tests are complementary. The 75% gross income test ensures that most of the revenue of a US REIT is generated from real estate activities, while the 95% gross income test ensures that virtually all of the revenue of a US REIT is passive in nature (including income from real estate activities that satisfies the 75% gross income test).

In order for rents to qualify as "rents from real property", several requirements must be met:

- 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.

- A US REIT must not own 10.0% or more by vote or value of the tenant, whether directly or after application of attribution rules, except in the case of rent received by a US REIT from its TRS where (i) at least 90.0% of the leased space of a property is leased to tenants other than TRSs and 10.0% affiliated tenants, and (ii) the TRS's rent for space at that property is substantially comparable to the rents paid by non-affiliated tenants for comparable space at the property, or in other circumstances where the subject property is a qualified health care property or a qualified lodging facility.

- A US REIT must not furnish or render services other than "customary" services to the tenants of the property, except through an independent contractor from whom it derives no income or through its taxable REIT subsidiary, as defined in Section 856(l) of the IRC ("**TRS**"). TRSs are subsidiaries of US REITs that are generally permitted to undertake activities that the US REIT rules might prohibit a US REIT from performing directly. The Upper-Tier Sub-US REIT and Lower Tier Sub-US REITs may form one or more TRSs in order to perform non-customary services. A de minimis amount of non-customary services provided to tenants will not disqualify income as "rents from real property" so long as the value of the impermissible tenant services does not exceed 1% of the gross income from the property.

- If rent attributable to personal property leased in connection with a lease of real property is 15% or less of the total rent received under the lease, then the rent attributable to personal property will qualify as "rents from real property"; if this 15% threshold is exceeded, the rent attributable to personal property will not so qualify. The portion of rental income treated as attributable to personal property is determined according to the ratio of the fair market value of the personal property to the total fair market value of the real and personal property that is rented.

The Manager has represented that none of the rent received by the Lower Tier Sub-US REITs will be treated as based on the income or profits of any person, including tenants' payments of pass-through charges, such as the cost of utilities, property taxes, and similar items that may be calculated by reference to net expense or avoided expense of the Lower Tier Sub-US REITs. It is thus anticipated that substantially all of the revenue of the Lower Tier Sub-US REITs will consist of rental income from the Properties that will qualify as "rents from real property". Substantially all of the Parent US REIT's revenue is expected to be dividends received from the Upper-Tier Sub-US REIT, and substantially all of the Upper-Tier Sub-US REIT's revenue is expected to be dividends received from the Lower Tier Sub-US REITs. Assuming the Upper-Tier Sub-US REIT and Lower Tier Sub-US REITs qualify as US REITs, such dividends will constitute qualifying income to the Upper-Tier Sub-US REIT and the Parent US REIT, respectively, for purposes of both the 75% and 95% gross income tests. As such, the Parent US REIT, Upper-Tier Sub-US REIT and each Lower Tier Sub-US REIT is expected to satisfy the 75% and 95% gross income tests outlined above on a continuing basis beginning with its first taxable year for which it intends to qualify as a US REIT.

If the Parent US REIT, Upper-Tier Sub-US REIT or a Lower Tier Sub-US REIT fails to satisfy one or both of the 75% gross income test or the 95% gross income test for any taxable year, it may nevertheless qualify as a US REIT for such year if it is entitled to relief under certain provisions of the IRC. As discussed above in "General," even if these relief provisions were to apply, a tax would be imposed to the extent of the infraction.

Asset Tests

At the close of each quarter of its taxable year, a US REIT must also satisfy five tests relating to the nature of its assets.

(1) At least 75% of the value of a US REIT's total assets must be represented by real estate assets (which includes ancillary personal property leased in connection with real property to the extent that the rents attributable to such personal property are treated as rents from real property in accordance with the rules described above), shares other in US REITs, cash and cash items, government securities, and temporary investments of new capital meeting specified requirements.

(2) Not more than 25% of the value of a US REIT's total assets may be represented by securities other than those in the 75% asset class.

(3) Not more than 25% (20% beginning in 2018) of the value of a US REIT's total assets may be represented by stock or securities of one or more TRSs.

(4) Of the investments not included in the 75% asset class, the value of any one issuer's securities owned by a US REIT may not exceed 5% of the value of the US REIT's total assets, and a US REIT may not own more than 10% of the total voting power or 10% of the

total value of one issuer's outstanding securities. The foregoing 5% and 10% limitations do not apply to the stock or other securities of another US REIT, or the equity or debt securities of a TRS.

(5) Not more than 25% of the value of a US REIT's total assets may be represented by "nonqualified publicly offered REIT debt instruments" as defined in Section 856(c)(5)(L)(ii) of the IRC.

The Parent US REIT, Upper-Tier Sub-US REIT and each Lower Tier Sub-US REIT is expected to satisfy the above asset tests on a continuing basis beginning with its first taxable year for which it intends to qualify as a US REIT. If the Parent US REIT, Upper-Tier Sub-US REIT or a Lower Tier Sub-US REIT fails to satisfy any of the above asset tests, it may nevertheless qualify as a US REIT for such year if it is entitled to relief under certain provisions of the IRC. As discussed above in "General," even if these relief provisions were to apply, a tax would be imposed with respect to the excess net income generated by the non-qualifying assets that caused it to fail the test.

Annual Distribution Requirements

US REITs are required to make annual distributions other than capital gain dividends in an amount at least equal to the excess of:

(1) the sum of 90.0% of their "real estate investment trust taxable income" and 90.0% of their net income after tax, if any, from property received in foreclosure, over

(2) the amount by which their non-cash income exceeds 5.0% of their "real estate investment trust taxable income".

For these purposes, "real estate investment trust taxable income" is as defined under the IRC. The distributions must generally be paid in the taxable year to which they relate, or in the following taxable year if declared before the US REIT timely files its US federal income tax return for the earlier taxable year and if paid on or before the first regular distribution payment after that declaration. US REITs are subject to a 4% non-deductible excise tax to the extent they fail within a calendar year to distribute 85% of their ordinary income and 95% of their capital gain net income plus the excess, if any, of the "grossed up required distribution" for the preceding calendar year over the amount treated as distributed for that preceding calendar year.

If the Parent US REIT, Upper-Tier Sub-US REIT or a Lower Tier Sub-US REIT does not have cash available for distribution, Singapore Sub 1, the Parent US REIT, or the Upper-Tier Sub-US REIT, respectively, may receive a consent dividend in excess of any actual distribution of cash or other property that it receives from Parent US REIT or the Upper-Tier Sub-US REIT and Lower Tier Sub-US REITs, respectively and as applicable. A consent dividend will be treated in all respects as a regular dividend paid by Parent US REIT, Upper-Tier Sub-US REIT or the Lower Tier Sub-US REIT, as applicable, and received by Singapore Sub 1, Upper-Tier Sub-US REIT or the Parent US REIT, respectively, except that no cash will be distributed in respect of the consent dividend. Following a consent dividend, the amount deemed distributed less any amounts withheld (as discussed below) will be treated as though it were contributed back to Parent US REIT, Upper-Tier Sub-US REIT or the Lower Tier Sub-US REIT, as applicable, by Singapore Sub 1, the Parent US REIT, Upper-Tier Sub-US REIT, respectively. Alternatively, the Parent US REIT, Upper-Tier Sub-US REIT or a Lower Tier Sub-US REIT may borrow funds to satisfy the distribution requirements.

Failure to Qualify as a US REIT

If the Parent US REIT, Upper-Tier Sub-US REIT or a Lower Tier Sub-US REIT fails to qualify for taxation as a US REIT in any taxable year and no relief provisions apply, it will be subject to US federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates, currently 35% as well as state income tax. Distributions in any year in which the Parent US REIT, Upper-Tier Sub-US REIT or a Lower Tier Sub-US REIT fails to qualify as a US REIT will not be deductible by such entity, nor will they be required to be made. In such event, to the extent of current and accumulated earnings and profits, all distributions will be taxable as ordinary dividends. Unless entitled to relief under specific statutory provisions, a US REIT is disqualified from taxation as a US REIT under the IRC for the four taxable years following the year during which qualification was lost. Such disqualification would adversely affect Keppel-KBS US REIT's ability to make distributions to Unitholders.

Other Tax Considerations

The Parent US REIT, Upper-Tier Sub-US REIT and the Lower Tier Sub-US REITs may also be subject to income or property taxation by state or local jurisdictions. State and local tax consequences may not be comparable to the US federal income tax consequences discussed above.

US Federal Income Taxation of Unitholders on Disposition of Units

A Unitholder would generally realise gain or loss on the disposition of Units equal to the difference between the amount realised and the Unitholder's adjusted basis in its Units that are sold or exchanged. Gain realised on sale or other disposition of Units by a Unitholder that is not a US person ("**Non-US Unitholder**") will not be subject to US federal income taxation unless (i) the Non-US Unitholder's investment in the Units is effectively connected with its conduct of a trade or business in the United States (and, if provided by an applicable income tax treaty, is attributable to a permanent establishment or fixed base the Non-US Unitholder maintains in the United States), (ii) the Non-US Unitholder is an individual present in the United States for 183 days or more in the taxable year of the sale and other specified conditions are met, or (iii) the Non-US Unitholder is subject to US federal income tax pursuant to the provisions of the US tax law applicable to US expatriates.

If gain on the sale or other disposition of Units were subject to US federal income taxation, the gain would be taxed under applicable provisions of the IRC depending upon which of clauses (i), (ii) or (iii) of the preceding paragraph describes the Non-US Unitholder's situation. In addition, a corporate Non-US Unitholder may be subject to the branch profits tax under Section 884 of the IRC.

US Federal Income Taxation of Distributions from Parent US REIT To Singapore Sub 1

A distribution by the Parent US REIT to Singapore Sub 1 (which has filed an election to confirm its classification as a corporation for US federal income tax purposes) that is not attributable to gain from the sale or exchange of a United States real property interest and that is not designated as a capital gain dividend, including a deemed distribution such as a consent dividend, will be treated as an ordinary income dividend to the extent that it is made out of current or accumulated earnings and profits. A distribution of this type will generally be subject to US federal income tax and withholding at a rate of 30%. Because the Parent US REIT cannot determine its current and accumulated earnings and profits until the end of its taxable year, withholding at the rate of 30% will generally be imposed on the gross amount of any distribution to Singapore Sub 1 that the Parent US REIT makes and does not designate as a capital gain dividend. Notwithstanding any withholding, distributions in excess of Parent US REIT's current and accumulated earnings and profits, should be generally be treated as a non-taxable return of capital to the extent that they do not exceed Singapore Sub 1's adjusted basis in its Parent US REIT units, and the non-taxable return of capital will reduce the adjusted basis in those units. Singapore Sub 1 may seek a refund from the US Internal Revenue Service ("**IRS**") of amounts withheld on distributions to it in excess of the Parent US REIT's current and accumulated earnings and profits, provided that the applicable withholding agent has properly deposited the withheld tax with the IRS. The withholding rules under the Foreign Investment in Real Property Tax Act of 1980 will apply to the portion of any distribution that is a distribution in excess of basis treated as capital gain under Section 301(c)(3) of the Code.

For any year in which the Parent US REIT qualifies as a US REIT, distributions that are attributable to gain from the sale or exchange of a United States real property interest as such term is defined in Section 897(c) of the IRC, will be taxed to Singapore Sub 1 as if these distributions were gains effectively connected with a trade or business in the United States conducted by Singapore Sub 1. Accordingly, Singapore Sub 1 (i) will be taxed on these amounts at the normal capital gain and other tax rates applicable to a US corporation, subject to any applicable alternative minimum tax, (ii) will be required to file a US federal income tax return reporting these amounts, even if applicable withholding is imposed as described below, and (iii) it may owe the 30% branch profits tax under Section 884 of the IRC in respect of these amounts. The 30% branch profits tax will generally not apply to distributions of proceeds from the sale of the stock of a Sub-US REIT. The Parent US REIT will be required to withhold tax from distributions to Singapore Sub 1, and remit to the IRS, 35% of the maximum amount of any such distribution that could be designated as a capital gain dividend. The amount of any tax withheld will be creditable against Singapore Sub 1's US federal income tax liability, and Singapore Sub 1 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.

Distributions by Keppel-KBS US REIT to a Non-US Unitholder attributable to distributions received from Singapore Sub 1 will not be subject to US federal income taxation unless (i) the Non-US Unitholder's investment in the Units is effectively connected with its conduct of a trade or business in the United States (and, if provided by an applicable income tax treaty, is attributable to a permanent establishment or fixed base the Non-US Unitholder maintains in the United States) or (ii) the Non-US Unitholder is subject to US federal income tax pursuant to the provisions of the US tax law applicable to US expatriates.

US Federal Income Taxation of Interest Payments from the Parent US REIT to the Loan Subsidiaries

Considerations Affecting Unitholders

Each Loan Subsidiary will be disregarded as separate from Keppel-KBS US REIT for US federal income tax purposes pursuant to an entity classification election filed with the IRS. Interest payments to the Loan Subsidiaries will therefore be treated as being received by Keppel-KBS US REIT. As discussed below, Keppel-KBS US REIT will be treated as a partnership for US federal income tax purposes. As such, for US federal income tax purposes, each Unitholder will be required to take into account for US federal income tax purposes its allocable share of interest payments from the Parent US REIT.

Interest payments from the Parent US REIT to a Loan Subsidiary attributable to the loan from such Loan Subsidiary will not be subject to US federal income tax or the 30% withholding requirement to the extent the interest qualifies as "portfolio interest". The interest should generally qualify as portfolio interest with respect to any Non-US Unitholder provided that (i) the beneficial owner does not actually or constructively own 10% or more of the total combined voting power of all classes of Units entitled to vote (and thus does not own 10% or more of the voting power of Parent US REIT), (ii) the beneficial owner is not a controlled foreign corporation to which Parent US REIT is a "related person" within the meaning of the IRC, (iii) the beneficial owner has timely provided a statement signed under penalties of perjury that includes its name and address and certifies that it is a Non-US Unitholder in compliance with applicable requirements, on an applicable IRS Form W-8. In addition to providing an IRS Form W-8, to avoid withholding on its share of interest payments, each Unitholder must timely provide Keppel-KBS US REIT with additional signed certifications as outlined in the Prospectus.

Interest received that does not qualify as portfolio interest should generally be subject to US federal income tax and withholding at a rate of 30% (or a lower applicable tax treaty rate) unless received by the Loan Subsidiary in respect of (i) a Non-US Unitholder whose investment in the Units is effectively connected with its conduct of a trade or business in the United States or (ii) a Unitholder that is a US person. Such Unitholders will be subject to tax with respect to interest from the Parent US REIT as ordinary income, and a corporate Non-US Unitholder may be subject to the branch profits tax under Section 884 of the IRC.

Considerations Affecting Parent US REIT

There are limitations on the amount of deductible interest expense in numerous circumstances. For example, interest is only deductible when paid, the loans from the Loan Subsidiaries must be treated as debt for US tax purposes, if the interest rate exceeds certain thresholds, then a portion may be deferred or permanently nondeductible, and in any year in which the Parent US REIT's debt to equity ratio exceeds 1.5 to 1 (measured using the US adjusted basis of Parent US REIT's assets) at the close of its taxable year, the Parent US REIT generally will be denied an interest deduction to the extent its net interest expense for the taxable year exceeds 50 percent of its adjusted taxable income for the taxable year.

In addition, because the Loan Subsidiaries and Parent US REIT are under common control, the IRS could seek to reallocate gross income and deductions between a Loan Subsidiary and the Parent US REIT if it determines that the rate of interest charged is not at arm's length. In order to prevent such reallocation, Parent US REIT intends to comply with the transfer pricing regulations applicable to interest payable to the Loan Subsidiaries. In addition, Parent US REIT intends to comply with current and proposed guidance to ensure that the loans from the Loan Subsidiaries are respected as bona fide debt. The classification of an obligation as bona fide debt for US federal tax purposes is made under a complex set of rules and depends to a significant degree on the facts and circumstances. As a result, no assurance can be given that Parent US REIT's efforts to ensure that the loans from the Loan Subsidiaries are bona fide debt will be successful.

Classification of Keppel-KBS US REIT as a Partnership for US Federal Income Tax Purposes

Although Keppel-KBS US REIT is organised as a trust in Singapore, it has elected to be treated as a partnership for US federal income tax purposes. While publicly traded partnerships are generally taxable as corporations under applicable US tax rules, an exception exists with respect to publicly traded partnerships that would not be a regulated investment company were it organised as a US corporation and of which 90.0% or more of the gross income for every taxable year consists of "qualifying income." Qualifying income includes, among other things, income and gains derived from (i) interest (other than that from a financial business), (ii) dividends, (iii) the sale of real property and (iv) the sale or other disposition of capital assets that otherwise produce qualifying income. The Manager has represented that Keppel-KBS US REIT expects it will meet both of these requirements and should therefore be taxable as a partnership.

Keppel-KBS US REIT as a Withholding Foreign Partnership

Keppel-KBS US REIT has entered into an agreement with the IRS to be a withholding foreign partnership ("**WFP**") for US federal income tax purposes. Under the agreement, Keppel-KBS US REIT intends to assume primary withholding responsibility with respect to distributions it makes to Unitholders. The withholding partnership agreement expands the scope of payments for which Keppel-KBS US REIT can act as a withholding partnership to reportable amounts. As a result, documentation collected by Keppel-KBS US REIT from Non-US Unitholders is retained and does not get transferred by Keppel-KBS US REIT to other funds, portfolio companies, up-stream withholding agents, or the IRS, and US tax reporting and compliance will thus be simplified.

As a WFP, Keppel-KBS US REIT also must agree to assume certain obligations, including applying the appropriate US withholding tax amounts to all partners. The Parent US REIT is expected to generally pay all interest to the Loan Subsidiaries in the gross amount (that is, without reduction for any US withholding taxes). Similarly, Singapore Sub 1 and the Loan Subsidiaries are generally expected to distribute all dividends to Keppel-KBS US REIT in the gross amount. Keppel-KBS US REIT will then be required to apply the appropriate amount of withholding tax (if any) based on the type of income received and the specific makeup of the Unitholders. Keppel-KBS US REIT may be liable for any under-withholding.

US Tax Classification Elections

Keppel-KBS US REIT intends to file IRS Form 8832 to be taxable as partnership for US federal income tax purposes. The Loan Subsidiaries intend to file IRS Form 8832 to be treated as disregarded entities for US federal income tax purposes. In addition, Singapore Sub 1 intends to file IRS Form 8832 to be treated as an association taxable as a corporation for U.S. federal income tax purposes.

FATCA

Non-United States financial institutions and other non-United States entities are subject to diligence and reporting requirements for purposes of identifying accounts and investments held directly or indirectly by United States persons. The failure to comply with these additional information reporting, certification and other requirements could result in a 30% withholding tax on applicable payments to non-United States persons. Pursuant to the Singapore IGA Legislation, CDP and CDP depository agents may be required to withhold 30 percent of the gross amount of "withholdable payments" (generally allocable shares of income and proceeds from the sale or other disposition of interests, as defined in the IRC) paid or deemed paid to a financial institution (as defined for FATCA purposes) outside the United States ("**FFI**") or to a nonfinancial foreign entity, unless (i) the FFI undertakes specified diligence and reporting obligations regarding ownership of its accounts by United States persons or (ii) the nonfinancial foreign entity either certifies that it does not have any substantial US owners or furnishes identifying information regarding each substantial US owner, respectively. FFIs located in jurisdictions that have an intergovernmental agreement with the United States with respect to these requirements may be subject to different rules. The foregoing withholding regime is now in effect for payments from sources within the United States but, according to recent administrative guidance, will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2019. Non-US Unitholders should consult with their tax adviser regarding foreign account tax compliance.

Partnership Information Returns and Audit Procedures

Keppel-KBS US REIT intends to make available to each Unitholder that is a United States person, after the close of each taxable year, required tax information, which sets forth each Unit's share of Keppel-KBS US REIT's income, gain, loss and deduction for the preceding taxable year. The IRS may audit the US federal income tax information returns filed by Keppel-KBS US REIT. Adjustments resulting from any such audit may require each partner to adjust a prior year's tax liability.

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. Under these procedures, if the IRS makes audit adjustments to Keppel-KBS US REIT's income tax information returns, it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from Keppel-KBS US REIT. Generally, instead of paying any taxes itself, Keppel-KBS US REIT may elect to have any adjustments to its taxable income passed through to those persons who held Units during the tax year under audit in proportion to their unitholdings in Keppel-KBS US REIT during the tax year under audit, but there can be no assurance that such election will be effective in all circumstances. If Keppel-KBS US REIT does not or is unable to make this election, then the Unitholders at the time of the audit may bear some or all of the tax liability resulting from such audit adjustment, even if such Unitholders did not own Units during the tax year under audit. If, as a result of any such audit adjustments, Keppel-KBS US REIT is required to make payments of taxes, penalties and interest, its cash available for distribution to Unitholders might be reduced.

Very truly yours

Robert J. LeDuc
Partner
DLA Piper LLP (US)

This page has been intentionally left blank.

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

CUSHMAN & WAKEFIELD

7304 W 130th Street, Suite 150
Overland Park, KS 66213
Tel +1 913 440 0422
cushmanwakefield.com

October 24, 2017

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 Valuations

Keppel-KBS US REIT Portfolio
EMPTY in 7 markets and 6 states, all located in the United States

Cushman & Wakefield File ID: 17-21007-900931

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

In the course of this assignment, individual Appraisal Reports for each property in the portfolio have been prepared by Cushman & Wakefield for the referenced client. This Valuation Summary includes individual Value Certificates for each property that are provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the individual Appraisal Reports (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 certificates are based on the data, analyses and conclusions set forth in the individual Appraisal Reports, and it is necessary to have our individual Appraisal Reports to understand our valuation. The individual Appraisal Reports are 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 Reports.

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 Douglas A. Heinrich, MAI 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 appraisals employ 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 Reports.

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 properties included in the subject portfolio are all located in the United States and identified as follows:

Ref.	Property	Address	City	State	Market
1	The Plaza Buildings	10800 & 10900 NE 8th Street	Bellevue	Washington	Seattle
2	Bellevue Technology Center	15805 NE 24th Street	Bellevue	Washington	Seattle
3	Iron Point	1110, 1120, 1130, 1150 and 1180 Iron Point Road	Folsom	California	Sacramento
4	Westmoor Center	10055-10385 Westmoor Drive	Westminster	Colorado	Denver
5	Great Hills Plaza	9600 Great Hills Trail	Austin	Texas	Austin
6	Westech 360	8911 N Capital of Texas Highway	Austin	Texas	Austin
7	1800 West Loop	1800 West Loop South	Houston	Texas	Houston
8	West Loop I & II	6565 & 6575 West Loop South	Bellaire	Texas	Houston
9	Powers Ferry Landing	6190 Powers Ferry Road NW	Sandy Springs	Georgia	Atlanta
10	Northridge Center I & II	365 & 375 Northridge Road	Sandy Springs	Georgia	Atlanta
11	Maitland Promenade II	495 North Keller Road	Maitland	Florida	Orlando

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

Property Ownership and Recent History

Please refer to the individual appraisal reports prepared by Cushman & Wakefield, Inc. for each 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, is to be used in connection with an initial public offering (IPO) in Singapore and will be a document for inspection by the public, and is to be included in the prospectus to be issued in connection with the IPO.

Subject to the Additional Conditions set forth below, Cushman & Wakefield of Illinois, 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 Prospectus to be issued in connection with an initial public offering (including an offering to institutional and other investors outside of Singapore) and (if necessary) (iii) the inclusion in the Prospectus 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), along with the Joint Bookrunners and Underwriters and their respective affiliates are the only identified Intended Users of the appraisals. The Joint Bookrunners and Underwriters include: DBS Bank Ltd., Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited, and Merrill Lynch (Singapore) Pte. Ltd.

The individual Valuation Certificates follow. **The conclusions summarized in the valuation certificates are based on the data, analyses and conclusions set forth in the individual Appraisal Reports, and it is necessary to have our individual Appraisal Reports to understand our valuation.**

Respectfully submitted,

CUSHMAN & WAKEFIELD OF ILLINOIS, INC.

Douglas A. Heinrich, MAI
Executive Director
Kansas Certified General Appraiser
License No. G-999
doug.heinrich@cushwake.com
913-440-0422 Office Direct

VALUATION CERTIFICATE – THE PLAZA BUILDINGS, BELLEVUE, WA

Property:	The Plaza Buildings, 10800 & 10900 NE 8th Street, Bellevue, King County, Washington 98004
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)
Purpose of Valuation:	Estimate Market Value to be used in connection with an initial public offering (IPO), with this summary to be included in the prospectus issued in connection with the IPO.
Date of Inspection:	June 12, 2017
Type of Property	Office Building - High Rise
Property Description:	The property consists of a 16, 10 and 6-story, Class A, multi-tenant office building and parking garage containing 490,994 square feet of rentable area situated on a 175,399 square foot site. The improvements were completed in 1978 through 1983. Ownership is in the process of entitling a 20-story apartment tower along NE 8th Street. The proposed structure will be located to the south of and over a portion of the Garage on parcel no. 292505-9358. According to ownership and consistent with materials publicly available from the City of Bellevue, the development will include 262 multifamily apartment units.
Building Assessment:	During the course of our site visit, the property was found to be of average quality construction and in average condition. The property is considered a Class A office complex by market participants based on its quality, condition and tenancy. While the improvements are older than many competitive properties, recent upgrades to the elevator lobbies & corridor have enhanced condition and appeal, and the property offers adequate amenities that are attractive to prospective tenants. 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 property has full-bock frontage along NE 8th street, the primary east-west arterial in downtown Bellevue that connects high-density commercial uses to Interstate 405 two blocks east. Metro Transit provides public bus service throughout King County. Bus stops are located throughout downtown Bellevue and provide local and express service to downtown Redmond, Seattle, and the greater three-county (King, Snohomish and Pierce) region via Sound Transit. Sea-Tac International Airport is located 17 miles south. A future light rail station located two blocks southeast of the subject will open in 2023. The Sound Transit East Link expansion will provide a connection from the Eastsides biggest population and employment centers to downtown Seattle, Sea-Tac Airport and the University of Washington. Historically, Bellevue has been one of the most expensive office markets in the Seattle region, and its large inventory of Class A space will continue to make it attractive to high-end tenants. The immediate market reflects a competitive supply of available office space with increasing rental rates. The near-term outlook for the micro market is favorable as evidenced by falling vacancy, rising rental rates, and no new space currently under construction.
Assessor's Parcel ID:	292505-9357, 292505-9358, 292505-9048
Property Interest:	Leased Fee Estate
Land Area:	4.03 acres / 175,399 square feet

Gross Building Area:	675,976 square feet
Net Rentable Area:	490,994 square feet
Year of Completion:	1978 through 1983
Condition:	Average
City Planning/Zoning:	The property is currently zoned DNTNO-2, under the governing authority of the City of Bellevue. According to city code, "The purpose of the Downtown-O-2 Land Use District is to provide an area for intensive business, financial, retail, hotel, entertainment, institutional, and urban residential use to serve as a transition between the more intensive Downtown-O-1 Land Use District and the lesser intensive Downtown-Multiple Use Land Use District." Permitted uses include office, multifamily residential, hotels, and retail. The property includes garage parking spaces, reflecting an overall parking ratio of 2.55 spaces per 1,000 square feet of net rentable area. The parking adequately supports the existing users and meets the zoning requirement of 2.0 spaces per 1,000 square feet.
Net Operating Income:	$14,056,050
Occupancy:	84%
Tenant Mix:	The two largest tenants are Blucora/Infospace (39,516 square feet) and U.S. Bank National (39,057 square feet). Other large tenants include Visa USA Inc. (29,894 square feet), Nintex (26,761 square feet), and Pointmarc (23,197 square feet).
Basis of Valuation:	Market Value – Subject to existing tenancies
Valuation Approaches:	Sales Comparison Approach and Income Capitalization Approach (Direct Capitalization and Yield Capitalization Methods)
Date of Valuation:	June 12, 2017
Market Value:	$243,900,000 (aggregate of the Market Value opinions for the primary property of $230,000,000 and the development air rights of $13,900,000)
Assumptions, Disclaimers:	In the course of this assignment, individual Appraisal Reports for each property in the portfolio have been prepared by Cushman & Wakefield for the referenced client. 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 Reports, and it is necessary to have our individual Appraisal Reports 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. Dane M. Armbruster, MAI

VALUATION CERTIFICATE – BELLEVUE TECHNOLOGY CENTER, BELLEVUE, WA

Property:	Bellevue Technology Center, 15805 NE 24th Street, Bellevue, King County, WA
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)
Purpose of Valuation:	Estimate Market Value to be used in connection with an initial public offering (IPO), with this summary to be included in the prospectus issued in connection with the IPO.
Date of Inspection:	June 9, 2017
Type of Property	Office campus
Property Description:	The subject property consists of a 46.60-acre site that is improved with 330,508 square feet of rentable area. The improvements consist of five Class B office buildings that were built in 1973 and 1980 as well as four Class A office buildings and an underground parking garage that was completed in 2000. The five Class B buildings were renovated and upgraded between 2001 and 2003 and all of the improvements are considered to be in average condition. Overall, the property is considered to be "B+" asset.
Building Assessment:	During the course of our site visit, the property was found to be of average quality construction and in average condition. The improvements consist of four Class A office buildings and five Class B office buildings. The individual buildings range in size from 17,656 square feet to 67,378 square feet and are suitable for single or multiple tenant occupancy. Overall, the property is considered to be a better Class B (B+) property by market participants. After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is average when measured against other properties in this marketplace.
Surrounding Infrastructure:	State Route 520, which runs from downtown Redmond to intersect with Interstate 5 just north of the Seattle CBD, runs through the northwestern portion of the area and is one of its primary geographic features. There are on and-off ramps from SR-520 at 148th Avenue NE and NE 40th Street, providing residents and businesses within the area access to the greater Seattle region. The neighborhood's primary surface streets include 148th Avenue NE, the NE Bellevue-Redmond Road, 156th Avenue NE and NE 8th Street, all of which provide good access to businesses, shopping and other services. The subject neighborhood is a mixed-use area that includes office, retail and residential housing components. Microsoft, whose corporate campus is centered on 150th Avenue NE, between the NE Bellevue-Redmond Road and NE 40th Street, is the area's largest employer and is also the principal owner of real estate in the area. In addition to its primary corporate campus, Microsoft owns two secondary campuses on 148th Avenue NE and also occupies most of the Class A office space in the neighborhood. Other major companies in this area include Honeywell, Nintendo of America, Cingular Wireless and Unigard Insurance. Seattle-Tacoma International Airport (Sea-Tac) is located approximately 13 miles to the southwest in the south Seattle area.
Assessor's Parcel ID:	880300-0010, 880300-0020, 880300-0030, 880300-0040, 880300-0050 & 880300-0060
Property Interest:	Leased Fee Estate
Land Area:	46.60 acres / 2,029,754 square feet
Gross Building Area:	545,867 square feet

Net Rentable Area:	330,508 square feet
Year of Completion:	1973, 1980 and 2000
Condition:	Average
City Planning/Zoning:	The property is zoned Office District (O) by the City of Bellevue. Per the City of Bellevue's Land Use Code, Office Districts "provide areas for business, financial and professional service offices, located on arterial or commercial access streets. In the proximity of other major business and commercial districts, this district may serve as a buffer between residential areas and more intensive commercial districts." The subject is legally described as Unigard Insurance Company – Unigard Park Binding Site Plan. Development of the property is restricted to 344,000 square feet office space by the Binding Site Plan agreement. The property includes 1,320 parking spaces (surface and in an underground garage) that adequately support the existing uses.
Net Operating Income:	$6,667,271
Occupancy:	90% (Note: Occupancy is based on square footage in lease documents. Occupancy is approximately 91% if existing leased spaces are adjusted for remeasurements).
Tenant Mix:	There are a total of 12 tenants in the property. The largest tenants in the property are Unigard Insurance (67,378 square feet), Regus (45,828 square feet) and Trane (34,324 square feet). Overall, the tenant mix is considered to present an average level of investment risk.
Basis of Valuation:	Market Value – Subject to existing tenancies
Valuation Approaches:	Sales Comparison Approach and Income Capitalization Approach (Direct Capitalization and Yield Capitalization Methods)
Date of Valuation:	June 9, 2017
Market Value:	$133,000,000
Assumptions, Disclaimers:	In the course of this assignment, individual Appraisal Reports for each property in the portfolio have been prepared by Cushman & Wakefield for the referenced client. 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 Reports, and it is necessary to have our individual Appraisal Reports 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

VALUATION CERTIFICATE – IRON POINT BUSINESS PARK, FOLSOM, CA

Property:	Iron Point Business Park, 1110, 1120, 1130, 1150 and 1180 Iron Point Road, Folsom, Sacramento County, California 95630
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)
Purpose of Valuation:	Estimate Market Value to be used in connection with an initial public offering (IPO), with this summary to be included in the prospectus issued in connection with the IPO.
Date of Inspection:	May 31, 2017
Type of Property	Office Building - Low Rise
Property Description:	The property consists of a 1, 2 and 3-story, Class A, multi-tenant office property containing 211,944 square feet of rentable area situated on a 685,350 square foot site. The improvements were completed in 1999. The property includes 5 buildings. 2 are 1 story, 2 are two stories and one is 3 stories.
Building Assessment:	During the course of our site visit, the property was found to be of average quality construction and in good condition. The floorplates were typical of the market and is considered a Class A property. After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is average, when measured against other properties in this marketplace.
Surrounding Infrastructure:	The subject is located in close proximity to Iron Point Road, which travels east-west through the City of Folsom from Folsom Boulevard in the west to Empire Ranch Road to the east. The subject also enjoys good proximity to other moderately trafficked arteries which provide access to surrounding communities. US Highway 50 provides regional access to Interstate 80 and 5 which connect to Redding to the north and the Central Valley and Fresno to the south. The subject is located in a suburban market area, and the primary method of transportation is automobile. Public transportation is available through the Sacramento Regional Transit bus and light rail system, which serves the city of Folsom as well as a number of suburban communities.
Assessor's Parcel ID:	072-0880-024 thru -028
Property Interest:	Leased Fee Estate
Land Area:	15.73 acres / 685,350 square feet
Gross Building Area:	224,860 square feet
Net Rentable Area:	211,944 square feet
Year of Completion:	1999
Condition:	Good
City Planning/Zoning:	The property is currently zoned BP-PD, under the governing authority of City of Folsom. The intent of the BP zone is to designate areas suitable for business and professional offices. Uses in the BP zone are intended to be low-intensity commercial uses and compatible with higher-intensity residential uses. Retail commercial activities are discouraged. The BP zone may serve as a buffer between retail commercial and residential areas. The BP zone should be located along major arterials or have direct access to one via a collector street. The property includes surface parking spaces,

	reflecting an overall parking ratio of 6.37 spaces per 1,000 square feet of net rentable area.
Net Operating Income:	$2,609,088
Occupancy:	98%
Tenant Mix:	Sierra Pacific occupies 34,443 square feet. ProUnlimited is a primary tenant with 32,556 square feet. Most of the tenants at the subject are in the professional services industries.
Basis of Valuation:	Market Value – Subject to existing tenancies
Valuation Approaches:	Sales Comparison Approach and Income Capitalization Approach (Direct Capitalization and Yield Capitalization Methods)
Date of Valuation:	May 31, 2017
Market Value:	$35,200,000
Assumptions, Disclaimers:	In the course of this assignment, individual Appraisal Reports for each property in the portfolio have been prepared by Cushman & Wakefield for the referenced client. 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 Reports, and it is necessary to have our individual Appraisal Reports 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 Western, Inc. Judson H. Cline, MAI, MRICS

VALUATION CERTIFICATE – WESTMOOR CENTER, WESTMINSTER, CO

Property:	Westmoor Center, 10055-10385 Westmoor Drive, Westminster, Jefferson County, Colorado 80021
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)
Purpose of Valuation:	Estimate Market Value to be used in connection with an initial public offering (IPO), with this summary to be included in the prospectus issued in connection with the IPO.
Date of Inspection:	June 15, 2017
Type of Property	Office Campus
Property Description:	The subject property consists of an attractive office campus featuring six (6) Class A office buildings having 2 to 3 stories and a net rentable area of 612,890 square feet of rentable area situated on a combined 1,904,706 square feet of land area. The improvements were completed between 1999 and 2000 and appeared to be in good condition. The subject property is part of the Westmoor Technology Park, which is a developing 425 acre office/high-tech campus with several major tenants. The park was originally started in the latter part of the 1990's and had been met with general market acceptance. Within the confines of the Westmoor Technology Park, is an 18-hole golf course and associated clubhouse amenities known as The Heritage at Westmoor. Also, within the confines of the park is the West View Recreational Center operated by the City of Westminster.
Building Assessment:	During the course of our site visit, the property was found to be of good quality construction and in generally good condition. The buildings within the context of the subject property feature large floorplates that appeal to larger tenants in the competitive market. 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:	Local area accessibility is generally good. The Denver/Boulder Turnpike (U.S. Highway 36) Corridor continues to be one of the primary areas for high-tech research and development, office, retail, hotel and residential development. Regional accessibility is considered average. The subject is located west of the Denver-Boulder Turnpike (U.S. Highway 36) and the Church Ranch Boulevard interchange and south of the U.S. Highway 36 and Wadsworth Parkway interchange. Just to the north of the subject campus, the area is dominated by the presence of the Rocky Mountain Metropolitan Airport and related regional airport uses.
Assessor's Parcel ID:	29-091-01-014, 29-091-01-013, 29-091-01-012, 29-091-01-011, 29-091-01-018, and 29-091-01-017
Property Interest:	Leased Fee Estate
Land Area:	43.73 acres / 1,904,706 square feet
Gross Building Area:	639,456 square feet
Net Rentable Area:	612,890 square feet
Year of Completion:	1999 to 2000

Condition:	Good
City Planning/Zoning:	The property is currently zoned PUD, under the governing authority of the City of Westminster. Permitted uses within this district are based entirely on the Official Development Plan, which is referenced as Westmoor Technology Park. Within the context of the Development plan the permitted uses include corporate campus, corporate and professional offices, and research and development facilities including but not limited to facilities related to communications, data processing, finance, education, micro-electronics, computer programming, biotechnology, aerospace and healthcare technologies, industries and for products related thereto, and light assembly, fabrication, storage, distribution, light manufacturing and warehouse uses related to these and similar industries, and those uses that utilize or apply advanced technologies. The subject property includes 2,809 surface parking spaces, reflecting an overall parking ratio of 4.58 spaces per 1,000 square feet of net rentable area. The parking adequately supports the existing users and meets the zoning requirements as mandated by the City of Westminster.
Net Operating Income:	$6,825,052
Occupancy:	82%
Tenant Mix:	Some of the major tenants include Ball Aerospace (13.9%), Oracle America (10.0%), Reed Group (12.0%), Service Link (11.2%), Health Inventures, LLC, and Zimmer Biomet Spine, Inc. (17.0%).
Basis of Valuation:	Market Value – Subject to existing tenancies
Valuation Approaches:	Sales Comparison Approach and Income Capitalization Approach (Direct Capitalization and Yield Capitalization Methods)
Date of Valuation:	June 15, 2017
Market Value:	$121,400,000
Assumptions, Disclaimers:	In the course of this assignment, individual Appraisal Reports for each property in the portfolio have been prepared by Cushman & Wakefield for the referenced client. 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 Reports, and it is necessary to have our individual Appraisal Reports 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 Colorado, Inc. Guy DiRienzo, MAI, MRICS

VALUATION CERTIFICATE – GREAT HILLS PLAZA, AUSTIN, TX

Property:	Great Hills Plaza, 9600 Great Hills Trail, Austin, Travis County, Texas 78759
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)
Purpose of Valuation:	Estimate Market Value to be used in connection with an initial public offering (IPO), with this summary to be included in the prospectus issued in connection with the IPO.
Date of Inspection:	May 25, 2017
Type of Property	Suburban Office
Property Description:	The property consists of a 3-story, Class B, multi-tenant office building containing 139,252 square feet of rentable area situated on a 365,272 square foot site. The improvements were completed in 1985. The property is served by surface parking. The building features two wings connected by a central lobby.
Building Assessment:	During the course of our site visit, the property was found to be of good quality construction and in good condition. The floor plates are efficient in their design. 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 property is located at the northeast corner of Great Hills Trail and Rain Creek Parkway in the northwestern portion of Austin. This suburban location is approximately 10 miles northwest of the Austin CBD. The site is directly accessible from both Great Hills Trail and Rain Creek Parkway via multiple curb cuts. Great Hills Trail is a secondary neighborhood street and Rain Creek Parkway is a minor residential connector. The broader area is served by a modern transportation network that includes MoPac Expressway, US Highway 183, and Capital of Texas Highway. Each are major transportation arteries serving the metro area. Overall, the property resides in a desirable suburban area of Austin that includes good quality residential, retail, and office development in the immediate area. This locale is considered a transitional area between the heavier commercial uses along US Highway 183 and the residential uses to the west. Adjacent land uses include good-quality single family homes, Class B apartment communities, and a Class A shopping center.
Assessor's Parcel ID:	154597
Property Interest:	Leased Fee Estate
Land Area:	8.39 acres / 365,272 square feet
Gross Building Area:	142,146 square feet (estimated from an As Built Survey)
Net Rentable Area:	139,252 square feet
Year of Completion:	1985
Condition:	Good
City Planning/Zoning:	The property is currently zoned LO & CS, Limited Office & General Commercial Services, under the governing authority of the City of Austin. Permitted uses within the LO District includes primarily office. The CS District permits office, as well as many other forms of retail, lodging, and other commercial uses. Light industrial in certain forms is also permitted. The property includes surface parking spaces, reflecting an overall parking ratio of 3.38 spaces per 1,000 square feet of building area. The subject's

parking ratio is just below current zoning requirements (3.63 spaces per 1,000 square feet). This is not uncommon for buildings in the market developed in the 1980s, and it is not deemed to impact value since the parking provided adequately supports the existing tenant base.

Net Operating Income: $2,059,367

Occupancy: 89%

Tenant Mix: The subject property is occupied by 15 different tenants (many in multiple suites), most of which are less than 10,000 square feet in size. There are three tenants over 20,000 square feet in size, including Cintra US, LLC (21,491 square feet), E2Open, LLC (23,426 square feet), and RGN-Austin VI, LLC (21,265 square feet). These three tenants comprise 47.5 percent of the total net rentable area.

Basis of Valuation: Market Value – Subject to existing tenancies

Valuation Approaches: Sales Comparison Approach and Income Capitalization Approach (Direct Capitalization and Yield Capitalization Methods)

Date of Valuation: May 31, 2017

Market Value: $33,000,000

Assumptions, Disclaimers: In the course of this assignment, individual Appraisal Reports for each property in the portfolio have been prepared by Cushman & Wakefield for the referenced client. 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 Reports, and it is necessary to have our individual Appraisal Reports 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 Texas, Inc.

Brian K. Johnson, MAI

VALUATION CERTIFICATE – WESTECH 360, AUSTIN, TX

Property: Westech 360, 8911 N. Capital of Texas Highway, Austin, Travis County, Texas 78759

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)

Purpose of Valuation: Estimate Market Value to be used in connection with an initial public offering (IPO), with this summary to be included in the prospectus issued in connection with the IPO.

Date of Inspection: May 25, 2017

Type of Property Suburban Office

Property Description: The property consists of four, 3-story, Class B , multi-tenant office buildings containing 175,529 square feet of rentable area situated on a 441,655 square foot site. The improvements were completed in 1986 and renovated in 2007. The property is served by two parking garages. The buildings are arranged in a campus style on a sloping, heavily wooded tract. Each building is similar in design and includes a ground floor main lobby. The buildings and garages are each served by an elevator (six in total).

Building Assessment: During the course of our site visit, the property was found to be of good quality construction and in good condition. The floor plates of the buildings are efficient in their design. 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 property is located along the south side of North Capital of Texas Highway, at its intersection with Great Hills Trail in the northwestern portion of Austin. This suburban location is approximately 10 miles from the Austin CBD. The property is directly accessible from North Capital of Texas Highway via a private main drive. Capital of Texas Highway is a major road. In addition to this roadway, the neighborhood is served by a modern transportation network that includes MoPac Expressway and US Highway 183. All of these roadways are major transportation arteries serving the metro area.

Overall, the property resides in a desirable suburb of Austin that includes good-quality residential, retail, and office development in the area. Adjacent land uses include a green belt, good-quality single family homes, Class B apartment communities, and Class B office buildings.

Assessor's Parcel ID: 497859

Property Interest: Leased Fee Estate

Land Area: 10.14 acres / 441,655 square feet

Gross Building Area: 175,665 square feet (estimated from an As Built Survey)

Net Rentable Area: 175,529 square feet

Year of Completion: 1986 (and renovated in 2007)

Condition: Good

City Planning/Zoning: The property is currently zoned LR, Neighborhood Commercial, under the governing authority of the City of Austin. Permitted uses in this district include office, retail, lodging, and other commercial uses. . The property includes garage parking spaces, reflecting an overall parking ratio of 3.58 spaces per 1,000 square feet of building area. The subject's parking ratio is just below current zoning requirements (3.63 spaces per 1,000 square feet). This is not uncommon for buildings in the market developed in the 1980s,

	and it is not deemed to impact value since the parking provided adequately supports the existing tenant base.
Net Operating Income:	$2,728,510
Occupancy:	96%
Tenant Mix:	The subject property is occupied by 29 different tenants (many in multiple suites), most of which are less than 10,000 square feet in size. There is one tenant over 20,000 square feet in size. Maxpoint Interactive occupies 21,252 square feet in Building 1. This tenant comprises 12.1 percent of the total net rentable area.
Basis of Valuation:	Market Value – Subject to existing tenancies
Valuation Approaches:	Sales Comparison Approach and Income Capitalization Approach (Direct Capitalization and Yield Capitalization Methods)
Date of Valuation:	May 31, 2017
Market Value:	$39,800,000
Assumptions, Disclaimers:	In the course of this assignment, individual Appraisal Reports for each property in the portfolio have been prepared by Cushman & Wakefield for the referenced client. 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 Reports, and it is necessary to have our individual Appraisal Reports 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 Texas, Inc. Brian K. Johnson, MAI

VALUATION CERTIFICATE – 1800 WEST LOOP SOUTH, HOUSTON, TX

Property: 1800 West Loop South Office Building, 1800 West Loop South, Houston, Harris County, Texas 77027

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)

Purpose of Valuation: Estimate Market Value to be used in connection with an initial public offering (IPO), with this summary to be included in the prospectus issued in connection with the IPO.

Date of Inspection: June 12, 2017

Type of Property Office Building - High Rise

Property Description: The subject property consists of a 21-story, class A , LEED Gold certified, multi-tenant, high rise office property that contains 400,101 square feet of rentable area plus a parking garage, loading and vending areas, which sits on 1.88 acres. The improvements were completed in 1982, renovated in 2014 and are in good condition.

Building Assessment: During the course of our site visit, the property was found to be of good quality construction and in good condition. The subject office property is configured with a central core and functional, irregular floor plates.

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 property is located at the northwest corner of the West Loop South (Loop 610) and San Felipe Street. Generally speaking, the local area/neighborhood is considered to be bounded by the railroad tracts to the east, Woodway Drive to the north, Fountain View Drive to the west, and US Highway 59 (Southwest Freeway) to the south. This area, known as Uptown Houston, is among the largest suburban business districts in the United States.

A variety of land uses in the subject's immediate area include commercial, residential and special use. Very little vacant land remains as the area is densely developed. Proximate to the subject, along Post Oak Blvd. are other office buildings, strip centers, restaurants and other fairly dense developments. Northwest of the subject is an upper end, luxury, single family home area. North of the subject is the Uptown Park retail development.

Assessor's Parcel ID: 0451400070001

Property Interest: Leased Fee Estate

Land Area: 1.88 acres / 82,095 square feet

Gross Building Area: 733,190 square feet (418,521 square feet excluding the garage)

Net Rentable Area: 400,101 square feet

Year of Completion: 1982

Condition: Good

City Planning/Zoning: The property is not zoned as there is no zoning ordinance in City of Houston. According to our conversations with the subject owner, the improvements are an allowed use and there are no known onerous deed restrictions. The property contains 993 garage spaces and, 31 surface spaces, which is a total of 1,024 surface and garage spaces, reflecting an overall parking ratio of 2.56 spaces per 1,000 square feet of net rentable

	area. The parking spaces are paved and striped, and adequately support the existing users, although the parking ratio is at the low end of market norms as typical ratios are 3 to 4 spaces per 1,000 sf of NRA.
Net Operating Income:	$6,835,083
Occupancy:	85%
Tenant Mix:	The largest tenant is Health Care Service Corporation leasing 48,214 sf (12 percent of NRA). Note that the healthcare industry is one of the most stable industries in this market, making this a strength for the subject. The second largest tenant is Fogarty and Klein Inc. is leasing two spaces with the total of 39,596 sf (10 percent of NRA)
Basis of Valuation:	Market Value – Subject to existing tenancies
Valuation Approaches:	Sales Comparison Approach and Income Capitalization Approach (Direct Capitalization and Yield Capitalization Methods)
Date of Valuation:	June 12, 2017
Market Value:	$75,100,000
Assumptions, Disclaimers:	In the course of this assignment, individual Appraisal Reports for each property in the portfolio have been prepared by Cushman & Wakefield for the referenced client. 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 Reports, and it is necessary to have our individual Appraisal Reports 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 Texas, Inc. Scott Rando, MAI

VALUATION CERTIFICATE –WEST LOOP I & II, HOUSTON, TX

Property:	West Loop I & II, 6565 & 6575 West Loop South, Bellaire, Harris County, Texas 77401
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)
Purpose of Valuation:	Estimate Market Value to be used in connection with an initial public offering (IPO), with this summary to be included in the prospectus issued in connection with the IPO.
Date of Inspection:	June 12, 2017
Type of Property	Office Building - Mid Rise
Property Description:	The subject property consists of a 7 & 8-story, class A, multi-tenant, office property that contains 313,873 square feet of rentable area and a parking garage, which sits on 5.59 acres. The improvements were completed in 1980 average (but phase I built in 1978 and phase II in 1981) and are in good condition.
Building Assessment:	The subject property is of good quality and as stated is regarded as being a class A asset that consists of 7 & 8 stories and contains 313,873 rentable square feet and configured with a central core and functional floor plates. 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 property is located at the northeast corner of the West Loop South (Loop 610) and Locust Street. The local area has good regional access via Interstate Highway 610, Westpark Tollway, and U.S. Highway 59. Interstate Highway 610 (West Loop) is a multi-lane, limited access expressway and is a major traffic carrier that encircles the Houston MSA at a radius of roughly 6 miles. US Highway 59 is a multi-lane, limited access, median divided freeway, and it extends from South Texas (the Valley), through Houston, and continues northward through the easterly portion of the state. US 59 is expected to eventually become an interstate highway to enhance trade between Texas and Mexico. The Westpark Tollway is a four-lane highway providing access to US-59 and Loop 610 to the east and Grand Parkway to the west. Westpark Tollway, together with the Fort County Westpark Tollway, is a 20 mile limited access and EZ Tag only toll road. The Westpark Tollway provides a direct link from the western portion of the Houston area to Loop 610 West and Houston's Galleria Area. The completion of the Westpark Tollway has improved the accessibility of the local area for those commuting to and from the city of Houston and to and from the far western portion of the area.
Assessor's Parcel ID:	0370430040038 & 0370430040101
Property Interest:	Leased Fee Estate
Land Area:	5.59 acres / 243,486 square feet
Gross Building Area:	533,606 square feet (313,940 square feet excluding the garage)
Net Rentable Area:	313,873 square feet
Year of Completion:	1980
Condition:	Good
City Planning/Zoning:	The property is zoned Loop 610 Planned Development District by the City of Bellaire. The subject development was approved during the development process and the development meets the various code requirements. The property contains 952 garage

	spaces and 92 surface spaces, which is a total of 1,044 surface and garage, reflecting an overall parking ratio of 3.33 spaces per 1,000 square feet of net rentable area. The parking spaces are paved and striped, and adequately support the existing users. Note that the garage elevator is extremely slow and does not access every floor of the garage.
Net Operating Income:	$3,991,251
Occupancy:	89%
Tenant Mix:	In 6565 West Loop, the largest tenant is Synergy Healthcare leasing 29,704 sf. Note that the healthcare industry is one of the most stable industries in this market, making this a strength for the subject. The second largest tenant in 6565 West Loop is Sightline leasing a total of 18,232 sf. Note that this tenant is also in the healthcare industry. In 6575 West Loop, the largest tenant is The Rand Group leasing 21,500 sf. They occupy 5 different suites. The second largest tenant in 6575 West Loop is Bridgeway (Miratech) leasing a total of 21,000 sf. Note that the information technology industry another stable industries in this market, making this a strength for the subject. Note that 3 of the 4 largest tenants at the subject, occupying 21.96 percent of the total NRA, are in top performing industries (Healthcare and Information Technology). These add stability and appeal to the cash flow/tenant base. Note that there are additional healthcare tenants at the subject.
Basis of Valuation:	Market Value – Subject to existing tenancies
Valuation Approaches:	Sales Comparison Approach and Income Capitalization Approach (Direct Capitalization and Yield Capitalization Methods)
Date of Valuation:	June 12, 2017
Market Value:	$41,900,000
Assumptions, Disclaimers:	In the course of this assignment, individual Appraisal Reports for each property in the portfolio have been prepared by Cushman & Wakefield for the referenced client. 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 Reports, and it is necessary to have our individual Appraisal Reports 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 Texas, Inc. Scott Rando, MAI

VALUATION CERTIFICATE – POWERS FERRY LANDING EAST, SANDY SPRINGS, GA

Property: Powers Ferry Landing East, 6190 Powers Ferry Road NW, Sandy Springs, Fulton County, Georgia 30339

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)

Purpose of Valuation: Estimate Market Value to be used in connection with an initial public offering (IPO), with this summary to be included in the prospectus issued in connection with the IPO.

Date of Inspection: June 16, 2017

Type of Property Office Building - Mid Rise

Property Description: The property consists of a 6-story, Class B, multi-tenant office building containing 149,324 square feet of rentable area situated on a 420,946 square foot site. The improvements were completed in 1985. The property is located in the Cumberland/Galleria submarket within a micro market that is concentrated around New Northside Drive and Powers Ferry Road.

Building Assessment: During the course of our site visit, the property was found to be of good quality construction and in good condition. In 2013, the subject's main lobby, restrooms, and corridors were renovated. The floorplate is approximately 24,500 square feet.

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 property is located on the eastern side of Powers Ferry Road, 200 yards southwest of Dupree Drive and 100 yards east of Interstate 285. Interstate 285 is Atlanta's perimeter highway and provides access to Interstates 20, 75, and 85.

The most significant new land use in the submarket is the Atlanta Braves baseball team's stadium, known as SunTrust Park, located in the northwest intersection of I-75 and I-285. The stadium has 40,000 seats and is also surrounded by a new mixed-use development known as The Battery, which includes office space, multifamily residences, and a hotel. Land uses immediate to the subject include an office building to the northeast, single-family and multi-family residential to the south and east, and an elementary school to the west.

Assessor's Parcel ID: 17 -0174- LL-100-3

Property Interest: Leased Fee Estate

Land Area: 9.66 acres / 420,946 square feet

Gross Building Area: 149,324 square feet

Net Rentable Area: 149,324 square feet

Year of Completion: 1985

Condition: Good

City Planning/Zoning: The property is currently zoned O-I: Office & Institutional District, under the governing authority of City of Sandy Springs. Permitted uses within this district include office, single-family and two-family, residential, religious, hospital, hotel/motel, stadium, and various other commercial uses. The property includes surface parking spaces, reflecting an overall parking ratio of 3.81 spaces per 1,000 square feet of net rentable area. The parking adequately supports the existing users and meets the zoning requirement of 3.00 spaces per 1,000 square feet.

Net Operating Income: $1,218,868

Occupancy: 95%

Tenant Mix: Major tenants include LL Global (26,339 square feet or 18 percent of the rentable area), Georgia Banking Company (16,899 square feet or 11 percent of the rentable area), and Penton Business Media (11,890 square feet or 8 percent of the rentable area).

Basis of Valuation: Market Value – Subject to existing tenancies

Valuation Approaches: Sales Comparison Approach and Income Capitalization Approach (Direct Capitalization and Yield Capitalization Methods)

Date of Valuation: June 16, 2017

Market Value: $19,150,000

Assumptions, Disclaimers: In the course of this assignment, individual Appraisal Reports for each property in the portfolio have been prepared by Cushman & Wakefield for the referenced client. 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 Reports, and it is necessary to have our individual Appraisal Reports 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 Georgia, Inc.

Bradley L. Kramer, MAI and C. Clayton Davie, MAI, MRICS

VALUATION CERTIFICATE – NORTHRIDGE CENTER I & II, SANDY SPRINGS, GA

Property:	Northridge Center I & II, 365 & 375 Northridge Road, Sandy Springs, Fulton County, Georgia 30350
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)
Purpose of Valuation:	Estimate Market Value to be used in connection with an initial public offering (IPO), with this summary to be included in the prospectus issued in connection with the IPO.
Date of Inspection:	June 16, 2017
Type of Property	Office Building - Mid Rise
Property Description:	The property consists of a 4 & 6-story, Class B, multi-tenant office park containing 188,944 square feet of rentable area situated on a 498,675 square foot site. The improvements were completed in 1985 & 1989. The property includes both surface parking and a parking deck and is located within the Central Perimeter submarket, just west of Georgia Highway 400.
Building Assessment:	During the course of our site visit, the property was found to be of good quality construction and in good condition. From 2012 to 2014, the subject's main lobby, restrooms, and corridors were renovated. Floorplates are functional for the market and are 17,000 square feet at Northridge Center I and 23,000 square feet at Northridge Center II. 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 the southwest quadrant of Northridge Road and Colquitt Road, just east of Roswell Road and 600 yards west of Georgia Highway 400, which provides access to the northern Georgia suburbs as well as Buckhead to the south. The submarket is also served by Metropolitan Rapid Transit Authority (MARTA), which provides mass transit access to Hartsfield-Jackson Atlanta International Airport, which is approximately 29 miles south of the subject and is the world's busiest airport by volume. Nearby uses are generally complementary to the subject and include a grocery-anchored shopping center to the north, an apartment complex to the east, a low-rise office park to the south, and a gas station and convenience store to the west.
Assessor's Parcel ID:	17 -0025- LL-070-9, 17 -0025- LL-071-7, 17 -0025- LL-066-7, 17 -0025- LL-067-5, 17 -0025- LL-072-5, 17 -0025- LL-062-6 & 17 -0025- LL-073-3
Property Interest:	Leased Fee Estate
Land Area:	11.45 acres / 498,675 square feet
Gross Building Area:	481,403 square feet (includes parking garage area)
Net Rentable Area:	188,944 square feet
Year of Completion:	1985 & 1989
Condition:	Good
City Planning/Zoning:	The property is currently zoned O-I: Office & Institutional District, under the governing authority of the City of Sandy Springs. Permitted uses within this district include office, single-family and two-family residential, religious, hospital, hotel/motel, stadium, and

various other commercial uses. The property includes surface and garage parking spaces, reflecting an overall parking ratio of 3.83 spaces per 1,000 square feet of net rentable area. The parking adequately supports the existing users and meets the zoning requirement of 3.00 spaces per 1,000 square feet.

Net Operating Income: $1,826,238

Occupancy: 92%

Tenant Mix: Major tenants include Mercury Insurance (23,185 square feet or 12 percent of the rentable area), Allstar Insurance (20,969 square feet or 11 percent of the rentable area), and Kuck Immigration Partners (13,983 square feet or 7 percent of the rentable area).

Basis of Valuation: Market Value – Subject to existing tenancies

Valuation Approaches: Sales Comparison Approach and Income Capitalization Approach (Direct Capitalization and Yield Capitalization Methods)

Date of Valuation: June 16, 2017

Market Value: $20,150,000

Assumptions, Disclaimers: In the course of this assignment, individual Appraisal Reports for each property in the portfolio have been prepared by Cushman & Wakefield for the referenced client. 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 Reports, and it is necessary to have our individual Appraisal Reports 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 Georgia, Inc.

Bradley L. Kramer, MAI and C. Clayton Davie, MAI, MRICS

VALUATION CERTIFICATE – MAITLAND PROMENADE II, MAITLAND, FL

Property:	Maitland Promenade II, 495 North Keller Road, Maitland, Orange County, Florida 32751
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)
Purpose of Valuation:	Estimate Market Value to be used in connection with an initial public offering (IPO), with this summary to be included in the prospectus issued in connection with the IPO.
Date of Inspection:	June 20, 2017
Type of Property	Office Building - Mid Rise
Property Description:	The property consists of a 5-story, Class A, multi-tenant office building containing 230,366 square feet of rentable area situated on a 398,216 square foot site. The improvements were completed in 2001. The property features a detached 3-level parking garage with covered canopy walkway and amenities including rich lobby finishes, on-site café, and shared fitness center.
Building Assessment:	During the course of our site visit, the property was found to be of good quality construction and in good condition. The office building features +/- 46,000 rentable square foot floor plates with good utility. The Class A property has good overall market appeal and the I-4 Ultimate and Maitland Boulevard road construction projects and improvements, when complete, should benefit the property. There are significant barriers to entry with replacement cost rents in the $32.00 to $35.00 per square foot range with few remaining development sites in the area. 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 has frontage on Keller Road, a high-traffic street and future main entrance to Maitland Center, which has a full intersection at Maitland Boulevard. The major local arterial is Maitland Boulevard, which provides direct access to Interstate 4, one half mile north of the subject. Interstate 4 travels from Daytona Beach to Tampa, which is an east/west direction, but in the Orlando area, Interstate 4 travels north/south. Interstate 4 is accessible via Lee Road to the south or Maitland Boulevard to the north. Lynx, the Orlando public busing system is available in the area. SunRail commuter train is available with Maitland Station being the closest station about 2.5 miles east. The Orlando International Airport is 30 miles south of the subject. Orlando-Sanford International Airport is 5 miles northeast of the subject. The Maitland Center business park was established in 1982 and comprises 190 acres of land. Today, there are over 46 office buildings in the Maitland Center Area, including the subject. There are three 7-Eleven Food Stores, dine in and fast food restaurants, hotels, the RDV Sportsplex, apartment communities, and a little league park all located in the local area. The entire area has approximately 400 businesses and 12,000 people working in the area. There are no new office projects currently under construction in the immediate area
Assessor's Parcel ID:	27-21-29-5482-00-020
Property Interest:	Leased Fee Estate
Land Area:	9.14 acres / 398,216 square feet
Gross Building Area:	557,399 square feet

Net Rentable Area:	230,366 square feet
Year of Completion:	2001
Condition:	Good
City Planning/Zoning:	The property is currently zoned PD-Non, Planned Development District - Maitland Promenade, under the governing authority of the City of Maitland. Permitted uses within this district include office, retail, light industrial, auto service and various commercial uses. The property includes surface and garage parking spaces, reflecting an overall parking ratio of 4.57 spaces per 1,000 square feet of net rentable area. The parking adequately supports the existing users and meets the zoning requirement of 4.0 spaces per 1,000 square feet.
Net Operating Income:	$3,129,881
Occupancy:	99%
Tenant Mix:	The subject property has three credit tenants- New York Life (about 11% of NRA), Zurich American Insurance (about 15% of NRA), and United Healthcare (about 13% of NRA). In addition, Akerman, Senterfitt & Edison (about 14% of NRA) is a major anchor tenant.
Basis of Valuation:	Market Value – Subject to existing tenancies
Valuation Approaches:	Sales Comparison Approach and Income Capitalization Approach (Direct Capitalization and Yield Capitalization Methods)
Date of Valuation:	June 20, 2017
Market Value:	$43,450,000
Assumptions, Disclaimers:	In the course of this assignment, individual Appraisal Reports for each property in the portfolio have been prepared by Cushman & Wakefield for the referenced client. 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 Reports, and it is necessary to have our individual Appraisal Reports 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 Regional, Inc. Stephen E. Saunders, MAI, FRICS, Stephen Mauriello, Willem J. Faber, MAI, MRICS

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

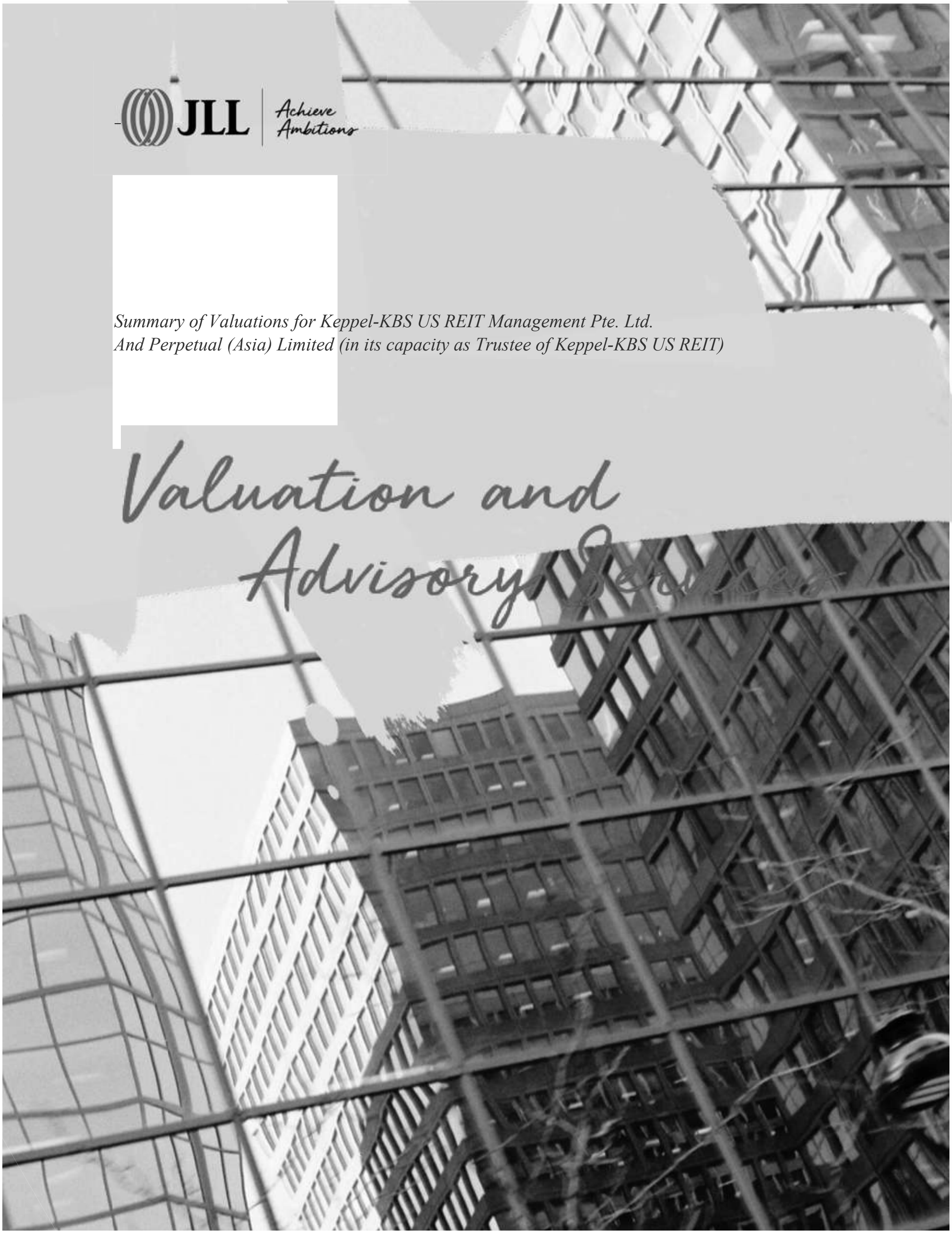
We certify that, to the best of our knowledge and belief:

- 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. Douglas A. Heinrich, MAI did not make a personal inspection of the property that is the subject of this report.
- Please refer to the individual reports which specify 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: Robert D. Taylor, MAI, MRICS, ASA; Dane Armbruster; Judson H. Cline, MAI, MRICS, Guy DiRienzo, MAI; Brian K. Johnson, MAI; Scot Rando, MAI; Bradley Kramer, MAI; C. Clayton Davie, MAI, MRICS; Stephen Saunders, MAI, FRICS.
- As of the date of this report, Douglas A. Heinrich, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.

Douglas A. Heinrich, MAI
Executive Director
Kansas Certified General Appraiser
License No. G-999
doug.heinrich@cushwake.com
913-440-0422 Office Direct

Summary of Valuations for Keppel-KBS US REIT Management Pte. Ltd.
And Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT)

Valuation and Advisory Services



JLL

September 29, 2017

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 Valuations for Keppel-KBS US REIT (the "REIT")

Instructions

In accordance with the terms of engagement dated September 1, 2017 between JLL Valuation & Advisory Services, LLC ("JLL Valuation & Advisory") and Keppel-KBS US REIT Management Pte. Ltd. and Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT) (the "Agreement") have performed the appraisals of the Subject Properties (listed below), and have provided our opinions of their Market Value, as of June 1, 2017 to June 27, 2017. This Summary of Valuations Report and the attached valuation certificates is a condensed version of our more expansive portfolio valuation reports dated August 25 to August 28, 2017 ("Portfolio Reports"). We recommend that this shortened Summary of Valuations Report and the attached valuation certificates be read in conjunction with the aforementioned Portfolio Reports.

This report and limiting assumptions are subject to the terms of the Agreement, including without limitation, Section 1.3 of Exhibit B of the Agreement, 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.".

Subject Properties

The properties with certificates of value provided, herein referred to as ("Subject Properties") are as follows:

■ Westech 360	8911 N. Capital of Texas Hwy, Austin, Texas 78759
■ Great Hills Plaza	9600 & 9700 Great Hills Trl, Austin, Texas 78759
■ West Loop I & II	6565 & 6575 West Loop S, Houston, Texas 7027
■ 1800 West Loop South	1800 West Loop South, Houston, Texas 77027
■ Bellevue Technology Center	15801 & 15805 NE. 24^{th} St, Bellevue, Washington 98004
■ The Plaza Buildings	10800 & 10900 NE. 8^{th} St, Bellevue, Washington 98004
■ Powers Ferry Landing East	6190 Powers Ferry Road NW, Atlanta, Georgia 30339
■ Northridge Center I & II	365 & 375 Northridge Drive, Atlanta, Georgia 30350
■ Maitland Promenade II	495 N. Keller Road, Maitland, Florida, 32751
■ Westmoor Center	10055-10385 Westmoor Drive, Westminster, Colorado 80021
■ Iron Point Business Park	1180 Iron Point Road, Folsom, California 95630

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value as is of the leased fee interest in the Subject Properties. The effective dates of values of the Portfolio Reports are June 1, 2017 to June 27, 2017. This report is valid only as of the stated effective dates.

Intended Use and User

The intended use of the appraisal is for use in connection with an initial public offering (IPO) in Singapore 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 IPO. However, only the referenced intended users may rely on the report. The client and intended user is 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), along with the Joint Bookrunners and Underwriters and their respective affiliates are the only identified Intended Users of the appraisals. The Joint Bookrunners and Underwriters include: DBS Bank Ltd., Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited, and Merrill Lynch (Singapore) Pte. Ltd. and may use or rely on the information, opinions, and conclusions contained in this report.

JLL Valuation & Advisory Services has performed appraisals and provided Portfolio Reports to the Keppel-KBS US REIT Management Pte. Ltd. (the "Manager") for the above referenced properties for purposes of inclusion in the prospectus of the REIT for its proposed initial public offering ("IPO"). We have prepared this Summary of Valuations Report for inclusion in the preliminary prospectus and final prospectus of the REIT and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Prospectus other than in respect of the information prepared within our Portfolio Reports, this Summary of Valuations Report or the valuation certificates attached. We do not make any warranty or representation as to the accuracy of the information in any other part of the Prospectus other than as expressly made or given by us in our Portfolio Reports, this Summary of Valuations Report or the valuation certificates attached.

Basis of Valuation

Our valuations of the properties represent market value. Market value is defined as:

"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 is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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."

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Scope of Work

The appraisers conducted interior and exterior inspection of the respective Subject Properties on various dates between June 1, 2017 and June 27, 2017. The type and extent of our research and analysis is detailed in individual Portfolio Reports. We have valued the individual Subject Properties via the Sales Comparison and the Income Capitalization Approaches to value. The value indication from the income capitalization approach is supported by market data regarding income, expenses and required rates of return. The income capitalization approach, specifically, the discounted cash flow (DCF) analysis is given greatest weight in the conclusion of values. The Sales Comparison Approach was given secondary weight in reconciliation in support of the Income Capitalization Approach.

We confirm that the valuations have been made to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations.

We note that the opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

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. Specific Extraordinary Assumptions and Hypothetical Conditions for each of the Subject Properties can be found in the Portfolio Reports.

Our valuation certificates are hereby enclosed for your attention.

Respectfully submitted,

Kenneth B. Levenson, MAI, FRICS
Executive Vice President
Certified General
TX Certificate #: TX-1324293-G

Kai Pan, MAI
Senior Vice President
Certified General
WA Certificate #: 9101718 (Temporary)

Sara E. Payne, MAI
Vice President
Certified General
TX Certificate #: TX-1337701-G

Jason P. Lovett, MAI
Senior Vice President
Certified General
GA Certificate #: 345002

J. Mark Williams, MAI
Managing Director
Certified General
GA Certificate #: 345269

Eric L. Enloe, MAI, CRE, FRICS
Managing Director
Certified General
CA Certificate #: AG044850

Brian L. Chandler, MAI, CRE, FRICS

James “Max” Thompson, MAI

Executive Vice President
Certified General
CO Certificate #: CG. 100038463

Senior Vice President
Certified General
TX Certificate #: TX-1380166-G

Randy A. Williams, MAI, SR/WA, FRICS
Executive Vice President
Certified General
TX Certificate #: TX-1320297-G

Limiting Conditions and Assumptions

1. The report represents an opinion of value, based on forecasts of net income such as are typically used in valuing income-producing properties. 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.
3. JLL Valuation & Advisory is not obligated to predict future political, economic or social trends. JLL Valuation & Advisory assumes no responsibility for economic factors that may affect or alter the opinions in this report if said economic factors were not present as of the date of the letter of transmittal accompanying this report.
4. The reports reflects a valuation of the property free and clear of any or all liens or encumbrances unless otherwise stated.
5. Responsible ownership and competent property management are assumed.
6. All facts set forth in this report are true and accurate to the best of our knowledge. However, it should be noted that the appraisal process inherently requires information from a wide variety of sources. The information furnished by others is believed to be correct and complete and is 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 valuations has been withheld.
7. We do not normally read leases or documents of title. We assume, unless informed to the contrary, that each property has a good and marketable title, that 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, nor material litigation pending. Where we have been provided with documentation we recommend that reliance should not be placed on our

interpretation without verification by your lawyers. We have assumed that all information provided by the client, or its agents, is correct, up to date and can be relied upon.

8. We are not responsible for considerations requiring expertise in other fields, including but not limited to: legal descriptions and other legal matters, geologic considerations such as soils and seismic stability, engineering, or environmental and toxic contaminants.
9. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
10. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
11. It is assumed 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. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
12. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by JLL Valuation & Advisory. JLL Valuation & Advisory has no knowledge of the existence of such materials on or in the property. JLL Valuation & Advisory, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. Client is urged to retain an expert in this field, if desired. None of JLL Valuation & Appraisal and its affiliates, officers, owners, managers, directors, agents, subcontractors or employees (the "JLL Parties") shall be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the property.
13. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the Subject Property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the Subject Property with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

14. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a non-conformity has been identified, described and considered in the appraisal report.
15. It is assumed 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 value estimate contained in this report is based.
16. It is assumed 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.
17. Although we reflect our general understanding of a tenant's status in our valuations (i.e. the market's general perception of their creditworthiness), inquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of leasing, it is therefore assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.
18. Although we conducted cursory inspection of the subject sites, we did not conduct a formal survey of the property and assume no responsibility in connection with such matters. The spatial data, including sketches and/or surveys included in this report, have been supplied by the client and are assumed to be correct.
19. Any allocation of the total value estimated in this report 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.
20. Neither all nor any part of this report, or copy thereof, shall be used for any purpose by anyone but the client and intended users specified in the report without my written consent. This report was prepared for the client's use at their sole discretion within the framework of the intended use stated in this report. Its use for any other purpose or use by any party not identified as an intended user of this report is beyond the scope of work of this assignment. Possession of this report, or a copy thereof, does not carry with it the right of publication.
21. JLL Valuation & Advisory, by reason of the report, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
22. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the consultant who prepared the report, or the firm with which the consultant is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of JLL Valuation & Advisory, except as outlined in the attached engagement letter.
23. Unless expressly advised to the contrary we assume that appropriate insurance coverage is and will continue to be available on commercially acceptable terms.

24. Unless otherwise stated our valuation excludes any additional value attributable to goodwill, or to fixtures and fittings which are only of value, in situ, to the present occupier. No allowance has been made for any plant, machinery or equipment unless it forms 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. Therefore 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.
25. It is assumed that no changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
26. 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 their appointed specialist experts. In the case of property where construction work is in progress, or have recently been completed, we do not normally 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.
27. By use of this reach party that uses this report agrees to be bound by all the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.
28. If the Report is submitted to a lender or investor with the prior approval of JLL Valuation & Advisory, 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 Hypothetical Conditions and Extraordinary Assumptions and the Assumptions and Limiting Conditions incorporated in this Report.
29. In the event of a claim against JLL Valuation & Advisory or its affiliates or their respective officers or employees in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be $2.0 million.
30. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the property is located in 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, and the value conclusion is predicated on the assumption that wetlands are non- existent or minimal.

Valuation Certificate

Property	Westech 360; 8911 N. Capital of Texas Hwy, Austin, TX
Client	Keppel-KBS US REIT Management Pte. Ltd. and Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT)
Purpose of Valuation	Estimate Market Value
Date of Site Visit	June 12, 2017
Type of property	Office-Suburban Office
Property Description	The subject is an existing office property containing 175,529 square feet of rentable area, and there are 4 buildings, 3 stories high, and two parking garages with 628 parking spaces. The improvements were constructed in 1986.
Building Assessment	During the course of our site visit, the property was found to be in good condition. The quality and maintenance is considered to be consistent with that of competing properties.
Surrounding Infrastructure	The primary access to the area is provided by US 183 and Capital of Texas Highway (Loop 360). The Austin-Bergstrom International Airport is located about 18 miles from the property. The surrounding properties include a mix of residential, retail, and office
Legal Description	Lot 1, Oakchase Section 2, Austin, Travis County, Texas
Legal Interest Appraised	Leased Fee
Site	10.14 acres or 441,655 square feet
Gross Built Area	175,665 square feet
Net Rentable Area	175,529 square feet
Year of Completion	1986

Condition	Good
Town Planning	The property is zoned LR (Neighborhood Commercial) and is located in northwest submarket.
Gross Contract Rent	$18.73 per square foot
Current Occupancy	96%
Tenant Mix	The property consists of 175,529 net rentable area square feet, with 30 tenants. Major tenants include D&S Residential Holding and MaxPointe Interactive. D&S Residential leases 16,485 square feet and MaxPointe Interactive leases 14,837 square feet
Basis of Valuation	Market Value- Subject to existing tenancies
Valuation Approaches	Income Capitalization and Sales Comparison Approach
Date of Valuation	June 12, 2017
Market Value	$43,800,000
Assumptions, Disclaimers	Extraordinary Assumption: This report is being delivered in connection with that certain engagement letter, dated September 1, 2017 between JLL Valuation & Advisory Services, LLC and Keppel-KBS US REIT Management Pte. Ltd. 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."
Prepared By	James "Max" Thompson, MAI and Randy A. Williams, MAI, SR/WA, FRICS

JLL

Valuation Certificate

Property	Great Hills Plaza; 9600 & 9700 Great Hills Trl, Austin, TX
Client	Keppel-KBS US REIT Management Pte. Ltd. and Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT)
Purpose of Valuation	Estimate Market Value
Date of Site Visit	June 12, 2017
Type of property	Office- Suburban Office Class B
Property Description	The subject is an existing office property containing 139,252 square feet of rentable area. The improvements were constructed in 1984 and are 89% leased as of the effective appraisal date. The site area is 8.390 acres, or 365,272 square feet.
Building Assessment	During the course of our site visit, the buildings were to be in good condition. The quality and maintenance of the subject is considered to be consistent with that of competing properties.
Surrounding Infrastructure	Primary access to the area is provided by US 183 and Capital of Texas Highway (Loop 36). The Austin CBD is approximately 12 miles from the property.
Legal Description	Tracts Five and Six, Great Hills Commercial One, City of Austin, Travis County, Texas
Legal Interest Appraised	Leased Fee
Site	8.390 acres; 365,272 square feet
Gross Built Area	142,146 square feet
Net Rentable Area	139,252 square feet
Year of Completion	1985

Condition	Good
Town Planning	The property is situated in the northwest area of Austin, known as northwest office submarket.
Gross Contract Rent	$18.04 per square foot
Current Occupancy	89%
Tenant Mix	The property consists of 139,252 square feet of rentable area, with 15 tenants. The two largest tenants, HQ Global/Regus and E2 Open, leases are 21,265 square feet and 14,974 square feet.
Basis of Valuation	Market Value- Subject to existing tenancies
Valuation Approaches	Income Capitalization and Sales Comparison Approach
Date of Valuation	June 12, 2017
Market Value	$33,300,000
Assumptions, Disclaimers	Extraordinary Assumption: 1. Ownership has executed a lease with Intera Inc. to lease 17,976 square feet starting February 2018. Part of Intera's contract lease space is currently occupied by the following tenants: Buchana, DiMasi, Dancy & Grabou, Ericsson, Inc., Perkins & Will, and One Affiniti. All of the aforementioned leases, with the exception of One Affiniti, are scheduled to expire prior to October 2017. It has been reported by management and is an extraordinary assumption of the appraisal that One Affinity has agreed to be relocated to portions of Suite 200W and 220W totaling 3,723 square feet, which is currently vacant, prior to the Intera Inc. lease commencement date. The leased space relocation amendment is reportedly in the final stages of negotiation, but has yet to be executed as of the effective date of the appraisal. It is

further assumed that One Affiniti's existing rent per square foot and lease term will remain the same.

2. This report is being delivered in connection with that certain engagement letter, dated September 1, 2017 between JLL Valuation & Advisory Services LLC and Keppel-KBS US REIT Management Pte. Ltd. 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."

Prepared By	James "Max" Thompson, MAI and Randy A. Williams, MAI, SR/WA, FRICS

JLL

Valuation Certificate

Property	West Loop I & II; 6565 & 6575 West Loop S., Houston, TX
Client	Keppel-KBS US REIT Management Pte. Ltd. and Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT)
Purpose of Valuation	Estimate Market Value
Date of Site Visit	June 8, 2017
Type of property	Office-General Purpose, Class A
Property Description	The subject is an existing office property containing 313,873 square feet of rentable area. The improvements were constructed in 1980 and are 89% leased as of the effective appraisal date. The property has 1,044 parking spots.
Building Assessment	During the course of our site visit, the property was found to be in good condition. The quality and maintenance of the subject is considered to be consistent with that of competing properties.
Surrounding Infrastructure	Primary highway access to the area is via Loop 610. The William P. Hobby Airport is located approximately 15.6 miles to the southeast.
Legal Description	TRS 38A 38B 38C & 38D BLK4, Westmoreland TRS 37B-1 37C-1 37D 37F-1 37G-1 37H-1 37J-1 43 & 44A BLK4, Houston, Harris County, Texas
Legal Interest Appraised	Leased Fee
Site	5.59 acres; 243,486 square feet
Gross Built Area	533,606 square feet
Net Rentable Area	313,873 square feet
Year of Completion	1980

Condition	Good
Town Planning	The property is situated along Loop 610 in Bellaire, an island city within the City of Houston
Gross Contract Rent	$24.56 per square foot
Current Occupancy	89%
Tenant Mix	The property consists of 313,873 square feet of net rentable area, with 75 tenants. The two largest tenants, Synergy Healthcare and Bridgeway, lease 21,549 square feet and 21,000 square feet, respectively.
Basis of Valuation	Market Value- Subject to existing tenancies
Valuation Approaches	Income Capitalization and Sales Comparison Approach
Date of Valuation	June 8, 2017
Market Value	$50,700,000
Assumptions, Disclaimers	Extraordinary Assumption: This report is being delivered in connection with that certain engagement letter, dated September 1, 2017 between JLL Valuation & Advisory Services, LLC and Keppel-KBS US REIT Management Pte. Ltd. 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."
Prepared By	Sara E. Payne, MAI and Kenneth B. Levenson, MAI, FRICS

Valuation Certificate

Property	1800 West Loop South; 1800 West Loop South, Houston, TX
Client	Keppel-KBS US REIT Management Pte. Ltd. and Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT)
Purpose of Valuation	Estimate Market Value
Date of Site Visit	June 8, 2017
Type of property	Office- High Rise, Class A Office
Property Description	The subject is an existing office property, 21 stories high, containing 400,101 square feet of rentable area. The improvements were constructed in 1982 and renovated in 2014. The property has a parking garage with 1,024 parking spaces.
Building Assessment	During the course of our site visit, the property was found to be in good condition. The quality is considered to be superior to that of competing properties, and maintenance appears to have been consistent with that of competing properties.
Surrounding Infrastructure	The primary access is provided by Loop 610. The surrounding properties include a mix of office, retail, hotel, and residential.
Legal Description	TRS 1B 2A 3A 4A 10B 11B 13 & 14 ABST 836 W White, Houston, Harris County, Texas
Legal Interest Appraised	Leased Fee
Site	1.88 acres, or 82,095 square feet
Gross Built Area	733,190 square feet
Net Rentable Area	400,101 square feet

Year of Completion	1982
Condition	Good
Town Planning	The property has no zoning regulations and is located in the Houston CBD
Gross Contract Rent	$24.02 per square foot
Current Occupancy	85%
Tenant Mix	The property consists of 400,101 square feet of rentable area, with 73 tenants. The 2 largest tenants, Quanex Building Products and Fogarly and Klein, Inc., leases are 20,317 square feet and 19,927 square feet.
Basis of Valuation	Market Value- Subject to existing tenancies
Valuation Approaches	Income Capitalization and Sales Comparison Approach
Date of Valuation	June 8, 2017
Market Value	$82,000,000
Assumptions, Disclaimers	Extraordinary Assumption: This report is being delivered in connection with that certain engagement letter, dated September 1, 2017 between JLL Valuation & Advisory Services LLC and Keppel-KBS LIS REIT Management Pte. Ltd. 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."
Prepared By	Sara E. Payne, MAI and Kenneth B. Levenson, MAI, FRICS

Valuation Certificate

Property	Bellevue Technology Center; 15801 & 15805 NE. 24th St, Bellevue, WA
Client	Keppel-KBS US REIT Management Pte. Ltd. and Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT)
Purpose of Valuation	Estimate Market Value
Date of Site Visit	May 3, 2017
Type of property	Office Campus
Property Description	The subject is an existing office campus containing 9 office buildings with a total of 330,508 square feet of rentable area. The improvements were constructed in 1973, 1980, and 2000 and renovated in 2001-2003.The site area is 46.60 acres or 2,029,754 square feet, including the excess parcels. The excess tracts include 4.33 acres and 4.69 acres, and are zoned O, for future office development. It has a parking garage with 1,320 parking spaces.
Building Assessment	During the course of our site visit, the buildings were to be in good condition. The quality and maintenance of the subject is considered to be consistent with that of competing properties.
Surrounding Infrastructure	Primary access to the area is provided by Highway 520. The Seattle-Tacoma Airport is located about 20 miles from the property. The Seattle CBD is located 13 miles from the property. The surrounding properties include a mix of commercial and single-family residential.
Legal Description	UNIGARD INS CO UNIGARD PK-BSP, Bellevue, King County, Washington
Legal Interest Appraised	Leased Fee
Site	46.60 acres, or 2,029,754 square feet

Gross Built Area	545,867 square feet
Net Rentable Area	330,508 square feet
Year of Completion	1973,1980 & 2000
Condition	Good
Town Planning	The property is situated in the northern suburban area of Bellevue, along NE 24 St. and 156th Ave NE.
Gross Contract Rent	$21.27 per square foot.
Current Occupancy	91%
Tenant Mix	The property consists of 330,508 square feet of rentable area, with 12 tenants. The two largest tenants, Uniguard/QBE (Dark) and Regus/HQ Global, leases are 69,689 square feet and 45,828 square feet.
Basis of Valuation	Market Value- Subject to existing tenancies
Valuation Approaches	Income Capitalization and Sales Comparison Approach
Date of Valuation	June 1, 2017
Market Value	$129,300,000 (aggregate of the Market Value opinions for the primary property of $113,600,000 and the excess tracts of $15,700,000)
Assumptions, Disclaimers	Extraordinary Assumption: 1. We have not included any capital improvements cost in our analysis, and we assume that the property will not require any immediate capital expenditures of the effective date. 2. We assume that the excess tracts are developable according to their respective highest and best use. 3. This report is being delivered in connection with that certain engagement

letter, dated September 1, 2017 between JLL Valuation & Advisory Services LLC and Keppel-KBS LIS REIT Management Pte. Ltd. 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.”

Prepared By	Kai Pan, MAI

Valuation Certificate

Property	The Plaza Buildings; 10800 & 10900 NE. 8th St, Bellevue, WA
Client	Keppel-KBS US REIT Management Pte. Ltd. and Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT)
Purpose of Valuation	Estimate Market Value
Date of Site Visit	May 3, 2017
Type of property	Office- General Purpose, Class A
Property Description	The property consists of two existing office properties containing a total of 490,994 square feet of rentable area. The improvements were constructed in 1978-1983.The buildings are separated by a 480,464 sq. ft. parking garage. The total site area is 4.03 acres or 175,399 square feet.
Building Assessment	During the course of our site visit, the property was found to be in good condition. The quality and maintenance of the subject is considered to be consistent with that of competing properties.
Surrounding Infrastructure	Primary access to the area is provided by Interstate 405. The surrounding properties consist of commercial buildings and restaurants.
Legal Description	PCL A BELLEVUE BLA #14-144358 LW REC #20150421900015 SD SP BEING POR SW 1/4 OF SW 1/4 OF SE 1/4 SD STR & PCL B BELLEVUE BLA #14-144358 LW REC #20150421900015 SD SP BEING POR SW 1/4 OF SW 1/4 OF SE 1/4 SD STR &PCL C BELLEVUE BLA #14-144358 LW REC #20150421900015 SD SP BEING POR SW 1/4 OF SW 1/4 OF SE 1/4 SD STR, Bellevue, King County, Washington
Legal Interest Appraised	Fee Simple
Site	4.03 acres, 175,399 square feet

Gross Built Area	675,976 square feet
Net Rentable Area	490,994 square feet
Year of Completion	1978-1983; Renovated 2007
Condition	Good
Town Planning	The properties are situated along Interstate 405 in the downtown area of Bellevue.
Gross Contract Rent	$36.63 per square foot
Current Occupancy	84%
Tenant Mix	The property consists of 490,994 square feet of net rentable area, with 54 tenants. The three largest tenants are Blucora (Infospace), Premier Office Centers, and US Bank National. Blucora (Infospace) leases 22,490 square feet, Premier Office Centers leases 15,058 square feet, and US Bank National leases 14,953 square feet.
Basis of Valuation	Market Value- Subject to existing tenancies
Valuation Approaches	Income Capitalization and Sales Comparison Approach
Date of Valuation	June 1, 2017
Market Value	$236,100,000 (aggregate of the Market Value opinions for the primary property of $211,200,000 and the development air rights of $24,900,000)
Assumptions, Disclaimers	Extraordinary Assumptions/Hypothetical Conditions: 1. According to information provided by the owner, the air rights above the garage is undergoing approval for the development of a 245,000 square foot, 20-story residential tower with approximately 262 units and 8,000 square feet of street level retail. The proposed ownership structure would have two

condominium units, the residential unit and the garage unit on the current garage parcel. Approvals have not yet been granted. However, the ownership has indicated that they are going through the City's administrative design review (ADR) process and are currently responding to the City's third and likely final round of comments. To date, there are no City comments regarding the project review that would require a reduction of unit count. There have been no public comments in opposition. We anticipate approval of the project as proposed, including the current proposed unit count. We have the valued the entitled development rights to the proposed 262-unit multifamily project under the hypothetical condition that all development entitlements have been obtained.

2. Based on the proposed declaration provided by the owner, the proposed multifamily project will have two condominium units, the residential unit and the garage unit on the current garage parcel. The garage owner will provide 262 Garage Spaces which may be in use by tenants of Residential Units at any given time. Parking rights at the existing site is beneficial to a potential buyer/developer of the multifamily project as the cost of providing onsite parking is eliminated. Thus, we have valued additional shared parking rights in conjunction with the development right. This analysis assumes that the owner/developer of the apartment project will have right to these parking spaces without additional monthly payment.
3. The concluded value of the development right assumes no abnormal construction or engineering costs.
4. This report is being delivered in connection with that certain engagement letter, dated September 1, 2017 between

JLL Valuation & Advisory Services, LLC and Keppel-KBS US REIT Management Pte. Ltd. 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."

Prepared By	Kai Pan, MAI

Valuation Certificate

Property	Powers Ferry Landing East; 6190 Powers Ferry Road NW, Atlanta, GA
Client	Keppel-KBS US REIT Management Pte. Ltd. and Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT)
Purpose of Valuation	Estimate Market Value
Date of Site Visit	June 19, 2017
Type of property	Class B, Suburban Office, Mid-Rise
Property Description	The subject is an existing Class B suburban office property located along the east side of Powers Ferry Road just south of Interstate 285 in the City of Sandy Springs, Georgia. The property includes a six-story office building known as Powers Ferry Landing with 149,324 rentable square feet. The building was constructed in 1985, is in good physical condition. The property has an open surface, asphalt, parking lot with 569 parking spaces.
Building Assessment	During the course of our site visit, the property was found to be in good condition.
Surrounding Infrastructure	The primary access to the property is provided by Interstate 75 and Interstate 285. The Atlanta CBD is 20 miles away from the subject property. The surrounding properties include office parks and buildings (several Class B), single and multifamily residential, and some commercial uses.
Legal Description	Lots 174 and 205 of the 17th District of Fulton County, Georgia
Legal Interest Appraised	Leased Fee
Site	9.66 acres or 420,946 square feet
Gross Built Area	149,324 square feet

Net Rentable Area	149,324 square feet
Year of Completion	1985
Condition	Good
Town Planning	The property is zoned O-I (Office-Institutional) and is located within the Cumberland/Galleria Office submarket.
Gross Contract Rent	$17.38 per square foot
Current Occupancy	94.9%
Tenant Mix	The property consists of 149,324 net rentable square feet, with 22 tenants. Major tenants include LL Global, Georgia Banking Co. and Penton Business Media. LL Global leases 26,339 square feet, Georgia Banking Co. leases 16,899 square feet, and Penton Business Media leases 11,890 square feet.
Basis of Valuation	Market Value- Subject to existing tenancies
Valuation Approaches	Income Capitalization and Sales Comparison Approach
Date of Valuation	June 19, 2017
Market Value	$18,300,000
Assumptions, Disclaimers	Extraordinary Assumption: This report is being delivered in connection with that certain engagement letter, dated September 1, 2017 between JLL Valuation & Advisory Services, LLC and Keppel-KBS US REIT Management Pte. Ltd. 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."

Prepared By	Jason P. Lovett, MAI and J. Mark Williams, MAI

Valuation Certificate

Property	Northridge Center I & II; 365 & 375 Northridge Drive, Atlanta, GA
Client	Keppel-KBS US REIT Management Pte. Ltd. and Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT)
Purpose of Valuation	Estimate Market Value
Date of Site Visit	June 19, 2017
Type of property	Class B Suburban Office
Property Description	The subject is an existing Class B Suburban office property located in Sandy Springs, GA. The property includes 2 mid-rise office buildings known as Northridge Center I and II with 64,381 and 124,563 rentable square feet, respectively for a total of 188,944 RSF. It has 724 parking lots.
Building Assessment	During the course of our site visit, the property was found to be in good condition. The quality and maintenance of the subject is considered to be consistent with that of competing properties.
Surrounding Infrastructure	Primary highway access to the area is provided by State Road 400 (US Highway 19). The surrounding properties include multifamily residential, Class B office buildings and retail.
Legal Description	All that tract or parcel of land lying and being within the City of Atlanta, in Land Lot 25, 17th District, Fulton County, Georgia.
Legal Interest Appraised	Leased Fee
Site	11.45 acres; 498,675 square feet
Gross Built Area	481,403 square feet
Net Rentable Area	188,944 square feet

Year of Completion	1985-1989; Renovated 2012-2014
Condition	Good
Town Planning	The property is situated in the Northwest Office submarket.
Gross Contract Rent	$18.73 per square foot
Current Occupancy	91.6%
Tenant Mix	The property consists of 188,944 square feet of net rentable area, with 28 tenants. The two largest tenants, Mercury Insurance and Allstar Financial, lease 23,185 square feet and 20, 969 square feet, respectively.
Basis of Valuation	Market Value- Subject to existing tenancies
Valuation Approaches	Income Capitalization and Sales Comparison Approach
Date of Valuation	June 19, 2017
Market Value	$20,500,000
Assumptions, Disclaimers	Extraordinary Assumption: This report is being delivered in connection with that certain engagement letter, dated September 1, 2017 between JLL Valuation & Advisory Services, LLC and Keppel-KBS US REIT Management Pte. Ltd. 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."
Prepared By	Jason P. Lovett, MAI and J. Mark Williams, MAI

Valuation Certificate

Property	Maitland Promenade II; 495 N. Keller Rd, Maitland, FL
Client	Keppel-KBS US REIT Management Pte. Ltd. and Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT)
Purpose of Valuation	Estimate Market Value
Date of Site Visit	June 20, 2017
Type of property	Class A Suburban Office- Mid Rise
Property Description	The property includes a five-story office building with 230,366 rentable square feet. The building was constructed in 2001. The property contains adequate open-surface parking and a 3- story parking structure, which are situated on a 9.14-acre parcel. There are 1,052 parking spaces.
Building Assessment	During the course of our site visit, the property was found to be in good condition. The quality and maintenance of the subject is considered to be consistent with that of competing properties.
Surrounding Infrastructure	The primary access to the area is Interstate 4. The Orlando CBD is approximately 6.5 miles from the property. The surrounding areas include office, restaurant, single and multifamily residential.
Legal Description	MAITLAND PROMENADE 47/14 LOT 2 & IN WILLIS R MUNGERS LAND SUB E/7 PART OF LOTS 91 & 92 DESC AS BEG NE COR LOT 2 OF MAITLAND PROMENADE PB 47/14 TH RUN W 341.34 FT N 60 FT E 341.34 FT S 60 F TO POB (LESS COMM AT NW COR OF NE 1/4 TH N89-56-36E 1323.91 TO NW COR OF E 1/2 OA SAID NE 1/4 ALSO BEING THE CENTERLINE OF SURVEY OF N KELLER RD TH S00-17-13E 2660.11 TO NW COR OF NE 1/4 OF SE1/4 OF SAID SEC TH S00-10-36E 717.85 FT TH S89-37-52W 53 FT TO POB ALSO BEING THE INTERSECTION OF EXISTING W R/W LINE OF N

KELLER RD AND N LINE OF MAITLAND PROMENADE 47/14 LOT 2 TH CONT S89-37-52W 11.91 FT TH N00-18-02W 60 FT TO PT ON N LINE OF WILLIS R MUNGERS LAND E/7 LOT 92 TH N89-37-52E 12.04 FT TO NLY EXTENSION OF E LINE OF SAID LOT 2 AND W R/W LINE OF N KELLER RD TH S00-10-36E 60 FT FOR POB & COMM AT NW COR OF NE 1/4 OF SAID SEC TH N89-56-36E 1323.91 FT TO NW COR OF E 1/2 OF NE 1/4 ALSO BEING CENTERLINE OF SURVEY OF N KELLER RD TH S00-17-13E 2660.11 FT S00-10-36E 717.85 FT TH S89-37-52W 53 FT TO POB ALSO BEING PT ON EXISTING W R/W LINE OF N KELLER RD TH S00-10-36E 170.07 FT TO PT ON S LINE OF MAITLAND PROMENADE 47/14 LOT 2 TH S89-50-54W 11.54 FT TH N00-18-02W 170.03 FT TH N89-37-52E 11.91 FT TO POB PER 10606/1869), Maitland, Orange County, Florida

Legal Interest Appraised	Fee Simple
Site	9.14 acres or 398, 216 square feet
Gross Built Area	557,399 square feet
Net Rentable Area	230,366 square feet
Year of Completion	2001
Condition	Good
Town Planning	The property is located within the City of Maitland just west of Interstate 4. This area is part of the Maitland Center Office submarket.
Gross Contract Rent	$22.64 per square foot
Current Occupancy	99%
Tenant Mix	The property consists of 230,366 square feet of rentable area, with 14 tenants. The two largest tenants, Zurich American and Akerman, Senterfitt, leases are 34,563 square feet and 32,190 square feet.
Basis of Valuation	Market Value- Subject to existing tenancies

Valuation Approaches	Income Capitalization and Sales Comparison Approach
Date of Valuation	June 20, 2017
Market Value	$37,000,000
Assumptions, Disclaimers	Extraordinary Assumption: This report is being delivered in connection with that certain engagement letter, dated September 1, 2017 between JLL Valuation & Advisory Services, LLC and Keppel-KBS US REIT Management Pte. Ltd. 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."
Prepared By	Jason P. Lovett, MAI and J. Mark Williams, MAI

Valuation Certificate

Property	Westmoor Center; 10055-10385 Westmoor Drive, Westminster, CO
Client	Keppel-KBS US REIT Management Pte. Ltd. and Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT)
Purpose of Valuation	Estimate Market Value
Date of Site Visit	June 27, 2017
Type of property	Office-Office Park
Property Description	The subject is an existing office property containing 612,890 square feet of rentable area. The subject is comprised Buildings 1-6 of Westmoor Center, a ten-building office park. Buildings 1-3 are two stories and were built in 1999, while Buildings 4-6 are three stories and were built in 2000. Building 3 has a five-star conference center which is available for use by tenants of the whole office park. It has 2,809 parking lots.
Building Assessment	During the course our site visit, the property was found to be in good condition. The quality and maintenance is considered to be consistent with that of competing properties.
Surrounding Infrastructure	The primary access to the area is provided by the Denver-Boulder Turnpike. The Denver International Airport is 35 miles away from the subject. The surrounding properties include office and residential.
Legal Description	Lot 1, 2, 3, 4, 5A and 5B, Block 1, Westmoor Technology Park 1st Replat Subdivision, Located in the Northeast Quarter of Section 9, Township 2 South, Range 69 West of the 6th P.M, City of Westminster, County of Jefferson, State of Colorado

Legal Interest Appraised	Leased Fee
Site	43.73 acres or 1,904,706 square feet
Gross Built Area	639,456 square feet
Net Rentable Area	612,890 square feet
Year of Completion	1999-2000
Condition	Good
Town Planning	The property has is zoned PUD (Planned Unit Development), and is located in the Northwest Denver submarket.
Gross Contract Rent	$16.35 per square foot
Current Occupancy	82%
Tenant Mix	The property consists of 612,890 square feet of rentable area with 21 tenants. The largest three tenants at the subject are Zimmer Biomet (17.0%), The Reed Group (12.0%), and Service Link (11.2%).
Basis of Valuation	Market Value- Subject to existing tenancies
Valuation Approaches	Income Capitalization and Sales Comparison Approach
Date of Valuation	June 27, 2017
Market Value	$118,200,000
Assumptions, Disclaimers	Extraordinary Assumption: This report is being delivered in connection with that certain engagement letter, dated September 1, 2017 between JLL Valuation & Advisory Services, LLC and Keppel-KBS US REIT Management Pte. Ltd. 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."
Prepared By	Brian L. Chandler, MAI, CRE, FRICS and Eric L. Enloe, MAI, CRE, FRICS

Valuation Certificate

Property	Iron Point Business Park; 1180 Iron Point Road, Folsom, CA
Client	Keppel-KBS US REIT Management Pte. Ltd. and Perpetual (Asia) Limited (in its capacity as Trustee of Keppel-KBS US REIT)
Purpose of Valuation	Estimate Market Value
Date of Site Visit	June 7, 2017
Type of property	Class A Office
Property Description	The subject is an existing Class A office park consisting of five office buildings, five stories high, containing 211,944 square feet of rentable area. The improvements were constructed in 1999. It has 1,351 parking spaces.
Building Assessment	During the course of our site visit, the property was found to be in good condition. The quality is considered to be superior and maintenance is considered to be consistent, with that of competing properties.
Surrounding Infrastructure	The primary access to the property is provided by Highway 50. The Sacramento International Airport is 30 miles west of the subject. The surrounding properties include residential development and office.
Legal Description	Parcel 1, 2, 3, 4 and 5, as shown on that certain parcel map filed in the office of the recorder of the county of Sacramento, State of California on December 20, 2002 in Book 169 of Parcel Maps, At Page 14, Folsom, Sacramento County, California
Legal Interest Appraised	Leased Fee
Site	15.73 acres or 685,350 square feet
Gross Built Area	224,860 square feet

Net Rentable Area	211,944 square feet
Year of Completion	1999
Condition	Good
Town Planning	The property is zoned in BP-PD (Business Park, Planned Development) and is located in the southern area of Folsom, 20 miles away from the Sacramento CBD.
Gross Contract Rent	$22.94 per square foot
Current Occupancy	98%
Tenant Mix	The property consists of 211, 944 square feet of rentable square feet, with 47 tenant. Major tenants include Sierra Pacific Mortgage with 37,853 square feet (18% of rentable area) and Pro Unlimited with 30,545 square feet (14% of rentable area).
Basis of Valuation	Market Value- Subject to existing tenancies
Valuation Approaches	Income Capitalization and Sales Comparison Approach
Date of Valuation	June 7, 2017
Market Value	$38,200,000
Assumptions, Disclaimers	Hypothetical Assumptions: This report is being delivered in connection with that certain engagement letter, dated September 1, 2017, between JLL Valuation & Advisory Services LLC and Keppel-KBS US REIT Management Pte. Ltd. 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."

Prepared By

Eric L. Enloe, MAI, CRE, FRICS

This page has been intentionally left blank.

INDEPENDENT PROPERTY MARKET RESEARCH REPORT

INDEPENDENT MARKET RESEARCH REPORT

An independent review or the following office markets
As of June 30, 2017

United States Office Market

Seattle, Washington
(Bellevue CBD and Eastside Suburban Submarkets)

Sacramento, California
(Carmichael/Fair Oaks/Citrus Heights Submarket)

Denver, Colorado
(Northwest Denver Submarket)

Austin, Texas
(Northwest Submarket)

Houston, Texas
(Westloop/Galleria)

Atlanta, Georgia
(Cumberland/I-75 and North Central/I-285/GA 400 Submarkets)

Orlando, Florida
(Maitland Submarket)

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 of Illinois, Inc.
Valuation & Advisory
7304 W 130th Street, Suite 150
Overland Park, KS 66213
Cushman & Wakefield File ID: 17-21007-900521

Table of Contents

Executive Summary 4
- The United States Economy 4
- The United States Office Market 4
- The Portfolio 5

National Overview – United States of America 11
- Overview 11
- Business Trends 11
- Labor Markets 13
- Political Climate 15
- Implications for Commercial Real Estate 15
- Conclusion 18

National Office Market 20
- Overview 20
- National Office Market Statistics 20
- National Office Investment Sales Market 23
- National Office Market Summary 28

Seattle, Washington 29
- Seattle MSA Regional Market Analysis 29
- Seattle-Bellevue Office Market Analysis 34
- Bellevue CBD Submarket 41
- Subject Property – Plaza Buildings 46
- Seattle Eastside Suburban Office Submarket 50
- Subject Property – Bellevue Technology Center 55

Sacramento, California 59
- Sacramento Regional Analysis 59
- Sacramento Office Market Analysis 64
- Carmichael/Fair Oaks/Citrus Heights Submarket 69
- Subject Property – Iron Point Business Park 73

Denver, Colorado 77
- Denver MSA Regional Area Analysis 77
- Denver Office Market Analysis 82
- Northwest Submarket 88
- Subject Property – Westmoor Center 92

Austin, Texas 96
- Austin Regional Analysis 96
- Austin Office Market Analysis 101
- Northwest Submarket 107
- Subject Property – Great Hills Plaza 111
- Subject Property – Westech 360 116

Houston, Texas 121
- Houston Regional Market Analysis 121
- Houston Office Market Analysis 127
- West Loop/Galleria Submarket 133
- Subject Property – 1800 West Loop South Office Building 138
- Subject Property – West Loop I & II 143

Atlanta, Georgia 147
Atlanta Regional Analysis 147
Atlanta Office Market Analysis 152
Cumberland/I-75 Submarket 158
Subject Property – Powers Ferry Landing East 162
North Central/I-285/GA 400 Submarket 166
Subject Property – Northridge Center I & II 170
Orlando, Florida 174
Orlando Regional Analysis 174
Orlando Office Market Analysis 180
Maitland Submarket 186
Subject Property – Maitland Promenade II 190
Addenda Contents 194

Executive Summary

The United States Economy

Despite an intense domestic political environment, the U.S. economy and the property markets continue to perform well. Real GDP growth is expected to strengthen in 2017. Consumer and business confidence remains high, job growth remains steadfast and healthy, and wage growth is accelerating. U.S. exports recently jumped to their strongest level in five years. On many fronts, the U.S. economy looks as solid as it has been at any other point in this 7.5-year expansion.

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 2017 before slowing in 2018. 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, and the U.S expansion is expected to continue.

The United States Office Market

The national office market remains healthy. The U.S. economy continued to advance in the first quarter of 2017, growth has contributed to further tightening in many office markets across the United States. Capitalization rates are at record lows, vacancy rates declined and the average value for office properties is high. Volume, conversely, has documented a slowdown over the last year. Business leaders have been wary about the economic environment and political uncertainty. Net absorption has also slowed, persistent delivery of new space has caused supply to surpass absorption in the last two quarters, a development that may carry on throughout 2017.

The construction pipeline varies depending on the market, with some large metros experiencing a surge in deliveries, occupants will have more options, and this will possibly cause vacancy rates to rise. 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. Overall, steady confidence will likely lead to stronger economic growth, providing more jobs and more demand for office space.

U.S. OFFICE

Employment Indicators

	Q1 16	Q1 17	12-Month Forecast
Total Nonfarm Employment	143.4M	145.7M	▲
Office-using Employment	30.9M	31.7M	▲
Unemployment	4.9%	4.7%	▼

Source: BLS

Market Indicators (Overall)

	Q1 16	Q1 17	12-Month Forecast
Vacancy Rate	13.4%	13.2%	▬
Net Absorption	11.2M	6.9M	▲
Under Construction	96.8M	102.6M	▲
Weighted Asking Rent (FS)	$28.63	$29.94	▲

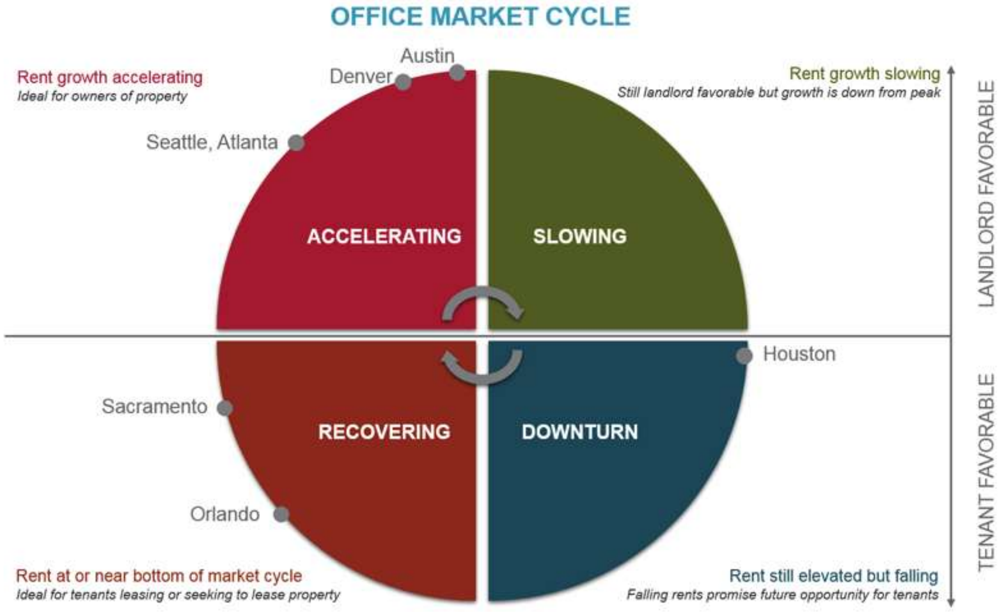
*Rental rates reflect gross asking $psf/yr

The Portfolio

This Report relates primarily to the properties and markets identified in the following table and map (the Portfolio).

Ref.	Property	Investment Class	City	State	Primary Market	Submarket
1	Plaza Buildings	A	Bellevue	Washington	Seattle	Bellevue CBD
2	Bellevue Technology Center	A & B	Bellevue	Washington	Seattle	Eastside Suburban
3	Iron Point	A	Folsom	California	Sacramento	Carmichael/Fair Oaks/Citrus Heights
4	Westmoor Center	A	Westminster	Colorado	Denver	Northwest Denver
5	Great Hills Plaza	B	Austin	Texas	Austin	Northwest
6	Westech 360	B	Austin	Texas	Austin	Northwest
7	1800 West Loop	A	Houston	Texas	Houston	West Loop/Galleria
8	West Loop I & II	A	Bellaire	Texas	Houston	West Loop/Galleria
9	Powers Ferry Landing	B	Sandy Springs	Georgia	Atlanta	Cumberland/I-75
10	Northridge Center I & II	B	Sandy Springs	Georgia	Atlanta	North Central/I-285/GA 400
11	Maitland Promenade	A	Maitland	Florida	Orlando	Maitland

The following chart depicts the relative position of each of the primary markets in the office market cycle. As shown, four of the markets are in an accelerating trend, with two more (Sacramento and Orlando) considered to be in an upward recovering trend. Only Houston is in a downward cycle, due largely to the oil industry, but it remains a large and dominant market with strong investor appeal.



Source: Cushman & Wakefield Research and Cushman & Wakefield of Illinois, Inc

The portfolio includes a mix of Class A and good Class B suburban office buildings. They are generally in relatively strong markets, well located and well positioned. Trends for these office markets are summarized below.

Seattle, Washington

The portfolio includes two properties from the Seattle metropolitan area.

Ref.	Property	Investment Class	City	State	Primary Market	Submarket
1	Plaza Buildings	A	Bellevue	Washington	Seattle	Bellevue CBD
2	Bellevue Technology Center	A & B	Bellevue	Washington	Seattle	Eastside Suburban

The Plaza Buildings include two Class A, multi-tenant office buildings and a freestanding garage. The office buildings contain 490,994 square feet of rentable area and are in average condition. The Plaza Center building totals 16 stories and was built in 1983. The U.S. Bank Plaza building totals 10 stories and was built in 1973. The parking garage contains 1,254 spaces. Ownership is in the process of obtaining entitlements for an apartment tower located above the garage along NE 8th Street. The property is currently 84 percent occupied by 54 tenants at an average contract rent of $36.60 per square foot.

The Bellevue CBD office market has also historically been one of the most active in the Seattle region and has experienced a rapid pace of growth over the past two years, which will help the area remain among the strongest markets in the Puget Sound region over the long-term. As large amounts of new and more desirable space were delivered to the market, vacancy rates remained low, asking rents continued to climb and remained above the overall average rent for the Seattle CBD in first quarter 2017. Office absorption and leasing activity trends continued to be solid in first quarter 2017, and Bellevue's position as one of the region's favorable and most stable office markets should allow it to remain strong in the near future.

Bellevue Technology Center is a 46.60-acre property that is currently improved with four Class A office buildings, five one-story Class B office buildings, and an underground parking garage. Four of the Class B buildings were completed in 1973, the fifth Class B building was completed in 1980 and the four Class A office buildings and the parking garage improvements were completed in 2000. The Class B buildings were renovated between 2001 and 2003 and all improvements are considered to be in average condition. The property is currently approximately 91 percent occupied by a total of 12 tenants.

Seattle's Eastside Suburban office market has also 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, Eastside Suburban appeared to be one of the strongest suburban markets in the Seattle area in first quarter 2017, with low vacancy rates and high construction activity. Despite office rents rising in the Eastside Suburban market over the past few years, the overall average asking rent for office space was lower than the average rent across the greater Seattle-Bellevue area in first quarter 2017. The Eastside Suburban market contains a larger supply of more affordable Class A inventory than either the Seattle CBD or the Bellevue CBD, which should be attractive to tenants seeking lower rents for high quality space.

Sacramento, California

Ref.	Property	Investment Class	City	State	Primary Market	Submarket
3	Iron Point	A	Folsom	California	Sacramento	Carmichael/Fair Oaks/Citrus Heights

Iron Point is a 5-building, Class A, multi-tenant office property that contains 211,944 square feet of rentable area situated on a 688,012 square foot site. The improvements were completed in 1999 and are in good condition. The property is currently 98 percent occupied by 47 tenants at an average contract rent of $22.93 per square foot.

The Sacramento office market fundamentals continued to show gradual improvement. Education and health services, professional and business services, and financial activities sectors remain the leading office-using sectors in the region, helping fuel tenant demand in Sacramento. According to the most current employment data, total non-farm average monthly employment growth was 1.8 percent in first quarter 2017. Office-using employment accounts for a large share (21.2 percent) of jobs in the region. The Sacramento office market continues to tighten and consistent office-using employment growth helps to strengthen the market.

Vacancy levels for the Carmichael/Fair Oaks/Citrus Heights Office Submarket have decreased since 2012 and are expected to decline from 15.6 percent in 2017 to 12.1 percent in 2021. Over the near term, new construction activity should not surpass absorption, and average asking rates are forecasted to range from $23.47 per square foot in 2017 to $25.19 per square foot in 2021. The subject submarket is anticipated to perform at or better than the overall Sacramento market.

Denver, Colorado

Ref.	Property	Investment Class	City	State	Primary Market	Submarket
4	Westmoor Center	A	Westminster	Colorado	Denver	Northwest Denver

Westmoor Center is a 2 to 3-story, Class A, multi-tenanted office campus comprised of six attractive buildings containing a total of 612,890 square feet of rentable area situated on a total of 1,904,706 square feet of land area. The improvements were completed in 2000 and are in good condition. The subject property is part of the Westmoor Technology Park, which is a developing 425 acre office/high-tech campus with several major tenants. The subject property is currently some 82 percent occupied, which accounts for 21 tenant suites being leased.

The Denver Office market is still feeling the lingering effects of the reduced presence of energy companies in the CBD, due to low oil prices. However, the overall economic conditions in the Denver area remained strong in the first quarter of 2017, with low unemployment and a strong growth in employment. Employment in the Denver metropolitan area increased 3.8 percent on a year-over-year basis in April 2017, led by gains in the Leisure & Hospitality sector, which added 12,000 jobs over the same period, according to the U.S. Bureau of Labor Statistics. Furthermore, the metro area seasonally adjusted unemployment rate decreased 1.2 percentage points over the past year to 2.1 percent in April 2017, which was the lowest in the nation for large metro areas.

Vacancy levels for the Northwest Office Submarket have decreased since 2012 and are expected to rise from 18.5 percent in 2017 to 19.4 percent in 2021. Over the near term, new construction activity should surpass absorption, and average asking rates are forecasted to range from $21.17 per square foot in 2017 to $23.24 per square foot in 2021. Overall, the subject's Northwest submarket should continue to mirror the overall trends being experienced in the metropolitan Denver office market going forward.

Austin, Texas

Ref.	Property	Investment Class	City	State	Primary Market	Submarket
5	Great Hills Plaza	B	Austin	Texas	Austin	Northwest
6	Westech 360	B	Austin	Texas	Austin	Northwest

Great Hills Plaza consists of a Class B, multi-tenant office building that contains 139,252 square feet of net rentable area. The building is situated on a 365,272 square foot tract of land. The building is 3-stories in height, was completed in 1985, and is in good condition. The property is served by surface parking. The property is currently 89 percent occupied at an average net contract rent of $18.04 per square foot.

Westech 360 is a 4-building, Class B, multi-tenant office project that contains 175,665 square feet of net rentable area. The buildings are situated on a 441,655 square foot tract of land. Each of the buildings is 3-stories in height and similar in size and design. The improvements were completed in 1986 and are in good condition. Two, free-standing parking garages serve the project. The property is currently 96 percent occupied by 37 tenants at an average contract rent of $18.33 per square foot.

Austin continues to be an attractive destination for growing businesses. The pro-business environment in Texas coupled with access to capital and major markets such as Houston and Dallas along with a highly educated workforce will lead to long-term success for Austin. The strong and relatively diverse local economy is among the leaders in the nation and shows signs of continued growth through 2017 and beyond.

In first quarter 2017, the Austin office market slowed but sustained its impressive expansion rate of the past few years, recording consecutive drops in its vacancy rates, continually rising overall asking rents and positive absorption trends. The region's rapid corporate growth has been supported by its inviting business climate, access to venture capital and valuable labor pool. Strong corporate migration and expansion has catalyzed regional growth, inciting a trend in the movement of companies towards the tech hub.

Since 2012, market rents have trended upward in the Northwest Submarket. Between 2012 and 2016, the average quoted gross rent increased 3.76 percent per annum, rising from $25.46 to $29.51 per square foot. Also of note, gross rents for Class A buildings are more than $7.00 per square foot above their Class B counterparts. The effective rent stands at $24.14 per square foot, after considering any concessions, as of first Quarter 2017. Going forward, gross rents are expected to grow from 2.3 to 2.9 percent each year through 2021.

Houston, Texas

Ref.	Property	Investment Class	City	State	Primary Market	Submarket
7	1800 West Loop	A	Houston	Texas	Houston	West Loop/Galleria
8	West Loop I & II	A	Bellaire	Texas	Houston	West Loop/Galleria

1800 West Loop consists of a 21-story, class A, multi-tenant, office property that contains 400,101 square feet of rentable area with a parking garage, which sits on 1.88 acres. The improvements were completed in 1982 and are in good condition. The property is 85 percent occupied.

West Loop I & II consists of a 7 & 8-story, class A, multi-tenant, office property that contains 313,873 square feet of rentable area plus a parking garage. The improvements were completed in 1981 and are in good condition. The property is 89 percent occupied.

With a metro-area population of nearly 4.7 million, Houston is ranked the fifth largest metropolitan statistical area in the United States. Houston's economy is in recovery after a few unstable years due to the struggling energy sector. The Houston office market reflected the performance of the overall economy, with almost entirely positive readings between 2013 and third quarter 2014, followed by declines through 2016. The office market is show slow but steady improvements through first quarter 2017 and is expected to continue to recover but is contingent upon a rebound in oil and gas prices.

The outlook for Houston's office market remains tied to energy markets. Many hold onto the expectations that economic conditions will continue to improve through 2017, and a few key indicators, including oil prices and the Houston Purchasing Manager Index (PMI), are pointing towards continued growth. The Greater Houston Partnership projects that job gains in Houston will likely double the 2016 total by year-end 2017.

We expect the subject submarket rents to stagnate in the coming two years, followed by a market rise thereafter. Further we expect a 2-5 year absorption period for the market and submarket to regain equilibrium, given the supply and demand characteristics.

Atlanta, Georgia

Ref.	Property	Investment Class	City	State	Primary Market	Submarket
9	Powers Ferry Landing	B	Atlanta	Georgia	Atlanta	Cumberland/I-75
10	Northridge Center I & II	B	Atlanta	Georgia	Atlanta	North Central/I-285/GA 400

Powers Ferry Landing East is a 6-story, Class B, multi-tenant office building that contains 149,324 square feet of rentable area situated on a 420,946 square foot site. The improvements were completed in 1985 and are in good condition. The building has had recent renovations and presents well for the submarket. The property is currently 95 percent occupied by 22 tenants at an average contract rent of $17.30 per square foot.

The Atlanta office market continues to perform well. Strong occupancy gains pushed vacancy down to its lowest level since 2008. Tight market conditions pushed asking rental rates to a historical peak. Relocations and expansions have resulted in robust hiring, with the MSA adding 103,100 new jobs year-over-year (March 2017), with 34.0 percent of the jobs fueling the office market. The region's ability to attract large corporate relocations and expansions remain among the primary reasons the state of Georgia was selected as the No. 1 state in the nation in which to do business by Site Selections magazine, for the fourth consecutive year. Heightened demand for office space is creating an increasingly competitive environment, especially among tenants seeking larger space. In response to demand, developers have become overwhelmingly confident as a significant amount of speculative construction activity is underway. In fact, the 4.4 million square feet currently under construction is the most since the beginning of 2008 (when 4.9 million square feet was under construction).

Vacancy levels for the Cumberland/I-75 Office Submarket have decreased since 2012 and are expected to decline from 18.4 percent in 2017 to 18.1 percent in 2021. Over the near term, new construction activity should surpass absorption, and average asking rates are forecasted to range from $24.57 per square foot in 2017 to $26.41 per square foot in 2021. The submarket has been outperforming the greater Atlanta market with regard to vacancy rate, and with the recent development of the SunTrust Park MLB stadium and adjacent mixed-use development known as The Battery, the submarket's amenity base has grown, and office landlords have generally reported a positive impact as a result.

Northridge Center I & II is a 4 & 6-story, Class B, multi-tenant office park that contains 188,944 square feet of rentable area situated on a 498,675 square foot site. The improvements were completed in 1985 & 1989 and are in average condition. The buildings present well for the submarket and have had recent renovations. The property is currently 92 percent occupied by 28 tenants.

Vacancy levels for the North Central/I-285/GA 400 Office Submarket have decreased since 2012 and are expected to rise from 20.0 percent in 2017 to 22.9 percent in 2021. Over the near term, new construction activity should surpass absorption, and average asking rates are forecasted to range from $25.61 per square foot in 2017 to $28.12 per square foot in 2021.

Orlando, Florida

Ref.	Property	Investment Class	City	State	Primary Market	Submarket
11	Maitland Promenade	A	Maitland	Florida	Orlando	Maitland

Maitland Promenade II is a 5-story, Class A, multi-tenant office building that contains 230,366 square feet of rentable area situated on a 398,216 square foot site. The improvements were completed in 2001 and are in good condition. The property features a detached 3-level parking garage with covered canopy walkway and amenities including rich lobby finishes, on-site café, and shared fitness center. The property is currently 99 percent occupied by 14 tenants.

Robust job growth is fueling strong demand for office space in Orlando. Orlando remains among the state and national leaders in job growth. Healthy demand generated from job growth should equate to a considerable amount of absorption, impacting both vacancy rates and rents. Further, with no significant development projects on the horizon leaving very few options for quality space, market conditions have shifted to favor landlords. According to local real estate professionals, landlords are opting for longer lease terms, with five-year and seven-year terms becoming more common. The long-term expectation is for more speculative projects to be initiated to meet the growing demand.

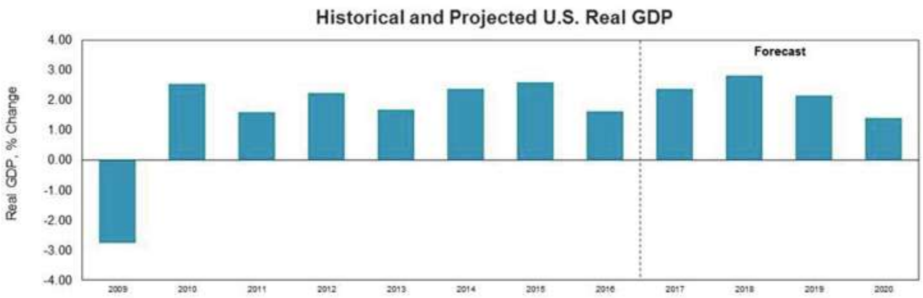
Vacancy levels for the Maitland Office Submarket have decreased since 2012 and are expected to rise from 14.7 percent in 2017 to 18.1 percent in 2021. Over the near term, new construction activity should surpass absorption, and average asking rates are forecasted to range from $22.02 per square foot in 2017 to $23.75 per square foot in 2021. The subject's submarket is expected to experience stabilizing vacancy levels over the next several years, and rental rates are projected to increase as a result of absorption outpacing projected construction completions. It is expected to slightly underperform the market for the Orlando MSA.

National Overview – United States of America

Overview

The U.S. economy and the property markets continue to perform well. Real GDP growth, while weak in Q1 2017 (as is usual for a first quarter in this expansion), is already tracking much stronger for Q2 2017, currently in the 3-4% range. Other data confirm a similarly stronger trajectory. Most notably, consumer and business confidence remains high, job growth remains steadfast and healthy, and wage growth is finally accelerating to the point where the virtuous cycle is within reach. Global growth is also improving. U.S. exports recently jumped to their strongest level in five years. On many fronts, the U.S. economy looks as solid as it has been at any other point in this 7.5—year-long expansion.

The following graph displays historical and projected U.S. Real GDP percent change (annualized) from 2009 through 2020:



Source: Historical Data Courtesy of the Bureau of Economic Analysis, Forecast Data Courtesy of Moody's Analytics

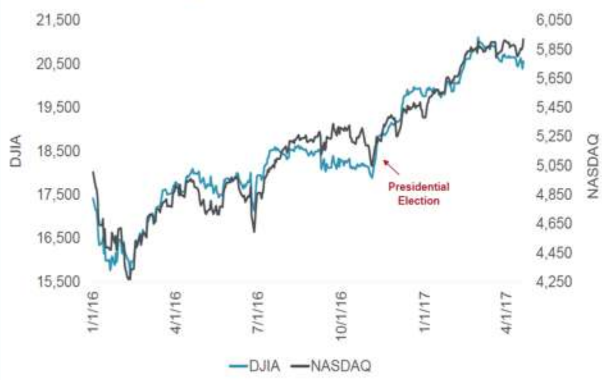
The property markets have downshifted most recently. While still positive, absorption levels trended lower in Q1 2017 compared to a year-ago. Retail and office markets have seen the fastest deceleration, off some 30-40%, while industrial and multifamily markets are holding up better but still slowing. 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 CRE 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 has a couple of very important tailwinds at its back, and a surging stock market is one of them. Global equity markets have been on fire since Trump was elected president. Major indices—Dow Jones, the NASDAQ, the DAX, the Nikkei—are all up by double digits since last November. A good portion of these gains are based on the assumption that the Trump Administration will deliver greater fiscal stimulus in the U.S. (i.e., tax cuts, deregulation, infrastructure spending) which will subsequently boost corporate earnings (improve the “E” in the “P/E” ratio) and ultimately result in a more business-friendly environment that will stoke economic growth.

Across the board, increases in stock prices have led to a $2 trillion surge in wealth, and estimates show that for every $1.00 increase in stock wealth, consumer spending increases by $0.03. This implies that the wealth effect could boost consumer spending by an additional $59.9 billion, which will filter through as a positive multiplier in real estate markets when and if spent. Of course, the opposite could also occur. If policymakers don't deliver a fiscal stimulus package, then we will likely see a significant market correction, one that could lead to a negative wealth effect that may impede domestic economic growth. Again, stakes are high.

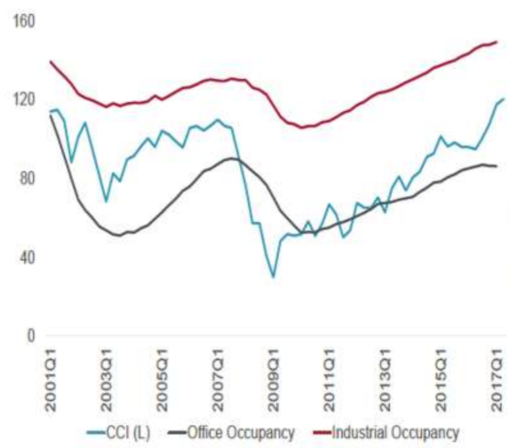
Tailwinds: Soaring Stock Market



Source: Dow Jones, NASDAQ

Another tailwind is the surge in the sentiment-based indicators, often referred to as "soft data." The Conference Board's Consumer Confidence Index has jumped 20% since October of last year. Most of that increase can be attributed to rising expectations of economic prospects. Businesses also seem to have regained their swagger. The National Federation of Independent Businesses' Small Business Optimism Index increased from 104.0 in October of 2016 to 114.6 in March of 2017. In addition to the prospect of fiscal stimulus, oil prices sitting at a sub-$50 per barrel price hasn't hurt confidence either. Interestingly, although the main takeaway from such data is robust sanguinity, in the three months preceding and in the four months since the election (for which there are data), the share of businesses reporting that they are uncertain about or don't know what to expect in the next six months is at an all-time high.

Tailwinds: Confidence is High



Source: The Conference Board, Cushman & Wakefield

Tailwinds: Still Low Oil Prices

Source: West Texas Intermediate

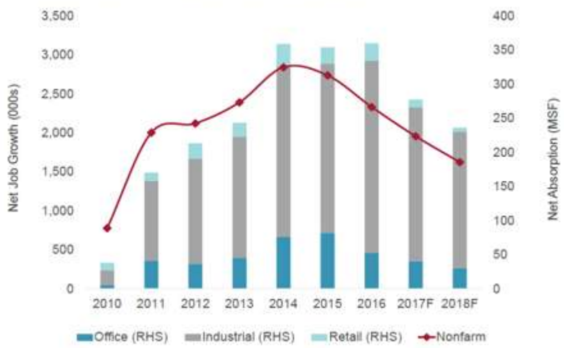
Labor Markets

Total Employment

Employment in the U.S. grew more in 2016 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.

Nonfarm Job Creation and Demand

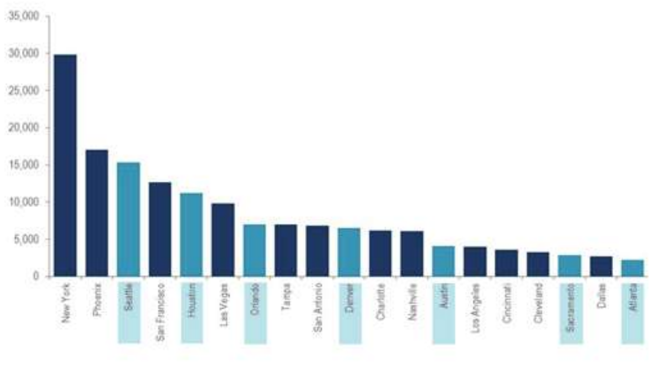


Source: BLS, Cushman & Wakefield

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, all of the subject markets experienced upward movement in office-using job growth for 2016.

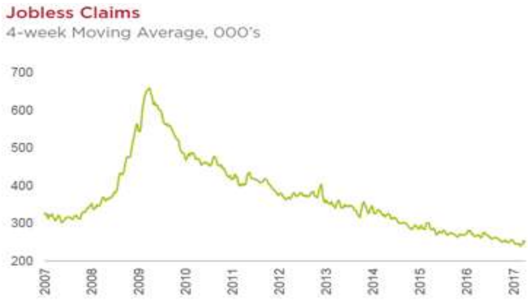
2016 Upward Revisions: Office-using Job Growth



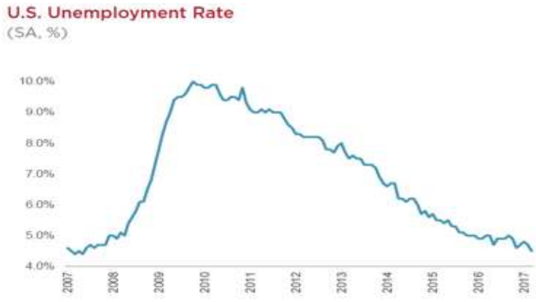
Source: U.S. Bureau of Labor Statistics

Unemployment

Both U.S. Unemployment and Jobless Claims have trended steadily downward since 2009 as the economy has recovered from the Great Recession. These trends are clearly depicted in the following graphics.



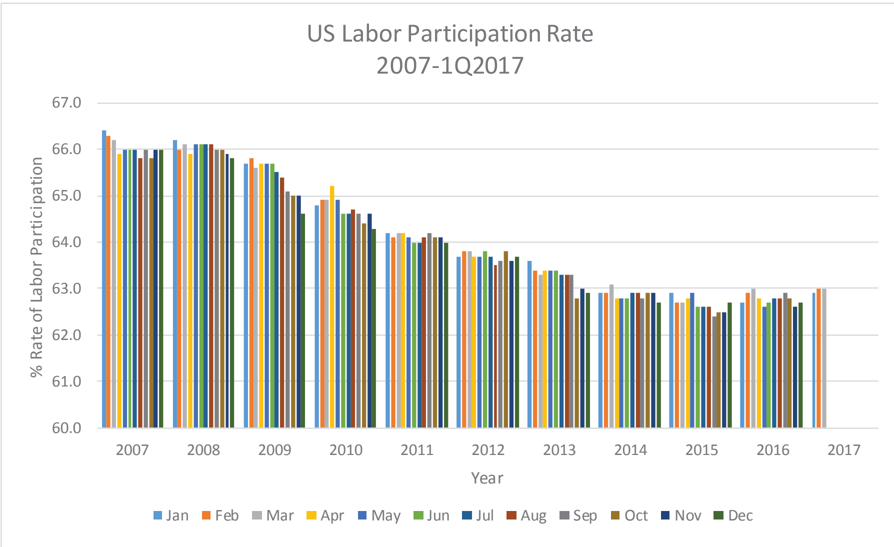
Source: Employment and Training Administration



Source: Bureau of Labor Statistics

Job Creation

Although the U.S. economy is nearing full employment, there is still plenty left in the tank for job creation to continue to fuel healthy demand for real estate. The current U.S. unemployment rate is low—at 4.4%—but it can certainly go lower. There have been a number of times in the post WWII era—the 1950s, 1960s and the late 1990s—when unemployment dipped below 4%. The lowest on record was in 1953, when the unemployment rate dropped to 2.9%. In the late 1990s, when the unemployment rate was lower than it is currently, the U.S. economy created over 3 million net new nonfarm payroll jobs per year. Furthermore, the US Labor Participation Rate remains near a 10-year low. In March 2017, the labor participation rate was at 63.0 percent, up slightly from a low of 62.5 percent in September 2015, but well below the high of 66.4 percent at the beginning of 2007.



Source: Bureau of Labor Statistics

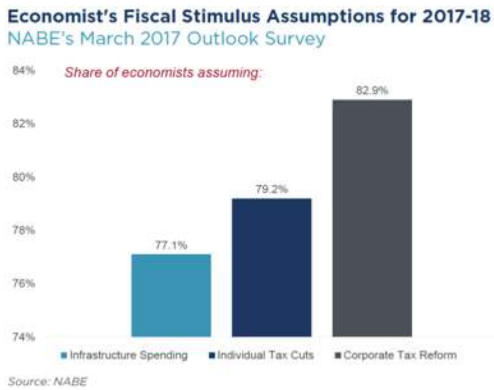
In other words, the labor market has not tightened to the extent where job growth shouldn't remain at least solid. Certain markets are more susceptible to having their growth potential curbed by labor shortages (e.g., Denver, Boston, San Jose—all with unemployment below 4%), but most cities still have plenty of room left for unemployment to decline and labor participation to increase.

Most of the indicators that correlate with future job creation remain healthy. Job openings currently total over 5.7 million, near record highs. Wage growth is accelerating, and it is broadening. In our baseline scenario, the U.S. will create 2.0 million net new nonfarm payroll jobs in 2017 and 1.6 million in 2018, down slightly from the 2.4 million annual average during this expansion, but still healthy.

Political Climate

The Trump Administration has spotlighted several priorities that affect economic/CRE 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.

Implications for Commercial Real Estate

Office

Developers of office product have remained quite disciplined throughout this cycle. Whether because of memories of the pain endured during the previous recession or because of a tighter lending environment, construction volumes have been much lower than in previous cycles. Completions are roughly 25% lower than in the run-up leading to the Great Financial Crisis and 50% lower than after the Dotcom Crash. The office supply cycle will peak in 2017, and most of these new buildings are delivering in markets that need the space. Even factoring in the latest density trends, the U.S. is generally not overbuilding office product.

But developers are overdoing it in a handful of markets, at least temporarily. Nearly 50% of the new office buildings are being developed in the top-10 construction markets. The bulk of new space is being added in the largest cities/ metros (e.g., Bay Area, NYC, Dallas) that arguably need it the most. Nevertheless, this wave of new space will challenge leasing fundamentals as it delivers at a time when broader job growth is decelerating. Certain markets, such as Manhattan, are already seeing concessions and TI's push higher to help lease the new space. But by and large, the Sunbelt markets and most other secondary/ tertiary markets are seeing measured construction levels, and in many cases, are under-building relative to job creation.

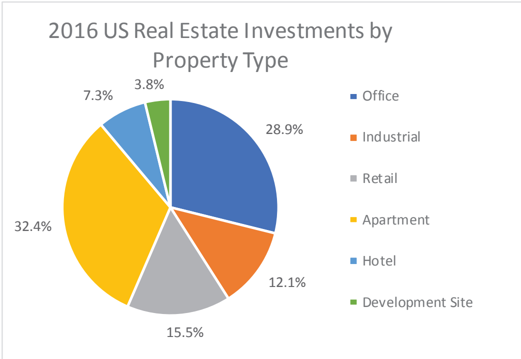
Source: Cushman & Wakefield

Although office-using job creation is expected to remain healthy, in the aggregate, demand for office space will not keep pace with supply. U.S. office vacancy bottomed out in late 2016 and is set to move up gradually in 2017 and 2018. Rent growth peaked in this cycle in 2016, at 5.4%. From this point forward, office rents will continue to rise but at a slower pace, as year-end rent growth decelerates from 3.5% this year to 1-2% in 2018. The supply pipeline buttons up quickly after 2018. If the economic expansion holds, the U.S. office sector could go from slightly overbuilding in some markets to under- building in most towards the latter part of the decade.

Capital Markets

Investing in a maturing cycle is always difficult, but the engines suggest there is still plenty of activity ahead. Soaring equity markets, fiscal stimulus, continued monetary stimulus, and the relative attractiveness of U.S. assets will promote healthy CRE investment in the U.S. We look for sales to register more than $449.1 billion in 2017, down roughly 10% from the $494.1 billion posted in 2016. Transaction volumes will decelerate further in 2018 to $437.0 billion with substantial interest remaining from foreign investors. Coming off of a two-year streak with more than half a trillion dollars in trades in both 2015 and 2016, this deceleration is partially a function of fewer assets being positioned for sale. In 2016, investment activity was 2.7% of nominal GDP, and this is expected to moderate as the cycle continues. Reflecting continued investor demand for CRE allocations, dry powder at closed-end funds targeting CRE assets is at an all-time high supporting our outlook for continued robust deal activity.

Approximately 28.9 percent of 2016 sales volume (in dollars) was invested in the office market. Historically, the office market has attracted the largest share of real estate investment in the United States, but it was outpaced by investment in apartments for each of the past two years, with apartment investment accounting for 32.4 percent of 2016 sales.



Source: Real Capital Analytics

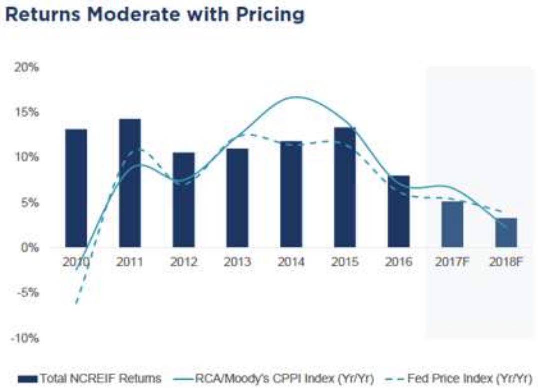
Bouts of uncertainty—both abroad and domestically—have not led to a capitulation on pricing, although growth in CRE values has tempered substantially. The broadest measure of CRE asset prices is the RCA/ Moody's CPPI Price Index for all property types, which grew at a 7.1% year-over-year rate in 2016, roughly half of its 2015 growth rate of 14.1%. This Index is forecast to rise by 6.6% in

2017 and by 2.3% in 2018. Of course, the outlook for prices is one reason returns are also expected to moderate over the next few years.

Income growth appears to have hit a cyclical low, according to data from NCREIF, whose sample is mainly core assets. Net operating income (NOI) returns were at historical lows in the last two quarters. Annualized growth in income for office buildings was 4.5% in Q1 2017. Combine this with falling capital returns, and the outlook for NCREIF total returns is one of deceleration. In our baseline scenario, total NCREIF returns will slow to 5.1% this year—almost entire buoyed by income—before falling to 3.3% in 2018, although as previously noted, the wave of construction quiets beyond 2018. Thus, there is potential for a significant revival in NOI growth.

The broad deceleration in returns hides considerable variation, however. Secondary markets have recently outperformed the major metro markets on a price-return basis, closing part of the historically wide gap that has expanded during the cycle; we expect this development to continue. Similarly, suburban office returns have accelerated and are now substantially outpacing those for CBD office. Industrial and retail assets continue to be impacted by the divergent effects of eCommerce, driving total retail returns lower while sustaining industrial returns—primarily through continued strong income (albeit decelerating from the extraordinary rent growth observed recently in many markets).

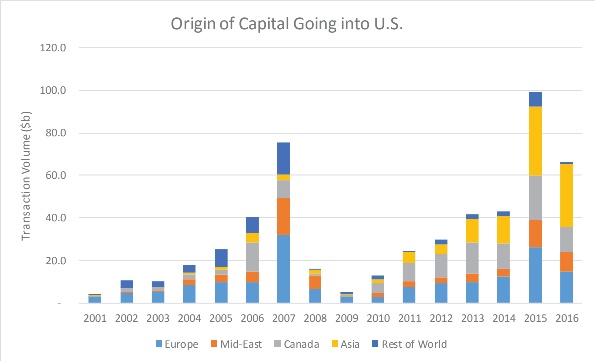
Source: RCA, Cushman & Wakefield



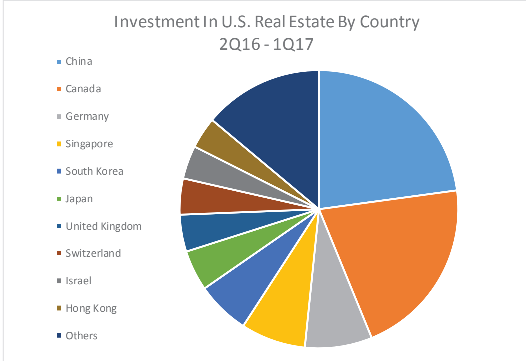
Source: RCA/Moody's Analytics, Federal Reserve, Cushman & Wakefield

Off-shore investment in United States' real estate reached an all-time high in 2015 of $99.2 billion before slowing in 2016 to $66.5 billion. 2016 was, however, the third highest year for off-shore investment on record. The highest proportion of investment comes from Asia, which accounted for 44.5 percent of U.S. real estate investment coming from outside of the country in 2016, and reflects the desire by Chinese investors to diversity their holdings globally. Asia was followed by Europe and Canada, contributing 22.3 percent and17.5 percent, respectively. In 2016, investment from Asian nations reached $29.6 billion, up dramatically from only $0.4 billion in 2001, but down from $32.7 billion in 2015. Investment from China and Canada accounted for nearly 44.0 percent of off-shore investment in U.S. real estate over the past 12 months, with China at 22.8 percent and Canada with 21.0 percent. They were followed by Germany, Singapore and South Korea, though none of these accounted for more than 8.0 percent of the total investment from outside the country.

Historically, off-shore investment in US real estate has been heavily concentrated in the office market, and this continued to be the case in 2016, with 47.7 percent of transaction volume ($31.7 billion) invested in the United States' office markets.



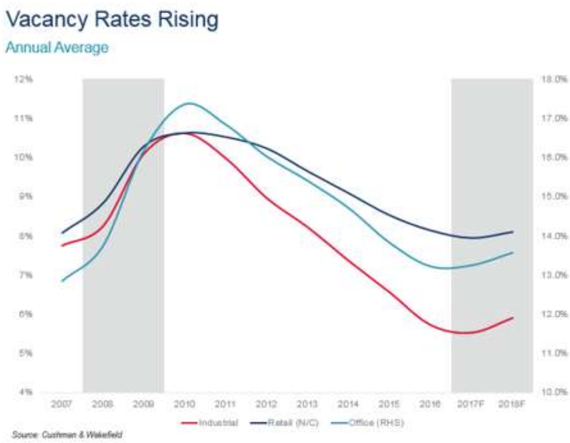
Source: Real Capital Analytics



Source: Real Capital 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 2017 before slowing in 2018. 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

	2016		2017				2018	Annual		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	2016	2017	2018
US Economy										
Real GDP, % (AR)	3.5	2.1	0.9	2.7	2.2	2.5	1.9	1.6	2.1	2.3
Chg. in Nonfarm Employment, ths.	704	510	553	471	476	456	476	2,332	1,956	1,625
Chg. in Office-using Employment, ths.	244	185	177	136	134	145	132	723	592	497
Unemployment Rate, %	4.9	4.7	4.7	4.6	4.5	4.5	4.5	4.9	4.6	4.5
Retail Sales & Food Services, % (SAAR)	2.5	3.9	5.0	5.0	5.6	4.8	4.0	3.0	5.3	4.0
CPI Inflation, % (AR)	1.1	1.8	2.7	2.8	3.0	2.8	2.6	1.3	2.8	2.5
Consumer Confidence Index	101	108	118	114	107	105	104	100	111	103
Federal Funds Rate, %	0.4	0.4	0.7	0.7	1.0	1.1	1.3	0.4	0.9	1.6
10-year U.S. Treasury note, %	1.6	2.1	2.4	2.6	2.7	2.7	2.6	1.8	2.6	3.0
ISM Manufacturing Index	51.1	53.3	57.0	55.1	52.9	52.6	54.0	51.5	54.4	53.0
West Texas Intermediate, $/bbl	45	49	52	52	51	50	49	43	51	50
Office Sector*										
Net Absorption, msf	16.6	6.8	6.9	6.9	15.7	8.9	4.5	52.7	40.5	30.2
Vacancy Rate	13.1%	13.2%	13.2%	13.2%	13.3%	13.3%	13.4%	13.8%	13.3%	13.6%
Asking Rent	$29.46	$29.47	$29.94	$30.37	$30.72	$30.50	$30.67	$27.67	$30.38	$30.92
Capital Markets***										
Total Investment Sales, $ Bil.	$123.8	$166.9	$103.1	$106.8	$107.8	$139.7	$99.2	$494.1	$449.1	$437.0
NCREIF Unlevered Total Returns, Qtrly % Chg.	7.1%	6.9%	6.2%	5.3%	4.4%	4.2%	4.4%	8.0%	5.1%	3.3%
Moody's/RCA CPPI (All Property Types), Yr/Yr % Chg.	7.0%	8.5%	8.3%	6.9%	5.5%	3.6%	3.4%	7.1%	6.6%	2.3%

*Annual rents and vacancy rates are averages, not year-end
***RCA, NCREIF, Moody's Analytics
***Total Investment Sales includes office, industrial, retail, multifamily, hotel, and land sales

National Office Market

Overview

The U.S. economy began 2017 fundamentally strong. Furthermore, a wave of optimism followed projected growth under the new Presidential Administration. Anticipated policies, including cuts on tax and regulation, stimulated consumer and business confidence. However, the period following the election of a new government is often slow and this administration is no exception. Potential changes, such as the repeal of the 1031 exchange and major infrastructure investment, has led many investors to observe before acting. In addition, prices are high and continue to grow, consequently, investors are cautious, while property owners are holding on to their increasingly valuable assets. Despite slower growth in the first quarter of 2016, there are clear signs of economic development, exemplified by the stock indexes continuing to rise to peak levels and employment gaining 514,000 jobs in the first quarter. The economy is expected to gain momentum throughout 2017 as job and wage gains continue to further pad Americans' pockets with disposable income.

The first quarter of 2017 recorded a drop in US office investment. According to Real Capital Analytics, US office transaction volume was approximately $27.2 billion. This represents a 10.3 percent decline when compared with first quarter 2016. A decrease in transactions can be a sign of a weakening economy, however the fundamentals of the US market remain healthy. Gross private investment reached a new high in the first quarter, growing 3.6 percent year-over-year, although 2016 was affected by the declines in commodity prices that occurred in 2015. Consumer spending was strong in the fourth quarter of 2016, increasing 3.0 percent, growth followed in first quarter 2017, but at a much lower rate of 0.3 percent. The value of office properties remains above the 5-year average and cap rates are at historical lows. The economy's performance is not a concern, however political situation and the potential for interest rate increases has led to a decline in commercial real estate investment during the first quarter. Nonetheless, steady business confidence and the availability of capital should offset anticipated interest rate increases and lead the market through this period of transition.

The labor market persisted with job creation—net nonfarm job growth was 514,000 in the first quarter, although somewhat behind expectations, this is a 3.8 percent increase from fourth quarter 2016. Key-office using sectors maintained employment growth rate in the first quarter, office-using employment expanded 0.5 percent, in line with the rate of expansion in fourth quarter 2016, according to the Bureau of Labor Statistics. Job growth is a critical component for determining demand for office space. The need for office space has historically mirrored the unemployment rate of the nation. During the most recent economic downturn, which the nation felt from 2007 to 2009, both the unemployment rate and the national office overall vacancy rate experienced an upward trend. As the nation's economy began its recovery, the unemployment rate and the national office overall vacancy rate began to decline year-over-year. The nation's unemployment rate at the end of first quarter 2017 fell 20 basis points to 4.5 percent, while the national overall vacancy rate is beginning to experience a slowdown. This can be explained by employment growth being mitigated to a degree by changes in the workplace environment, including denser, more "collaborative" office space usage and new technology platforms.

National Office Market Statistics

Vacancy

In first quarter 2017, national office markets overall vacancy rate was 13.2 percent, 20 basis points below the vacancy rate recorded in first quarter 2016. The overall vacancy rate recorded in third quarter 2016 (13.1 percent), was the lowest since the first quarter of 2008. Payroll employment, a key driver of the office market, expanded in the first quarter of 2017. Particularly, the professional & business services sector increased by 639,000 jobs over the past twelve months, which will increase the demand for office space. The U.S. economy is expected to continue to add jobs throughout 2017, influencing the demand for office space and combatting with increasing vacancy rates, generated by new supply.

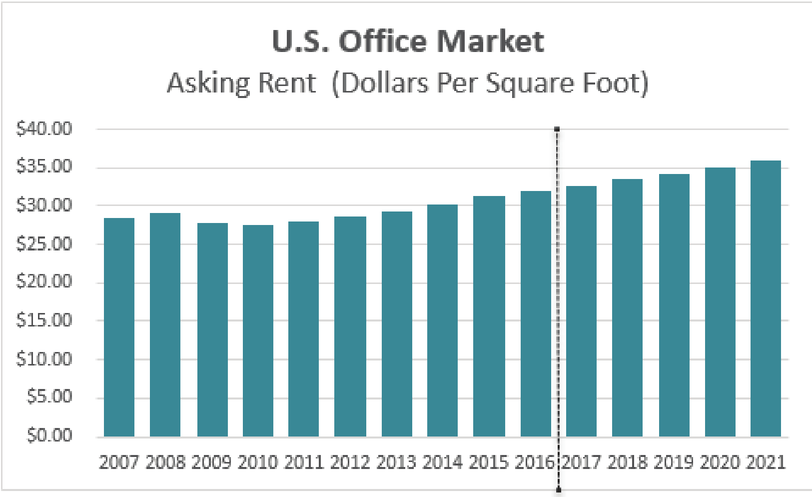
The CBD national office overall vacancy rate was 12.4 percent in first quarter 2017, growing 30 basis points year-over-year. The suburban national office market overall vacancy rate had a similar performance to the CBD in first quarter 2017, increasing 30 basis from the previous year with a 13.6 percent overall vacancy rate.

Asking Rents

Coinciding with the declining national vacancy rate since the economic recovery, the national average asking rent has consistently climbed in value, reaching a new record high of $29.94 per square foot (psf) in first quarter 2017. The increase marks a 4.6 percent rise from first quarter 2017. 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 greater supply in 2017, it is expected that vacancy rates will experience a modest increase and the growth of average asking rent may decelerate.

The CBD office market continues to record higher asking rents than the suburban office market. The CBD national office overall average asking rent was $40.67 psf, a 2.0 percent increase from fourth quarter 2016. The suburban national office overall average asking rent, at $25.48 psf, fell 7.2 percent from the average asking rent recorded for fourth quarter 2016.

Historical and forecast average office asking rents, as estimated by Reis, Inc., are summarized in the following table.



Source: Reis, Inc.

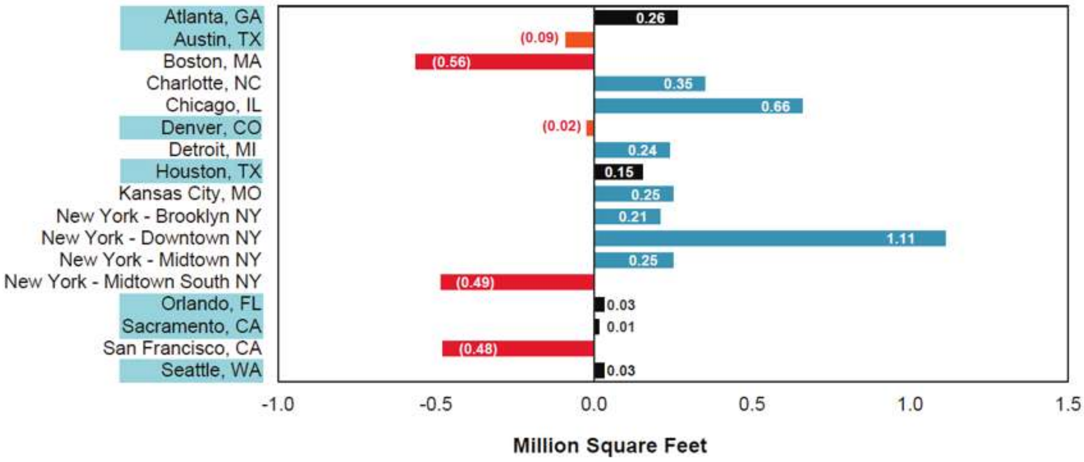
Absorption

Net absorption is directly related to employment growth, and through first quarter 2017, calmer growth in office-using employment affected the absorption of office space across the nation. A total of approximately 6.9 million square feet was absorbed in the first quarter of 2017. In line with the 6.8 million square feet absorbed in fourth quarter 2016, this marks the second consecutive quarter that new supply topped net absorption, a trend expected to continue throughout the year.

The suburban national office market absorbed 3.8 million positive square feet in first quarter 2017, whereas, the CBD national office market absorbed 3.1 million positive square feet.

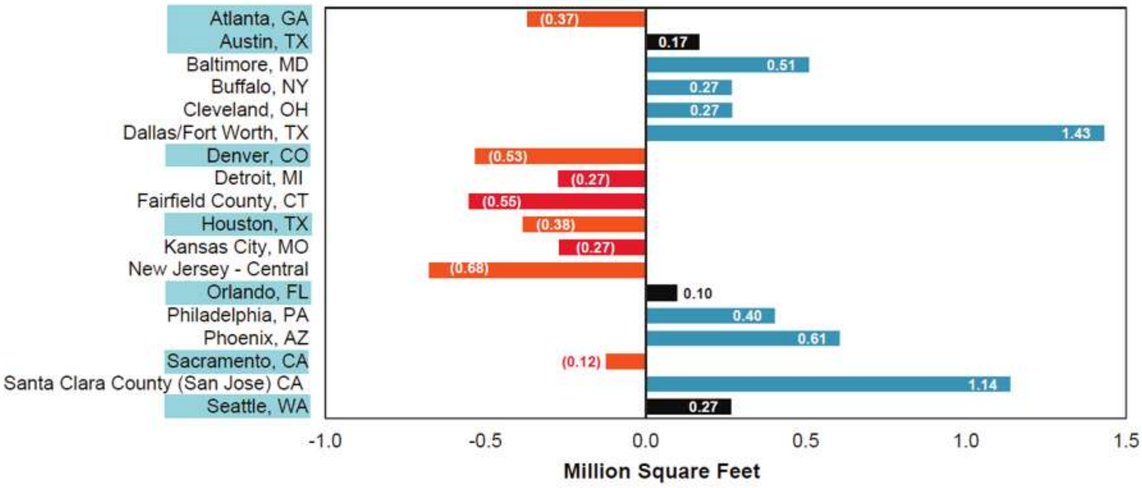
The charts below highlight the national office absorption trends for the major markets in the United States as of first quarter 2017, segmented between the CBD and suburban office markets:

OVERALL NET ABSORPTION NATIONAL COMPARATIVE CBD



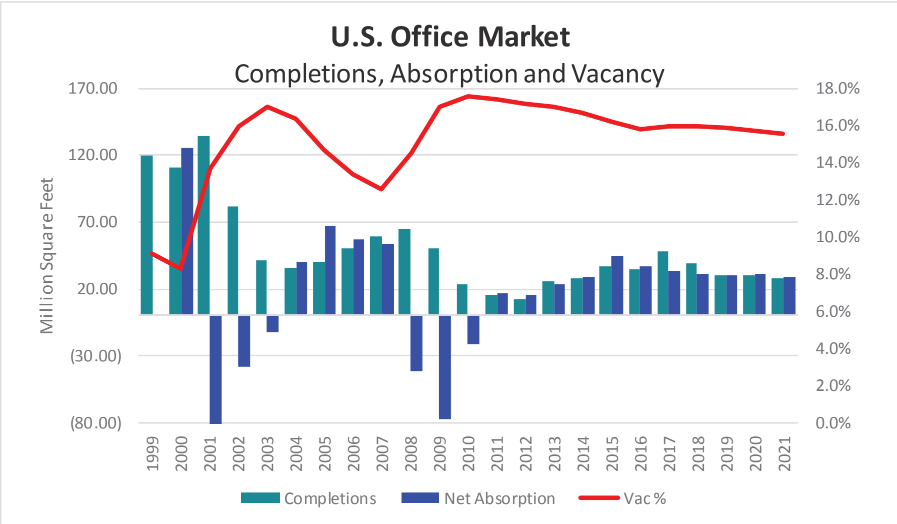
Source: Cushman & Wakefield Research; compiled by C&W V&A

OVERALL NET ABSORPTION NATIONAL COMPARATIVE SUBURBAN



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

According to statistics compiled by Reis, Inc., and as shown in the following chart, net office absorption has exceeded completions in each of the past three years. Completions are expected, however, to exceed absorption in 2017 and 2018 resulting in a slight increase in average vacancy. Vacancy is expected to resume a modest downward trend beginning in 2019.



Source: Reis, Inc.

National Office Investment Sales Market

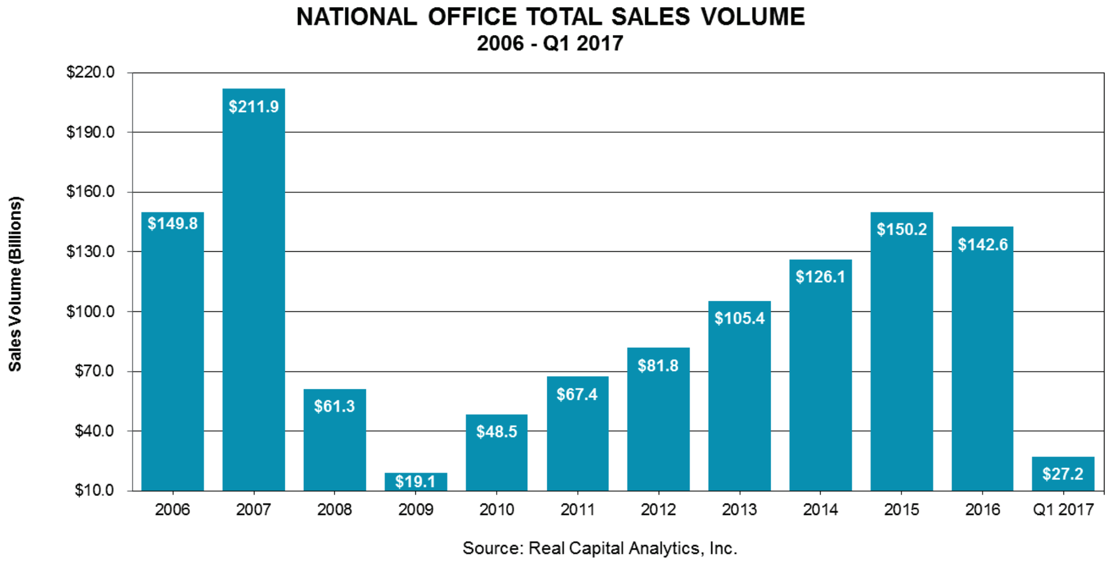
As shown in the comparative absorption exhibits above, overall absorption in various U.S. markets has not been consistent, which impacts the selection of "preferred" investment markets for office building investors. Historically, investors targeted the best quality assets in "core" markets during a recovery 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 ended 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 a compound annual growth rate of 47.0 percent. It is important to note that sales volume increased 154.0 percent from 2009 to 2010, due in large part to low interest rates and higher capitalization rates that followed the recession. Sales volume reached 142.6 billion in 2016, a drop of 5.0 percent when compared with 2015. Sales volume in first quarter 2017, at $27.2 billion, declined 10.3 percent from first quarter 2016. The dip in sales volume can be in part attributed to the decline in capitalization rates in response to higher market value for office properties. In 2016, several factors including, domestic U.S. policy change, Britain's decision to leave the European Union, and the Chinese economy, had an effect on investor confidence. In early 2017, political uncertainty and price appreciation has led to further investment deceleration.

The relatively lower sales volume exhibited through 2016 and early 2017 can be explained by the unusual activity exhibited early in 2015, where falling cap rates and ease of finance from the commercial mortgage-backed securities (CMBS) market helped drive sales activity.

The following table provides an historical view of sales volume from 2006 through first quarter 2017:



Overall Rates

Rising vacancy rates and a growing preference among businesses to remain closer to urban cores resulted in suburban office assets falling out of favor among investors. This is beginning to change as strong investment demand and low interest rates continue to apply downward pressure on suburban OARs (Overall Capitalization Rates). The office sector's momentum has also been enlivened by robust investor demand for CBD properties in major markets. 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 submarkets than for its suburban counterparts since higher barriers to entry and a lack of land for new development tend to keep supply and demand a bit more balanced in a market's CBD. As a result, CBD assets typically achieve higher rental rates. Overall cap rates remain at historical lows, however, rates are expected to rise as interest rates begin their inevitable ascent.

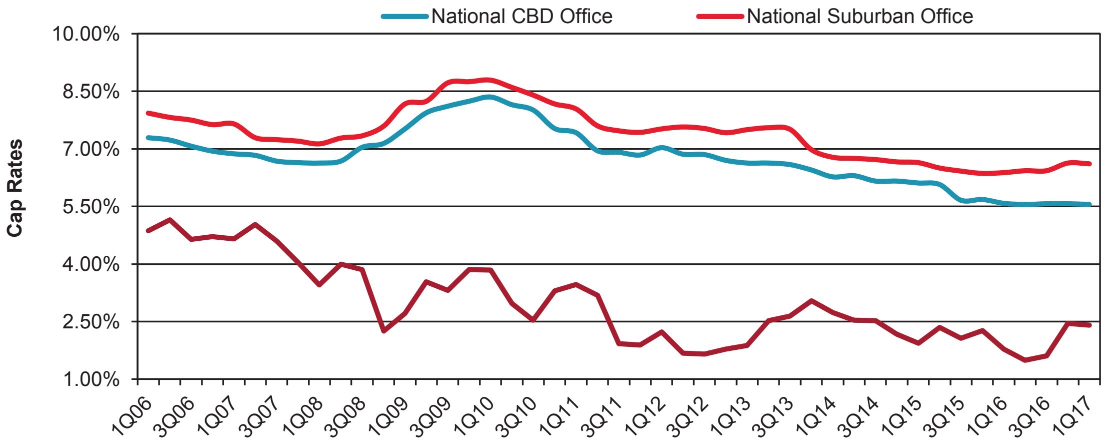
The PwC Real Estate Investor Survey and the National Council of Real Estate Investment Fiduciaries (NCREIF) methodologies offer unique perspectives on capitalization rate trends. The PwC Real Estate Investor Survey calculates its data based on a personal survey of major institutional equity real estate market participants. In contrast, NCREIF looks at data from actual 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 in first quarter 2017, the national CBD OAR remained unchanged at 5.6 percent, from the previous quarter. The suburban OAR, at 6.6 percent, also has not moved from fourth quarter 2016. Since the most recent economic downturn, both the national CBD and suburban OAR have generally exhibited a downward trend.
- According to NCREIF, negative spreads within larger gateway markets appeared as cap rate compression continued. In first quarter 2017, national office cap rates increased 20 basis points quarter-over-quarter to 5.1 percent. Additionally, the national office cap rates are in line with the cap rates recorded in first quarter 2016.

The following graph reflects national trends for CBD and suburban overall capitalization rates as surveyed by the PwC Real Estate Investor Survey, along with a comparison to 10-Year Treasury Yields. As shown, spreads between capitalization rates and Treasury Yields increased significantly in 2009 through 2012, but have narrowed slightly over the past five years, though spreads remain well above those seen in 2006 and 2007.

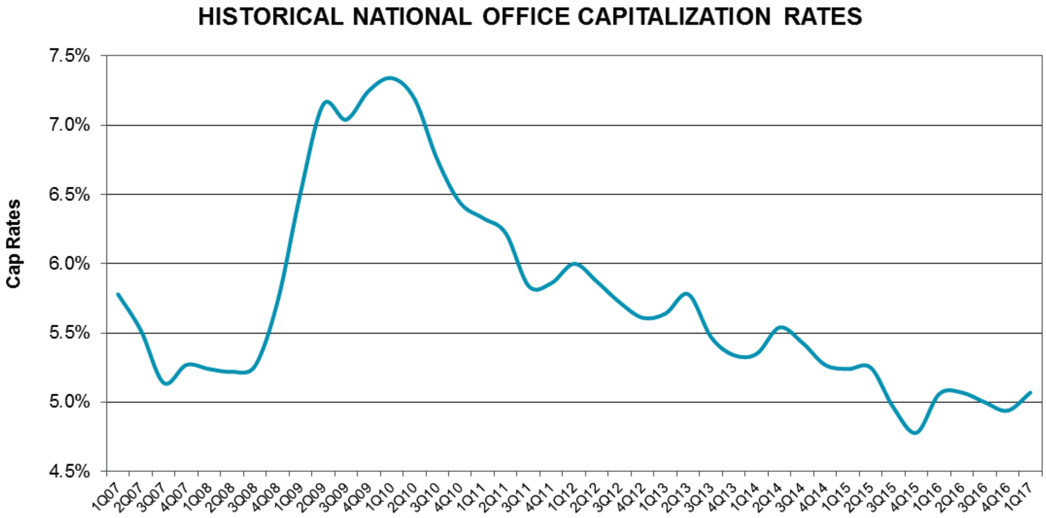
**CBD & SUBURBAN OVERALL CAPITALIZATION RATES
NATIONAL OFFICE MARKET**



Source: Federal Reserve and PwC Real Estate Investor Survey

It is noted that the capitalization rates in the preceding table reflect averages from investor survey results and apply primarily to institutional-grade real estate (primarily Class A and better Class B assets).

The following graph reflects national historical cap rate trends as reported by NCREIF:



Source: National Council of Real Estate Investment Fiduciaries

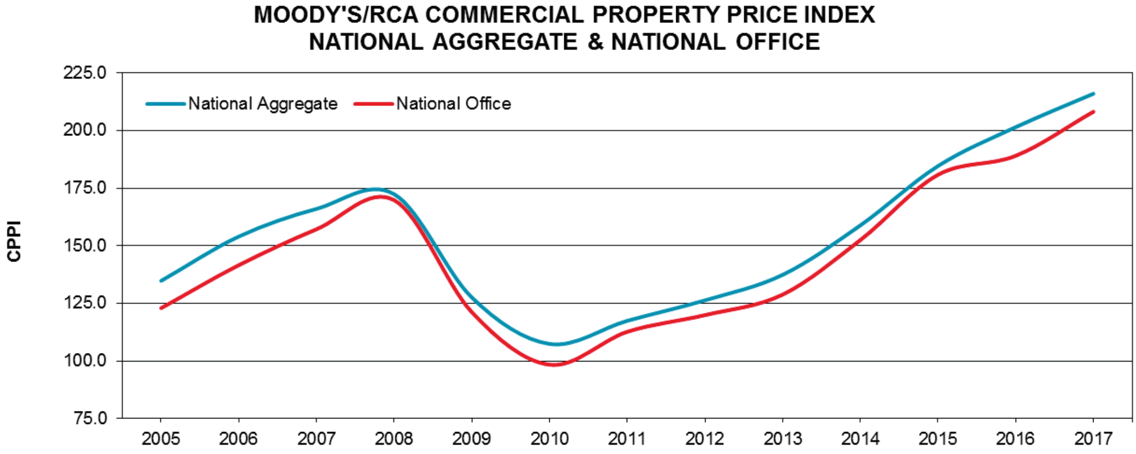
Moody's/RCA Commercial Property Price Index

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 2017, the national aggregate index was 216.0. The national aggregate index grew 7.2 percent from March 2016, and increased by 0.8 percent from fourth quarter 2016 (December 2016).
- The national office index increased from 189.1 in March 2016 to 208.2 in March 2017, an increase of 10.1 percent. Compared to the previous quarter (December 2016), the national office index increased 2.1 percent.
- Both the national office index and the national aggregate index have exhibited stable year-over-year growth. From March 2010 to March 2017, the national office index grew at an annual rate of 16.0 percent and the national aggregate index increased 14.5 percent on an annual basis.

The graph below displays the CPPI from March 2005 to March 2017:



Source: Moody's/RCA CPPI; National Aggregate and National Office reflects data through March 2017

Sale Price Per Square Foot

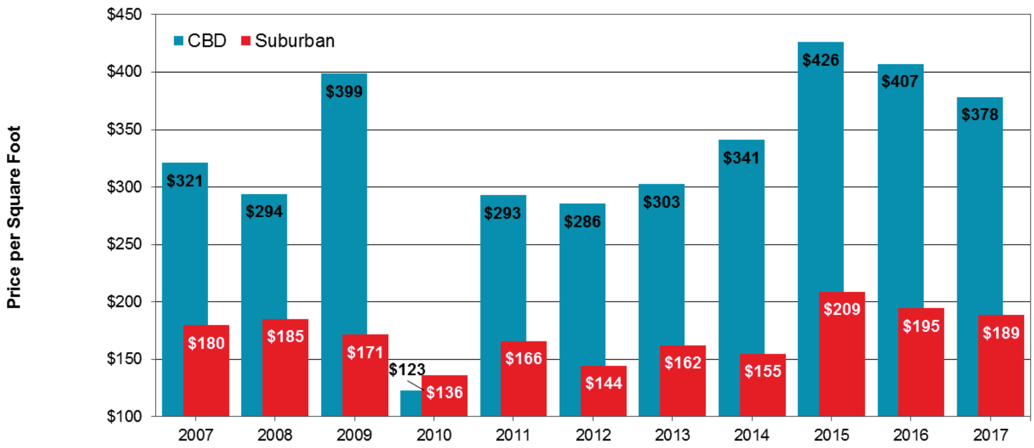
Historically, office pricing did not experience the same dramatic fluctuations as seen in the sales volume trends. This was, in large part, due to sellers holding out and waiting for market fundamentals to improve. As the nation began to recover from the recent economic downturn in 2010, the annual average sales price per square foot exhibited a positive trend. In first quarter 2017, the CBD and suburban annual price per square foot experienced a slight dip. The lack of volume has had an effect on the value of office properties at both levels. Despite the decline in the first quarter, office property value remains healthy, the price per square foot registered for the CBD and suburban properties, is higher than the 5-year average.

The following points provide details regarding sale price per square foot:

- The suburban average price per square foot, at $189 in first quarter 2017, dropped by 17.0 percent from fourth quarter 2016 ($227). In addition, the suburban price per square foot fell by 3.1 percent year-over-year.
- The 10-year period, from first quarter 2007 to first quarter 2017, compound annual growth rate (CAGR) for the CBD was 12.5 percent, which is 6.1 percentage points higher than the last 5-year compound annual growth rate. The suburban 10-year CAGR, however, is 1.7 percent and the 5-year CAGR is 6.5 percent.

The following graph reflects the national office average price per square foot from first quarter 2007 to first quarter 2017 (based on Real Capital Analytics data):

AVERAGE PRICE PER SQUARE FOOT
NATIONAL OFFICE MARKET



Source: Real Capital Analytics

National Office Market Summary

The U.S. office market has faced challenges so far in 2017, and despite a lack of progress in key areas, the national office market remains healthy. The U.S. economy continued to advance in the first quarter of 2017, growth 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). Capitalization rates are at record lows, vacancy rates declined and the average value for office properties is high. Volume, conversely, has documented a slowdown over the last year. Business leaders have been wary about the economic environment and political uncertainty. Net absorption has also slowed, persistent delivery of new space has caused supply to surpass absorption in the last two quarters, a development that may carry on throughout 2017. The construction pipeline varies depending on the market, with some large metros experiencing a surge in deliveries, occupants will have more options, and this will possibly cause vacancy rates to rise. 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. Overall, steady confidence will likely lead to stronger economic growth, providing more jobs and more demand for office space.

Seattle, Washington

Seattle MSA Regional Market Analysis

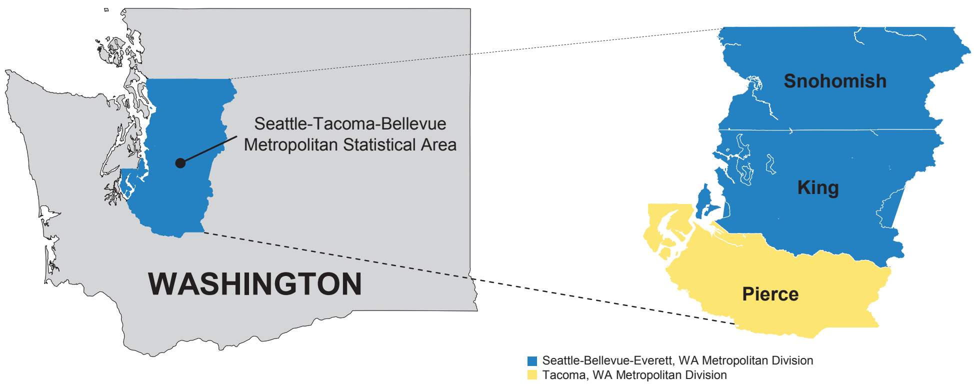
Introduction

Market Definition

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 2016 population of approximately 3.7 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.

The graphic below illustrates the three-county region that constitutes the Seattle Metropolitan Area:

SEATTLE-TACOMA-BELLEVUE, WA METROPOLITAN STATISTICAL AREA (MSA)



Source: Cushman & Wakefield Valuation & Advisory

Demographic Trends

Demographic Characteristics

The demographic characteristics of the Seattle MSA 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 MSA tend to be higher than household incomes across the United States. Despite living costs that are 23.0 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.

The chart below compares the demographic characteristics of the Seattle MSA with the United States:

Demographic Characteristics
Seattle MSA vs. United States
2016 Estimates

Characteristic	Seattle MSA	United States
Median Age (years)	37.0	38.0
Average Annual Household Income	$97,825	$78,425
Median Annual Household Income	$72,303	$54,505
Households by Annual Income Level:		
<$25,000	15.7%	23.0%
$25,000 to $49,999	18.9%	23.4%
$50,000 to $74,999	17.1%	18.3%
$75,000 to $99,999	14.8%	12.4%
$100,000 plus	33.4%	23.0%
Education Breakdown:		
< High School	8.5%	13.9%
High School Graduate	21.1%	28.1%
College < Bachelor Degree	32.4%	29.0%
Bachelor Degree	24.4%	18.2%
Advanced Degree	13.6%	10.9%

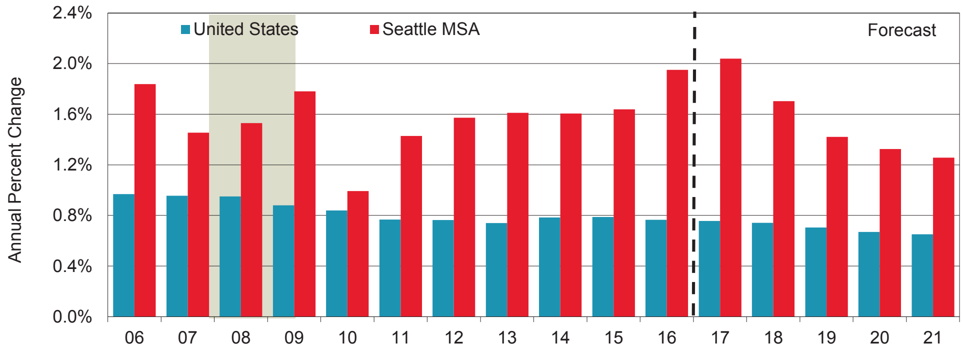
Source: © 2016 Experian Marketing Solutions, Inc. •All rights reserved•
Cushman & Wakefield Valuation & Advisory

Population

According to Experian Marketing Solutions Inc., the population of the Seattle MSA was estimated to be slightly over 3.7 million residents in 2016, 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 MSA consistently exceeded the national population growth rate between 2006 and 2016, and forecasts indicate that the Seattle MSA population growth rate is expected to continue to increase in 2017. Moreover, the metro area annual population growth rate is projected to remain well above the national population growth rate over the next five years.

The graph below compares historical and projected population growth between the Seattle MSA and the U.S.:

POPULATION GROWTH BY YEAR
Seattle MSA vs. United States, 2006-2021

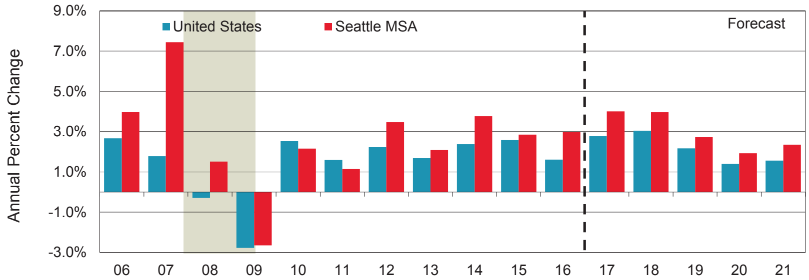


Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Economic Trends

Gross Metro Product

Gross Metro Product (GMP) growth trends for the Seattle MSA were generally stronger than national gross product growth trends over the last ten years. After recording a similar rate of gross product growth as the nation during the two years immediately following the recession, the Seattle MSA recorded a stronger gross product growth rate than the United States between 2012 and 2016. The Seattle metro area nearly doubled the national GMP growth of 1.6 percent in 2016, when the Seattle area recorded 3.0 percent growth in GMP. Moody's Analytics predict that the Seattle MSA will achieve a stronger rate of gross product growth than the nation over the next five years. The graph below compares historical and projected GMP growth by year for the Seattle MSA and the United States:

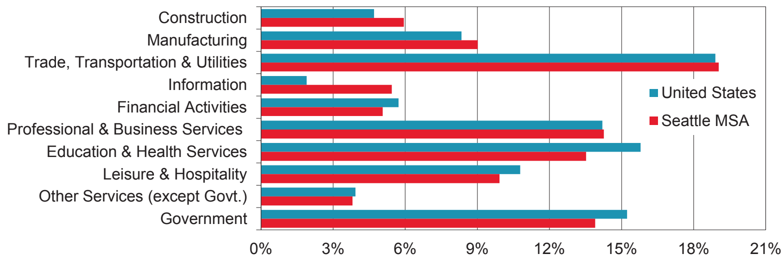


Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Employment

The Seattle MSA 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 Professional & Business Services sectors employ the highest percentages of workers in the Seattle MSA, and the Government and Education & Health 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 may pose a potential long term risk.

The graph below compares the employment sectors for the Seattle MSA and the United States:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory

Major Employers

The Puget Sound region was home to ten Fortune 500 companies in 2016, representing a wide range of industries. Although no longer headquartered in the region, and thus not among Seattle's *Fortune* 500 companies, Boeing is the largest local employer in the Seattle metro area, with 68,000 employees. The second largest private employer is Microsoft, with 43,000 employees in the Puget Sound area. In addition to aerospace manufacturing and computer software development, a large military presence provides a substantial number of jobs in the greater region, which supports a variety of service related industries in the surrounding communities. The MSA's high percentage of well-educated population should support major employers' economic growth and stability over the long term.
The table below details the Seattle MSA's largest private employers:

Largest Private Employers Seattle MSA		
Company	No. of Employees	Business Type
Boeing	68,000	Aerospace Manufacturing
Microsoft	43,000	Technology/Software
University of Washington	34,000	Education
Amazon	25,000	Technology/Retail
Providence Health & Services	17,553	Healthcare
Wal-Mart	16,000	Retail
Fred Meyer	15,500	Retail
Costco Wholesale	14,000	Retail
Swedish Health Services	11,640	Healthcare
Starbucks	11,000	Food Services

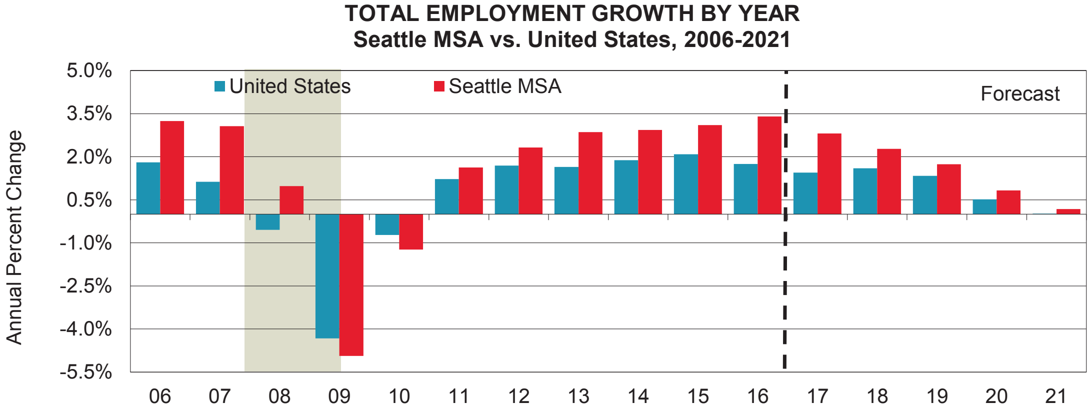
Source: Economic Development Council of Seattle & King County, 2017, Puget Sound Business Journal, 2016 and Cushman & Wakefield Valuation & Advisory

Employment Growth

The Seattle MSA employment growth continues to outpace the nation. The area experienced stronger than the average national employment growth rate between 2006 and 2016. According to the Bureau of Labor Statistics, the Seattle MSA added 66,694 jobs on annual basis in March 2017. The Retail Trade subsector saw the largest annual percentage gains in employment, adding 10,700 jobs over the same period.

Forecasts provided by Moody's Analytics expect the Seattle MSA to achieve stronger levels of employment growth relative to the nation in the near term. 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 MSA and the United States:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Outlook – Seattle MSA

After several years of steadily improving economic conditions, the Seattle MSA should continue to experience healthy levels of economic and population growth in 2017. The region appears to have entered 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. Although the recent decline in global economic conditions outside of the United States may negatively affect the region's large trade sector, the overall outlook of the Seattle MSA is positive.

Seattle-Bellevue Office Market Analysis

Introduction

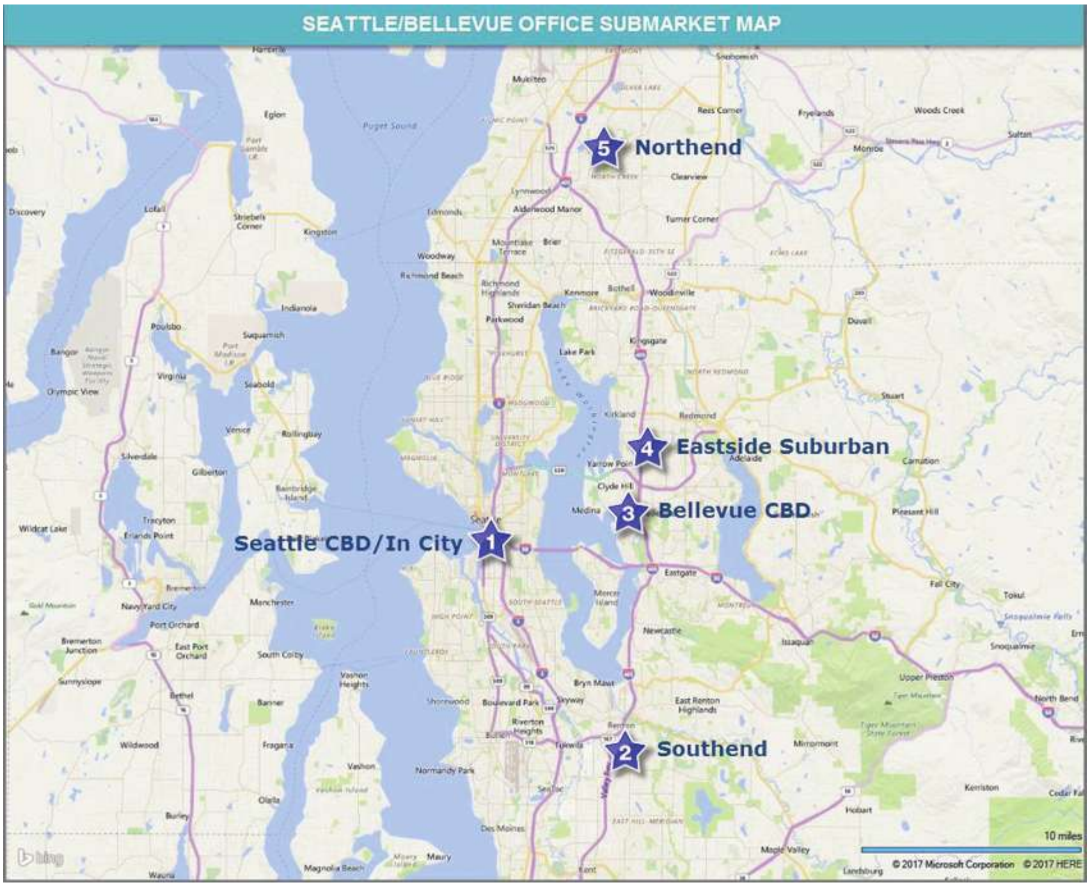
Current Trends

The Seattle-Bellevue Office market recorded a robust first quarter in 2017. Despite large amounts of new office space being delivered to the market in the first quarter, the average asking rents in the area hit an all-time high and vacancy hit a ten year low. Demand for office space also remained strong, with year-to-date leasing activity pacing the ten year high reached in 2016. The Seattle area continued to quickly absorb new office space, as net absorption reached nearly 1.0 million square feet (msf). With low vacancy rates and high rents, developers remain confident in developing new office space in the Seattle area for the near-term.

Market Characteristics

The Seattle-Bellevue office market contains approximately 98.3 msf of office space. The Seattle-Bellevue office market encompasses the greater Seattle area. Nearly 54.9 percent (53.9 msf) of the total office space is located in the Seattle CBD and In-City markets.

The following map highlights the Seattle office market and illustrates the location of each of the submarkets:



Supply Analysis

Vacancy

The Seattle area office vacancy rate declined between 2010 and the first quarter of 2017. The Seattle overall office vacancy rate decreased 10 basis points in the first quarter to 8.1 percent, despite the large amount of buildings being completed in the first quarter. This quarterly vacancy rate was 1.5 percentage points lower than the vacancy rate a year ago. Although the Seattle-Bellevue office vacancy rate will likely remain lower than its ten-year stabilized vacancy rate of 13.8 percent, the 4.8 msf of space under construction in the Puget Sound region may put upward pressure on vacancy, as it is completed over the next few years. The following table is a compilation of the Seattle-Bellevue office market statistics by submarket:

Office Market Statistics by Submarket
Seattle - Bellevue
First Quarter 2017

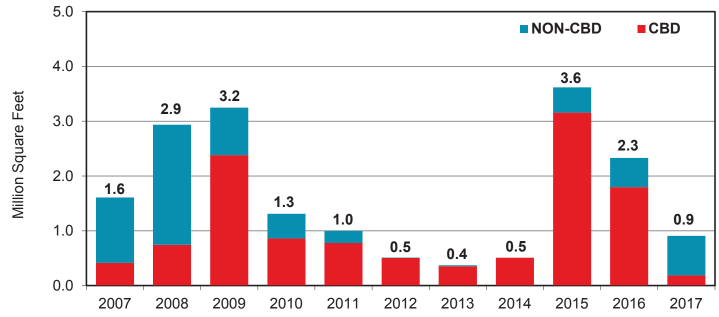
Market/Submarket	Inventory	Overall Vacancy	YTD Construction Completions	YTD Overall Absorption	Under Construction	Direct Wtd Avg Class A Asking Rent	Overall Wtd Avg Asking Rent
CBD							
Financial District	23,747,897	7.3%	0	(68,967)	1,599,296	$48.41	$43.03
Denny Regrade	8,705,661	7.8%	0	(270,516)	0	$47.48	$40.92
Pioneer Square/Int'l District	4,225,486	3.3%	0	50,883	375,612	$48.00	$31.00
Low er Queen Anne/Lake Union	11,733,790	4.2%	185,087	321,609	1,263,446	$37.68	$35.50
CBD TOTAL	**48,412,834**	**6.3%**	**185,087**	**33,009**	**3,238,354**	**$47.44**	**$40.78**
IN CITY							
North Seattle/Northgate	2,342,047	4.6%	0	20,362	125,000	$29.67	$29.22
South Seattle Close-in	2,252,467	11.1%	0	201,928	0	$45.44	$38.96
East Seattle/Capitol Hill	923,219	1.9%	0	(1,943)	0	$0.00	$36.70
IN CITY TOTAL	**5,517,733**	**6.8%**	**0**	**220,347**	**125,000**	**$40.65**	**$36.06**
CBD & IN CITY TOTAL	**53,930,567**	**6.3%**	**185,087**	**253,356**	**3,363,354**	**$46.70**	**$40.26**
SOUTHEND							
Tukw ila	1,986,679	13.1%	0	(71,407)	0	$26.87	$23.09
SeaTac	867,608	24.1%	0	35,669	0	$25.40	$24.52
Renton	2,432,973	11.2%	0	62,085	728,769	$28.62	$26.07
Kent/Auburn	1,561,434	11.3%	0	9,712	0	$25.97	$23.73
SOUTHEND TOTAL	**6,848,694**	**13.4%**	**0**	**36,059**	**728,769**	**$26.74**	**$24.42**
FEDERAL WAY	**1,991,528**	**23.7%**	**0**	**10,453**	**0**	**$24.68**	**$23.57**
SEATTLE/SOUTH KING COUNTY TOTAL	**62,770,789**	**18.2%**	**185,087**	**299,868**	**4,092,123**	**$31.15**	**$35.60**
BELLEVUE CBD TOTAL	**9,909,888**	**8.2%**	**724,700**	**601,158**	**0**	**$43.34**	**$42.41**
EASTSIDE SUBURBAN							
405 Corridor	2,312,178	6.6%	0	45,704	0	$42.89	$33.41
520 Corridor	3,320,007	6.3%	0	30,921	69,300	$36.00	$31.81
I-90 Corridor	6,528,502	10.1%	0	(26,209)	0	$34.58	$33.94
Bel-Red	1,433,699	1.4%	0	10,693	0	$0.00	$28.90
Redmond	2,575,428	8.6%	0	3,237	0	$33.43	$31.62
Kirkland	2,490,013	5.8%	0	(18,209)	660,000	$34.51	$28.91
Bothell/Woodinville	2,594,550	19.0%	0	(18,247)	0	$31.58	$29.06
EASTSIDE SUBURBAN TOTAL	**21,254,377**	**9.0%**	**0**	**27,890**	**729,300**	**$34.27**	**$31.69**
EASTSIDE TOTAL	**31,164,265**	**8.7%**	**724,700**	**629,048**	**729,300**	**$39.38**	**$34.91**
NORTHEND							
Lynnw ood	2,255,863	8.4%	0	34,375	0	$30.45	$28.10
Everett	2,079,590	9.9%	0	(2,833)	0	$0.00	$21.65
NORTHEND TOTAL	**4,335,453**	**9.1%**	**0**	**31,542**	**0**	**$26.08**	**$24.74**
NON-CBD TOTAL	**44,339,940**	**10.2%**	**724,700**	**707,102**	**1,458,069**	**#REF!**	**$30.69**
SEATTLE-BELLEVUE TOTAL	**98,270,507**	**8.1%**	**909,787**	**960,458**	**4,821,423**	**$39.78**	**$35.17**

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

Construction

The amount of new office space delivered per year steadily declined over the four years following 2009. The total amount of completed office space between 2010 and 2013 summed to a cumulative 3.2 msf. After declining over those four years, the Seattle area deliveries began to increase in 2015 and 2016, recording two consecutive years of over 2.0 msf of completed office space. A total of 4.8 msf of space was under construction across the Seattle area at the end of the first quarter, a majority of which was located in the Seattle central business district. About 4.1 msf of the office space under construction is anticipated to be delivered in 2017. The following graph summarizes construction completions within the Seattle-Bellevue office market since 2007:

CONSTRUCTION COMPLETIONS
Seattle-Bellevue Office Market, 2007-2017 YTD

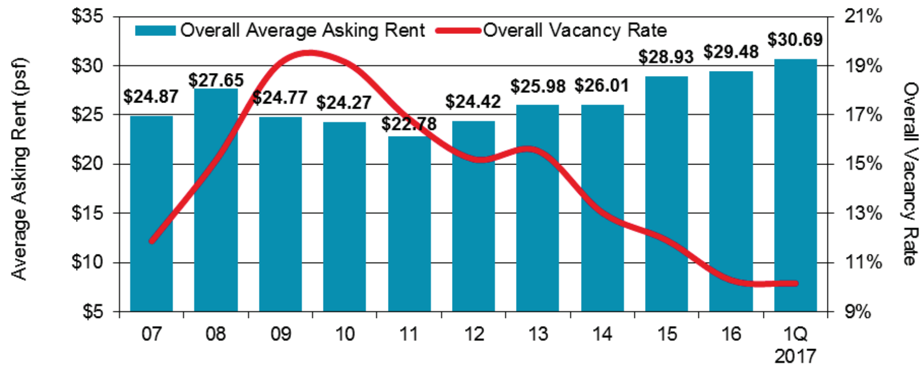


Source: Cushman & Wakefield Research; compiled by C&W V&A

Asking Rents

After steadily increasing over the past several years, the average asking rent across the Seattle-Bellevue region surpassed pre-recession levels in 2015, when rents in the Seattle area experienced the largest increase since the recession, with an increase of $4.33 over one year. Asking rents continued to increase through the first quarter of 2017, surpassing 2016 levels and reaching an all-time high of $35.17. The following charts illustrate asking rents as compared to overall vacancies within the Seattle Non-CBD markets from 2007 to 2017:

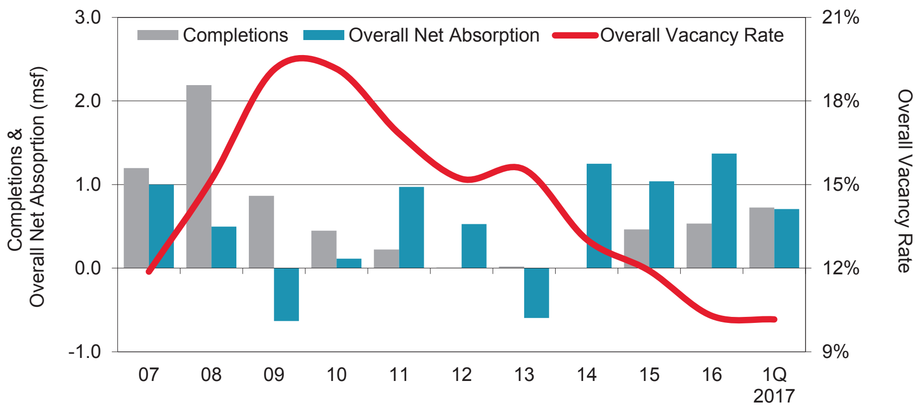
OVERALL VACANCY RATE & OVERALL ASKING RENT BY YEAR
NON-CBD (including Bellevue), 2007-1Q 2017



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

The following chart compares office completions and absorption with vacancy in the Seattle Non-CBD submarkets:

COMPLETIONS & ABSORPTION VS. VACANCY
NON-CBD (including Bellevue), 2007-1Q 2017



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

Demand Analysis

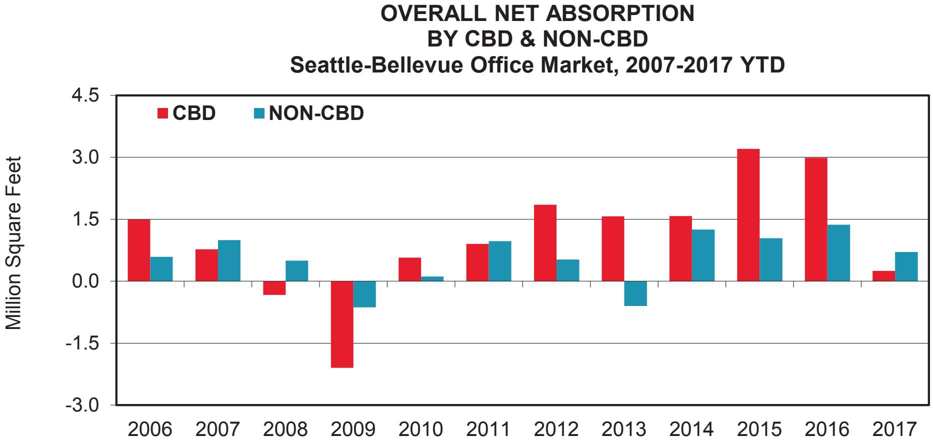
Leasing Activity

After reaching a ten year high in office leasing activity in 2016, the Seattle office area continued to record lease signings at a robust rate in first quarter 2017, at nearly 2.3 msf. This high volume of leasing activity was 1.1 msf higher than the amount of office leasing recorded during first quarter 2016. In coordination with the increase in leasing activity, demand for office space is expected to remain relatively strong in the near term as the regional economy grows and employment in office-using sectors increase, leasing will likely remain strong through 2017.

Historical Net Absorption

A recent wave of construction activity and strong absorption in the Seattle and Bellevue central business districts suggests that developers are confident about future demand for downtown office space, where vacancy rates tended to be lower and rents were higher than the rest of the market. Net absorption in the Puget Sound region has steadily increased over the past six years, besides a slight slowdown in 2013. The Seattle-Bellevue office market reached a post-recession high, with year-to-date absorption reaching nearly 4.4 msf in 2016. Despite high volumes of new space delivered to the area recently, the Seattle market continued to absorb office space at a strong pace in first quarter 2017. Absorption in Seattle will likely remain high in the near term, due to steady growth in office-using employment and high leasing activity in 2017. However, a large amount of construction that is expected to be completed over the next several years may reduce absorption if demand is insufficient to absorb the new space while also keeping existing space occupied.

The following charts details Seattle-Bellevue's overall net absorption by CBD versus Non-CBD markets since 2007:



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

Demand Drivers

The two largest employers in the Seattle region, Boeing and Microsoft, have a significant influence on job growth and demand for office space around Seattle. The region's first largest employer, Amazon, is growing at a rapid pace. Amazon in currently constructing their third 1.1 msf office tower in the Seattle CBD. After the three towers are complete, Amazon's expected office footprint in Seattle will reach nearly 9.7 msf, and over 12 msf by 2022. Due to the interconnectedness of these large firms throughout the regional economy, their presence has a significant influence on the prosperity of other local businesses. Microsoft is the most prominent office-users in the region, with a total office footprint of approximately 15.0 msf in 2017, with about 10.0 msf owner occupied space and another 5.0 msf leased space.

Supply and Demand Forecast

Cushman & Wakefield's office market forecasts are derived using a regression model developed by our Research staff. The model is based on trends in historical occupancy and rental rate movements as well as factors such as employment growth, new construction and absorption tendencies. The following table outlines the demand analysis for the Seattle-Bellevue office market:

Office Market Forecast

Seattle, WA

CUSHMAN & WAKEFIELD

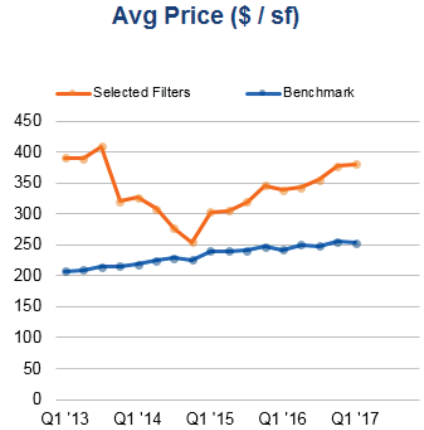
	2014	2015	2016	2017F	2018F	2019F	2020F	2021F
Employment								
Total Office-using Employment*	425,300	436,600	453,700	468,600	479,800	488,400	491,100	490,500
Growth Rate	2.6%	2.7%	3.9%	3.3%	2.4%	1.8%	0.6%	-0.1%
Net New Office-using Jobs*	10,700	11,300	17,100	14,900	11,200	8,600	2,700	(600)
CBD								
New Supply CBD (Sq. Ft)	380,000	4,256,700	1,720,700	2,616,500	196,200	2,180,000	1,480,700	1,574,800
Occupied Space (Sq. Ft.)**	37,856,900	42,983,400	45,336,600	46,249,800	46,426,600	47,363,800	48,257,500	49,407,200
Vacant/Available (Sq. Ft.)**	4,393,400	3,523,600	2,891,100	4,594,500	4,613,900	5,856,700	6,443,700	6,868,800
Overall Vacancy Rate	10.4%	7.6%	6.0%	9.0%	9.0%	11.0%	11.8%	12.2%
Forecast Net Absorption (Sq. Ft.)	1,366,500	5,126,500	2,353,200	913,200	176,800	937,200	893,700	1,149,700
Asking Rents*	$31.06	$35.37	$38.82	$42.93	$45.91	$47.98	$47.60	$45.53
Growth Rate	2.3%	13.9%	9.8%	10.6%	6.9%	4.5%	-0.8%	-4.3%
Asking Rents**	$31.37	$38.73	$39.97	$44.16	$46.88	$48.43	$46.96	$44.71
Growth Rate	1.9%	23.5%	3.2%	10.5%	6.2%	3.3%	-3.0%	-4.8%
Non-CBD								
New Supply Non-CBD (Sq. Ft.)	129,000	169,600	76,600	-	853,800	400,000	106,900	202,000
Occupied Space (Sq. Ft.)**	11,535,300	12,159,700	12,352,500	12,186,200	12,715,400	12,950,900	13,033,300	13,171,500
Vacant/Available (Sq. Ft.)**	2,576,500	2,121,700	2,005,500	2,171,800	2,496,300	2,660,800	2,685,300	2,749,100
Overall Vacancy Rate	18.3%	14.9%	14.0%	15.1%	16.4%	17.0%	17.1%	17.3%
Forecast Net Absorption (Sq. Ft.)	156,100	624,400	192,800	(166,300)	529,200	235,500	82,400	138,200
Asking Rents*	$22.95	$24.20	$25.26	$27.16	$28.08	$28.40	$28.37	$27.93
Growth Rate	6.9%	5.4%	4.4%	7.5%	3.4%	1.1%	-0.1%	-1.5%
Asking Rents**	$23.26	$24.18	$26.18	$27.68	$28.18	$28.50	$28.27	$27.77
Growth Rate	5.9%	4.0%	8.3%	5.7%	1.8%	1.1%	-0.8%	-1.8%
Total Market								
Inventory (Sq. Ft.)**	56,362,100	60,788,400	62,585,700	65,202,200	66,252,200	68,832,200	70,419,800	72,196,600
New Supply (Sq. Ft.)	509,000	4,426,300	1,797,300	2,616,500	1,050,000	2,580,000	1,587,600	1,776,800
Occupied Space (Sq. Ft.)**	49,392,200	55,143,100	57,689,000	58,435,900	59,142,000	60,314,700	61,290,800	62,578,700
Vacant/Available (Sq. Ft.)**	6,969,900	5,645,300	4,896,700	6,766,300	7,110,200	8,517,500	9,129,000	9,617,900
Overall Vacancy Rate	12.4%	9.3%	7.8%	10.4%	10.7%	12.4%	13.0%	13.3%
Net Absorption (Sq. Ft.)	1,522,600	5,750,900	2,545,900	746,900	706,100	1,172,700	976,100	1,287,900
Asking Rents*	$28.17	$30.85	$33.32	$37.69	$39.70	$41.38	$41.66	$40.34
Growth Rate	2.0%	9.5%	8.0%	13.1%	5.3%	4.2%	0.7%	-3.2%
Asking Rents**	$28.37	$33.26	$34.32	$38.87	$40.32	$42.20	$41.46	$39.87
Growth Rate	1.6%	17.2%	3.2%	13.3%	3.7%	4.7%	-1.8%	-3.8%

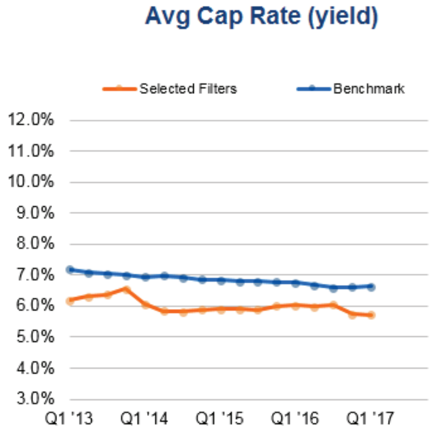
Note: Numbers in the table may not add to totals due to rounding.

Source: Economic Data courtesy of Moody's Analytics, Cushman & Wakefield Research * denotes an annual average ** denotes year-end

Seattle Office Investment Sales Market

According to Real Capital Analytics, 162 office sale transactions closed in the 12 months ending March 2017, with a total volume of $4.60 billion, averaging a price of approximately $380 per square foot. The 162 buildings total 12.4 million square feet. Cap rates for this period averaged 5.7 percent, with an average of 5.5 percent reported for the first quarter of 2017. As shown in the following graphic, prices have generally trended upward since late 2013 and have consistently exceeded the benchmark (United States) averages. Capitalization rates have trended downward during this period and have remained consistently below national averages.





Source: *Real Capital Analytics*

Outlook – Seattle-Bellevue Office Market

The Seattle-Bellevue office market continued to experience strong growth in first quarter 2017, as the outlook for office market conditions remain positive. Despite the high volumes of construction deliveries over the last two years, the area vacancy rate has steadily decreased since the end of 2015, reaching 8.1 percent in first quarter 2017. Moreover, asking rents reached an all-time high of $35.17, and the Seattle office market recorded lease signings at a pace near the ten year high set in 2016.

Construction activity remained at a high level in first quarter 2017, with a total 909,787 square feet delivered and another 4.8 msf under construction. 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, continuing to draw large scale expansions by companies like Amazon.

Final considerations regarding the Seattle-Bellevue office market are as follows:

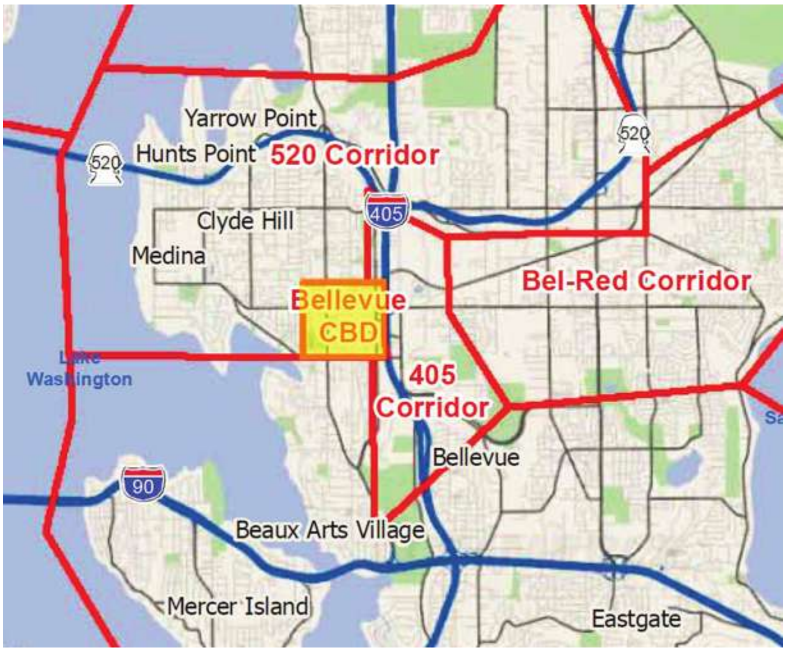
- The regional technology industry will be a central driver of growth in the future as technology and internet retail firms continue to grow in the area. Microsoft has historically been the primary stimulant for high-tech office growth in the region, but other local tech firms—including Amazon, Facebook, and Google—are driving the market expansion through development of new space and higher levels of leasing activity.
- 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 of the Seattle-Bellevue office market over the long term.

Bellevue CBD Submarket

Market Characteristics

The Bellevue CBD office market contains approximately 9.9 million square feet (msf) of office space, or 10.1 percent of the total office inventory in the Seattle-Bellevue area. Bellevue is the largest submarket within the Eastside office market of the Seattle metro area. About 93.0 percent (9.2 msf) of the office space in the Bellevue market is Class A, representing 15.6 percent of total Class A office space in the greater Seattle office market. Two *Fortune 500* companies and three *Fortune 1000* companies are headquartered in Bellevue, making it a major hub for businesses within the Puget Sound region. The following map highlights the Bellevue CBD and illustrates the location of nearby submarkets:

BELLEVUE CBD SUBMARKET



Current Trends

Market conditions have generally improved since 2010, excluding a brief rise in the vacancy rate in 2015. Despite the recent high amount of construction deliveries, the vacancy rates in the area remained well below the five year average. Year-to-date leasing activity and net absorption for the area continued at the high level experienced in 2016, indicating vacancy will remain low or continue to decrease as no new office space is expected to hit the market for the remainder of 2017.

As the greater Seattle office market continues to improve alongside a strengthening economy in the near-term, the Bellevue market should remain highly active, relative to other Seattle area markets due to a large inventory of Class A office space. Historically, Bellevue has been one of the most expensive office markets in the Seattle region, and its large inventory of Class A space will continue to make it attractive to high-end tenants. As employment in office using sectors continues to grow across the Seattle metro area, steady demand for office space should support a healthy office market in Bellevue in the near-term.

The following table summarizes recent trends in the Bellevue office market:

Bellevue CBD Office Market 2008 - 1Q 2017								
Period	Inventory	Vacancy	Under Construction	YTD Const. Completions	YTD Absorption	Class A Rent	Overall Avg. Asking Rent	YTD Leasing
2008	7,318,836	10.8%	1,080,000	977,935	502,962	$39.45	$37.50	975,933
2009	8,151,324	14.4%	0	748,000	337,900	$33.60	$31.10	389,875
2010	8,159,725	16.5%	0	0	-183,151	$32.66	$31.01	565,893
2011	8,195,277	13.8%	0	0	193,929	$33.71	$32.22	562,713
2012	8,206,835	10.8%	0	0	249,458	$36.28	$34.05	814,453
2013	8,075,904	9.9%	0	0	172,954	$39.02	$36.91	764,179
2014	8,075,904	8.4%	1,172,000	0	53,125	$39.41	$37.54	509,968
2015	8,537,904	12.0%	1,064,000	462,000	120,032	$41.46	$39.75	570,235
2016	9,185,188	7.5%	724,700	354,000	681,931	$42.65	$40.93	1,430,717
1Q 2017	9,909,888	8.2%	0	724,700	601,158	$43.34	$42.41	234,605

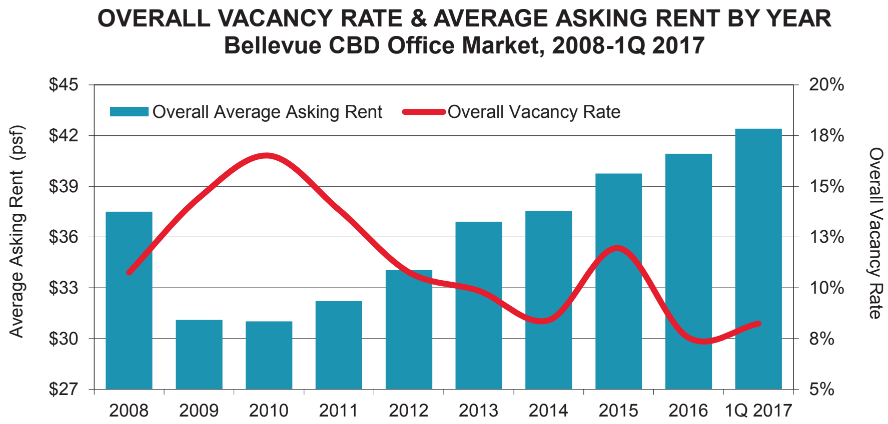
Source: Cushman & Wakefield Research; compiled by Cushman & Wakefield Valuation & Advisory

Supply Analysis

Vacancy

The local economy continued to improve as the Bellevue CBD overall vacancy rate increased only 70 basis points from the previous quarter, despite recording the largest amount of construction completions since 2009. Notwithstanding this quarterly increase, the overall vacancy rate decreased 2.3 percentage points on a year-over-year basis. Moving forward, the Bellevue office vacancy rate will likely remain stable or decrease as expectations for employment growth in office-using sectors across the Seattle area should fuel demand for office space. Furthermore, no new office space is currently under construction or expected to be delivered by the end of 2017.

The following graph details historic vacancy and rental rate trends in the Bellevue office market:



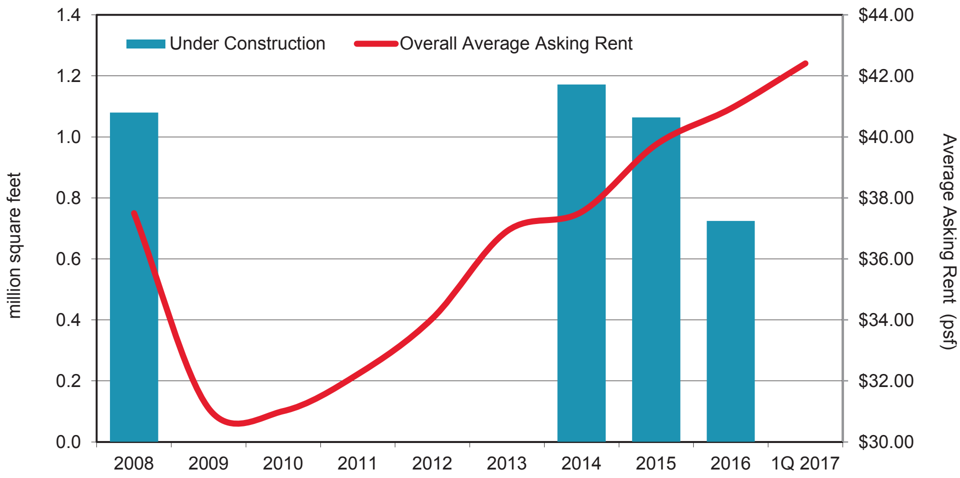
Source: Cushman & Wakefield Research; compiled by C&W Valuation & Advisory

Construction

The last construction cycle in the Bellevue CBD came to a close when nearly 750,000 square feet of office space was completed in 2009. Despite steady improvement in office market conditions over the last several years, no development occurred in the Bellevue CBD between 2010 and 2014. This pent up demand began to be fulfilled in 2015 with the delivery of 462,000 square feet of class A office space, which was the first office building completed since 2010. The healthy construction activity continued in first quarter 2017, with a delivery of a 724,700 square foot building. While the Bellevue CBD market is not experiencing as significant of a wave of new development as the Seattle CBD, Bellevue appears poised for growth as the amount of available space tightens and rents are set to reach new highs in the near-term.

The following graph details construction activity trends in the Bellevue office market:

CONSTRUCTION ACTIVITY & AVERAGE ASKING RENT BY YEAR
Bellevue CBD Office Market, 2008-1Q 2017



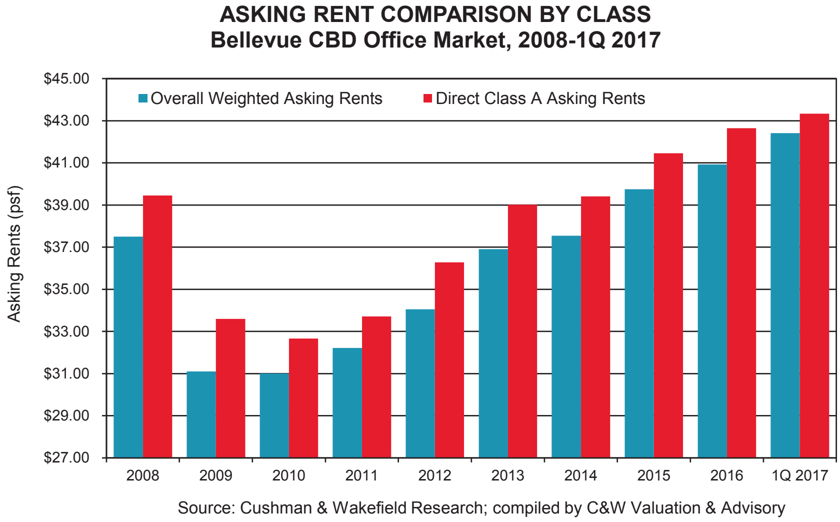
Source: Cushman & Wakefield Research; compiled by C&W Valuation & Advisory

Asking Rents

Asking rents for office space in the Bellevue CBD have historically been some of the highest in the Seattle metro area due to the market's large inventory of Class A space, several high-end tenants, and a high share of relatively new inventory. Similar to the greater Seattle area office market, asking rents in Bellevue decreased sharply in response to a surge in vacancy and poor economic conditions between 2008 and 2009. Asking rents have increased steadily since 2010 as local economic conditions have improved and office vacancy have declined.

Despite a slight quarterly increase in the Bellevue CBD vacancy rate in the first quarter, the overall average asking rent for the market increased $1.48 per square foot in first quarter 2017 to a rate of $42.41 per square foot. The Bellevue CBD average asking rent was on average $1.00 per square foot higher than a year ago in the first quarter, which was a ten year high. Office rents will likely remain relatively high or increase in the near-term as steady levels of employment growth fuel demand for new office space that is expected to deliver in the next quarter.

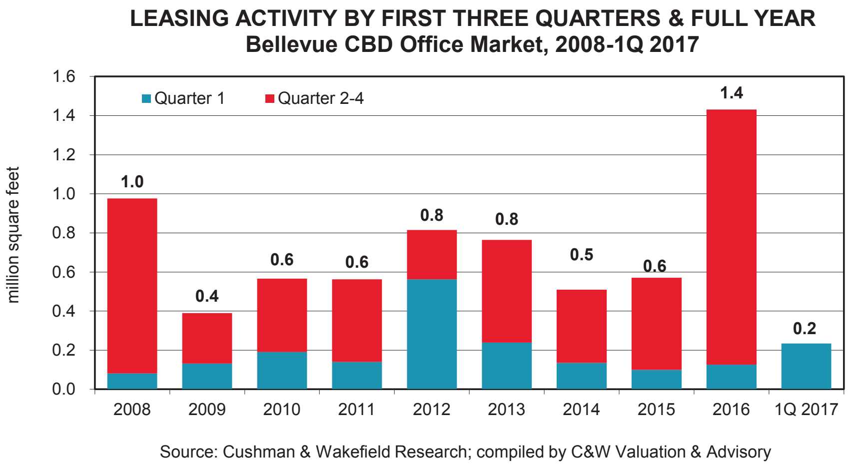
The following graph compares office asking rent by class in the Bellevue office market:



Demand Analysis

Leasing Activity

After two down years in the Bellevue CBD, leasing activity surged to a record high of nearly 1.4 msf of office space leased in the Bellevue CBD in 2016. The high volume of lease transactions recorded in 2016, was due in large part to the two new office buildings that delivered in fourth quarter 2016 and first quarter 2017. After recording a robust year of leasing in 2016, the Bellevue CBD recorded 234,605 square feet of lease transactions in first quarter 2017, which nearly doubled the leasing activity recorded in first quarter last year. This high amount of leasing activity should remain strong through 2017, but may not reach 2016 levels, as the majority of the leasing activity was due to large amounts of new office space being delivered. The following chart shows leasing activity by first three quarters and year for the Bellevue office market:



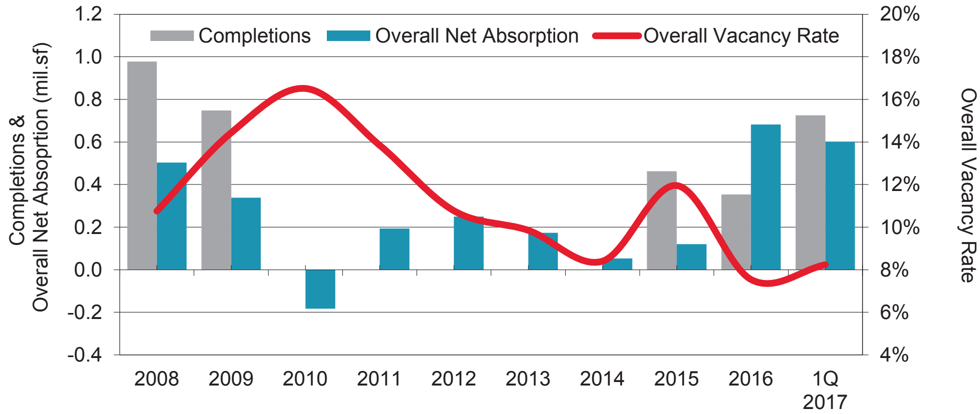
Historical Net Absorption

Corresponding with low demand for office space and a peak in the area overall vacancy rate, net absorption in the Bellevue CBD reached its lowest post-recession level at negative 183,151 square feet in 2010. Annual net absorption quickly rebounded to nearly 194,000 square feet the following year as the Seattle-Bellevue area office market began to recover. Net absorption in the area remained stagnant over the next few years, averaging just over 150,000 square feet of absorption from 2011 to 2015.

Breaking the five year trend, the Bellevue CBD reached its highest level since the pre-recession period, absorbing 681,931 square feet in 2016. Following the strong year of absorption, first quarter 2017 recorded 601,158 of absorbed space. This large amount of absorption was primarily due to new tenants moving into the newly delivered 400 Lincoln Square building. Following a robust quarter of net absorption of office space in first quarter, steady employment growth in office-using sectors in the near-term and strong levels of leasing activity should encourage absorption to continue through 2017.

The following graph compares historic completions, absorption, and vacancy trends in the Bellevue office market:

COMPLETIONS & ABSORPTION VS. VACANCY
Bellevue CBD Office Market, 2008-1Q 2017



Source: Cushman & Wakefield Research; compiled by C&W Valuation & Advisory

Outlook – Bellevue CBD Submarket

The Bellevue office market has historically been one of the most active in the Seattle region, and has experienced a strong pace of growth over the past two years, which will help the area remain among the strongest markets in the Puget Sound region over the long-term. Regardless of the high levels of construction activity experienced over the past two quarters, market conditions remained tight as vacancy rates stayed low in first quarter 2017. Furthermore, Bellevue's supply of relatively expensive Class A space did not hinder the overall vacancy rate, as the region remained near the average vacancy rate for the Seattle metro area in first quarter 2017. As large amounts of new and more desirable space were delivered to the market, vacancy rates remained low, asking rents continued to climb and remained above the overall average rent for the Seattle CBD in first quarter 2017. Office absorption and leasing activity trends continued to be solid in first quarter 2017, and Bellevue's position as one of the region's favorable and most stable office markets should allow it to remain strong in the near future.

Subject Property – Plaza Buildings

Location and Description

Plaza Buildings are located at 10800 & 10900 NE 8th Street, Bellevue, King County, WA. The property is situated in the Bellevue CBD submarket of the Seattle-Bellevue Office Market, both of which have been analyzed in previous sections. The property has full-bock frontage along NE 8th street, the primary east-west arterial in downtown Bellevue that connects high-density commercial uses to Interstate 405.

The subject consists of two Class A, multi-tenant office buildings and a freestanding garage situated on a 175,399 square foot site. The office buildings contain 490,994 square feet of rentable area and are in average condition. The Plaza Center building totals 16 stories and was completed in 1983. The U.S. Bank Plaza building totals 10 stories and was built in 1978. The parking garage contains 1,254 spaces. Ownership is in the process of obtaining entitlements for an apartment tower located above the garage along NE 8th Street.

The property is currently 84 percent occupied by 54 tenants at an average contract rent of $36.60 per square foot. The largest tenant is Blucora (Infospace), which occupies 39,516 square feet, or 8.1 percent of the total rentable area through September 2020. The next largest tenant is U.S. Bank, which occupies 39,057 square feet, or 8.0 percent of rentable area. Their lease expires in December 2023. Cumulative expirations over the first five years of the holding period total 70.2 percent. A total of 169.74 percent of the leasable area expires over the 10-year holding period, which is below-average for a market standard five-year lease term.

Transportation and Connectivity

Local area accessibility is generally good, relying on the following transportation arteries:

Local:	The Bellevue CBD enjoys good access to major freeways as Interstate 405 defines its eastern boundary. The NE 4th Street and NE 8th Street interchanges with Interstate 405 are situated on the eastern border of the CBD. State Route 520, which leads to the Evergreen Point Bridge and Seattle, is located approximately one mile to the north of the northern border of the CBD and can be accessed via Interstate 405, Bellevue Way Northeast or 84th Avenue Northeast.
Regional:	Interstate 405 is an alternate route to Interstate 5, running north-south on the eastern side of Lake Washington and intersecting with Interstate 5 in Lynnwood to the north and Tukwila to the south. Interstate 405 provides regional ingress and egress, with the nearest access point being two blocks east of the subject along NE 8th Street. Interstate 90 is located approximately two miles to the south of the southern edge of the CBD and provides direct access to downtown Seattle and can be accessed via Interstate 405 or Bellevue Way Southeast.
Light Rail Expansion	Regional transit provider Sound Transit is currently building the East Link Extension, which will provide a connection from the Eastside's biggest population and employment centers to downtown Seattle, Sea-Tac Airport and the University of Washington. Ten stations will serve Seattle, Mercer Island, Bellevue, Bel-Red and Overlake in Redmond. The Downtown Bellevue station will be located two blocks southeast of the subject, with underground access at the corner of 110th Avenue NE and NE 6th Street. Construction began in 2015 and the targeted start of service is 2023.

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 most competitive to the subject.

Micro Market Snapshot

We have identified office buildings with the following characteristics as the being directly competitive with the subject.

- Mid-rise to high-rise office product in the immediate vicinity
- Class A and B product built between 1971 and 2001

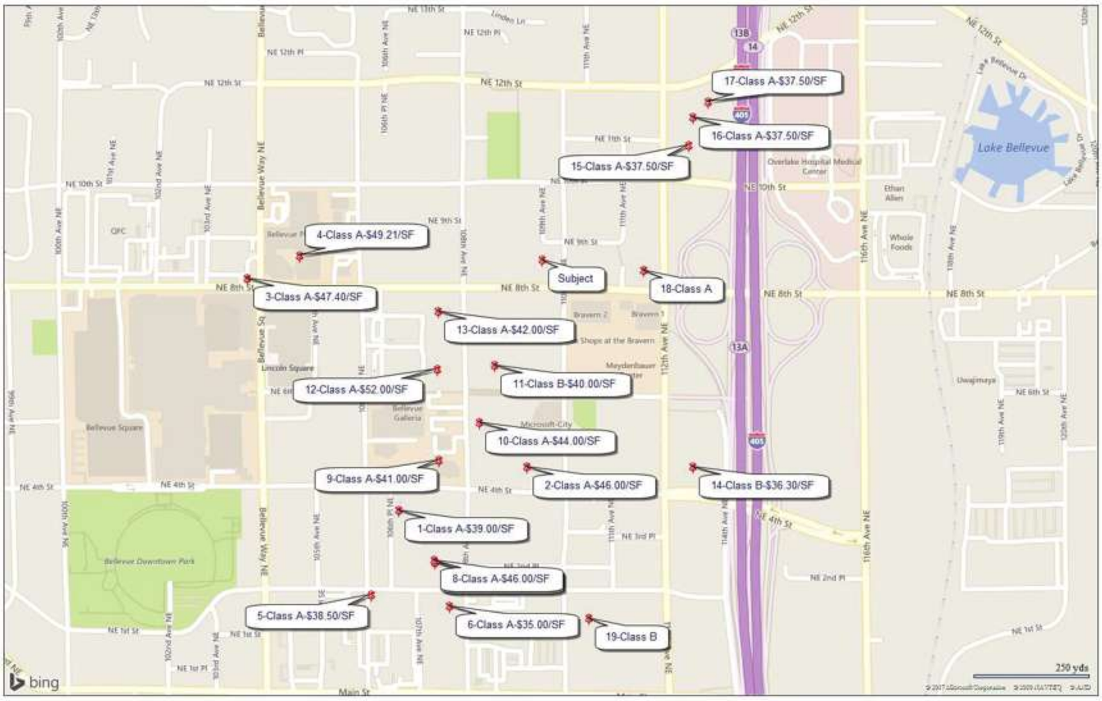
The following table contains the results of a CoStar Group and Cushman & Wakefield survey of existing competitive properties. These buildings are similar in terms of location, physical attributes, and access to amenities:

COMPETITIVE MICRO MARKET

No.	Name	Address	Parking Ratio	Year Built	Stories	Investment Class	RBA (SF)	Direct Vacant SF	% Leased	Ask Rate/SF	Expenses	Modified Equivalent
S	**Plaza Buildings**	**10800 & 10900 NE 8th Street**	**2.49**	**1978 through 1983**	**16, 10**	**A**	**490,994**	**77,495**	**84.1**	**$38.00**	**Modified**	**$38.00**
1	Key Bank Bldg	10655 NE 4th St	3.90	1971	9	A	96,571	4,708	96.8	$39.00	Modified	**$39.00**
2	Skyline Tower	10900 NE 4th St	2.07	1983	24	A	416,755	29,699	92.9	$35.00	Triple Net	**$46.00**
3	Corner Bldg	10400 NE 8th St	3.00	1988	6	A	105,000	22,489	78.6	$36.40	Triple Net	**$47.40**
4	Bellevue Place Bank of America	10500 NE 8th St	3.00	1988	21	A	390,000	5,141	98.7	$38.21	Triple Net	**$49.21**
5	Bellevue Pacific Center	188 106th Ave NE	2.85	1995	6	A	110,372	4,990	95.5	$27.50	Triple Net	**$38.50**
6	Columbia West Building	155 108th Ave NE	1.89	1986	8	A	137,349	10,281	92.5	$35.00	Modified	**$35.00**
7	South Tower	205 108th Ave NE	4.00	2001	6	A	133,790	0	100.0	$33.00	Triple Net	**$44.00**
8	North Tower	225 108th Ave NE	4.00	2001	8	A	178,505	6,907	96.1	$35.00	Triple Net	**$46.00**
9	One Bellevue Center	411 108th Ave NE	2.00	1984	21	A	358,838	18,357	94.9	$41.00	Modified	**$41.00**
10	City Center Bellevue	500 108th Ave NE	2.00	1987	27	A	497,076	18,420	96.3	$44.00	Modified	**$44.00**
11	Bellevue Corporate Plaza	600 108th Ave NE	3.00	1979	10	B	256,829	8,919	96.5	$40.00	Modified	**$40.00**
12	Key Center	601 108th Ave NE	2.50	2000	22	A	488,470	0	100.0	$41.00	Triple Net	**$52.00**
13	Symetra Center	777 108th Ave NE	1.39	1986	25	A	445,089	10,154	98.9	$42.00	Modified	**$42.00**
14	Tetra Tech Building	400 112th Ave NE	3.25	1981	4	B	64,446	0	100.0	$36.30	Modified	**$36.30**
15	South Building	1100 112th Ave NE	3.25	2001	6	A	175,634	0	100.0	$26.50	Triple Net	**$37.50**
16	One Twelfth @ Twelfth- West Building	1110 112th Ave NE	3.25	2001	6	A	134,000	0	100.0	$26.50	Triple Net	**$37.50**
17	One Twelfth @ Twelfth - East Building	1120 112th Ave NE	3.25	2001	6	A	170,755	3,746	97.8	$26.50	Triple Net	**$37.50**
18	Plaza East	11100 NE 8th St	2.00	1987	9	A	156,000	12,724	91.8	Withheld	Modified	**Withheld**
19	110 Atrium	110 110th Ave NE	2.28	1981	7	B	243,381	29,467	87.9	Withheld	Modified	**Withheld**
OVERALL STATISTICS INCLUDING SUBJECT												
Low:			1.39	1971	4		64,446	0	78.6	$26.50		$35.00
High:			4.00	2001	27		497,076	77,495	100.0	$44.00		$52.00
Average/Total/All Classes:			**2.77**	**1990**	**12**		**252,493**	**13,175**	**94.9**	**$35.61**		**$41.72**

FS- 'Full Service Gross'
Source: CoStar Goup, Inc. and Cushman & Wakefield of Washington, Inc.

COMPETITION MAP



We surveyed 20 competitive office buildings within the submarket, including the subject property, containing approximately 5.0 million square feet. The average vacancy is approximately 5.1 percent, which is below the metro-area average of 8.2 percent.

Average asking rates for competitive office space range from $35.00 to $52.00 per square foot, with an average of $41.72 per square foot on an equivalent modified gross (base year) rental basis. Tenants with a modified gross lease are responsible for their pro rata share of operating expenses above a base year amount. Lease rates include a tenant improvement package ranging from approximately $0 (as is) to $70 per square foot for new leases, and $0 to $35.00 per square foot for renewal leases. Lease terms typically reflect annual escalations of $1.00 per square foot or 3.0 percent. 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 is older than the surveyed average of 1990. The property offers similar access to amenities and parking facilities. Rents are in line with or slightly below the surveyed average.

Subject's Competitive Market Position

The subject is considered a Class A office complex by market participants based on its quality, condition and tenancy. The property benefits frontage along NE 8th Street with direct access to Interstate 405 two blocks east. Historically, Bellevue has been one of the most expensive office markets in the Seattle region, and its large inventory of Class A space will continue to make it attractive to high-end tenants. A future light rail station is under construction two blocks southeast of the subject, which will provide a connection to downtown Seattle, Sea-Tac Airport the University of Washington, and Overlake in Redmond. The immediate market reflects a competitive supply of available office space with increasing rental rates. The subject is older than many competitive properties. Recent improvements to the elevator lobbies & corridor have enhanced condition and appeal, and the property offers adequate amenities that are attractive to prospective tenants. Based on the locational characteristics, project quality and current tenancy, the subject has an average competitive position in comparison to other comparable buildings within the immediate market.

Micro Market Outlook and Conclusions

The near-term outlook for the micro market is favorable as evidenced by falling vacancy, rising rental rates, and no new space currently under construction.

SWOT ANALYSIS

Strengths

- The property has full-bock frontage along NE 8th street, the primary east-west arterial in downtown Bellevue that connects high-density commercial uses to Interstate 405.
- The property offers a lower-cost alternative to new construction high-rises located in the Bellevue CBD.
- Ownership recently completed elevator lobby & corridor improvements that enhance condition and appeal.

Weaknesses

- The buildings are older than a number of nearby office towers.

Opportunities

- The Seattle MSA region appears to have entered 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.
- A future light rail station located two blocks southeast of the subject will open in 2023. The East Link expansion will provide a connection from the Eastside’s biggest population and employment centers to downtown Seattle, Sea-Tac Airport and the University of Washington.
- Ownership is in the process of entitling a high-rise apartment tower above the existing parking garage. According to their land attorney Jack McCullough, the proposal is about three weeks away from building permit approval.

Threats

- While most of the office metrics in the Seattle-Bellevue region remain at high levels, it may be difficult to keep pace with the intensity demonstrated in recent quarters including positive net absorption.
- A number of office buildings are in the development pipeline, including two proposals on the superblock just south of the subject.

Seattle Eastside Suburban Office Submarket

Market Characteristics

The Eastside Suburban office market of Seattle contains approximately 21.3 million square feet of office space, or 21.6 percent of all office space in the Seattle-Bellevue area. Approximately 41.8 percent (8.9 million square feet) of office space in the Eastside Suburban market is Class A, representing 15.1 percent of total Class A office space in the Seattle office market. Nearly 10.8 million square feet of space is Class B, equating to 51.0 percent of the Eastside Suburban office inventory and 34.1 percent of Class B inventory in the greater Puget Sound region.

The Eastside Suburban office market is comprised of seven distinct submarkets including the 405 Corridor, 520 Corridor, I-90 Corridor, Bel-Red, Redmond, Kirkland, and Bothell/Woodinville. The I-90 Corridor is the largest submarket within the Eastside Suburban market at 6.5 million square feet, while the Bel-Red submarket is the smallest at 1.4 million square feet.

Current Trends

After a few years of robust employment growth across the Seattle metro area, the Eastside Suburban office market continued to strengthen in first quarter 2017. While rents decreased slightly from the previous quarter, rents remained near the high levels experienced pre-recession. Strong rents coupled with a steady low vacancy rate has encouraged developer confidence in the Eastside Suburban area.

Construction levels in the area are at the highest level since 2008, with 729,300 square feet under construction. The majority of the construction activity is occurring in the Kirkland submarket, due to the 660,000 square foot Urban Kirkland development that is currently under construction. As the greater Seattle office market will likely remain stable over the remainder of 2017, the Eastside Suburban market should benefit from its large inventory of Class A office space and relatively more affordable high-end rents than the Seattle CBD and the Bellevue CBD office markets.

The following charts summarize recent trends in the Eastside Suburban office market:

Eastside Suburban Office Market
2008 - 1Q 2017

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	$30.92	$31.82	1,520,947
1Q 2017	21,254,377	9.0%	0	27,890	$34.27	$30.66	$31.69	285,894

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

Eastside Office Submarkets First Quarter 2017									
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	2,312,178	6.6%	0	0	45,704	$35.48	$33.91	$33.41	40,157
520 Corridor	3,320,007	6.3%	0	69,300	30,921	$39.28	$32.96	$31.81	53,410
I-90 Corridor	6,528,502	10.1%	0	0	-26,209	$34.87	$31.67	$33.94	59,637
Bel-Red	1,433,699	1.4%	0	0	10,693	N/A	$25.68	$28.90	6,596
Redmond	2,575,428	8.6%	0	0	3,237	$33.97	$30.60	$31.62	3,935
Kirkland	2,490,013	5.8%	0	660,000	-18,209	$31.42	$26.01	$28.91	92,453
Bothell/Woodinville	2,594,550	19.0%	0	0	-18,247	$30.21	$28.97	$29.06	29,706

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

Supply Analysis

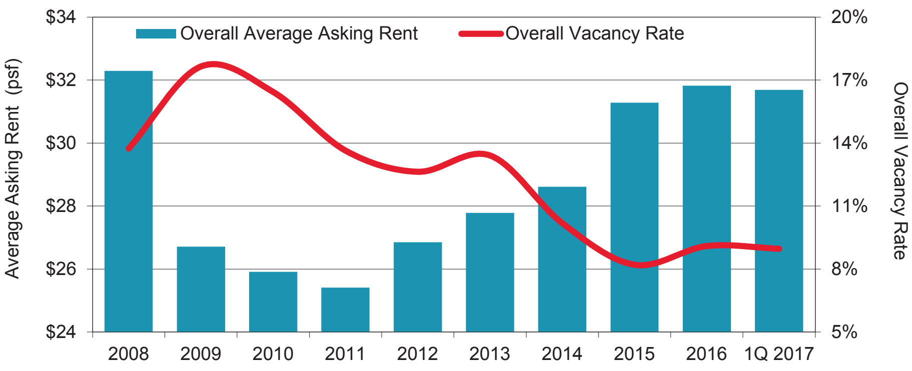
Vacancy

In general, the Eastside Suburban office market overall vacancy rate declined between 2010 and first quarter 2017 as better economic conditions and strong employment growth allowed the metro area office market to recover from the recession. Over the last three years the vacancy rate has fluctuated slightly, but has remained below 10.5 percent. At 9.0 percent in first quarter 2017, the Eastside Suburban office market vacancy rate was 9.3 percentage points lower than its high of 18.3 percent recorded during the last major office market downturn.

Strong demand for office space thus far in 2017 has allowed the Eastside Suburban vacancy rate to remain near pre-recession lows. In coordination with a 10 basis point decrease from the previous quarter, the Eastside Suburban overall vacancy rate was 10 basis points lower than it was one year previous. The Eastside Suburban office market had the lowest vacancy rate among the major suburban markets in the Seattle area in first quarter 2017, but remained above the vacancy rates of the CBD and In City markets.

The following graph details historic vacancy and rental rate trends in the Eastside Suburban office market:

OVERALL VACANCY RATE & AVERAGE ASKING RENT BY YEAR
Eastside Suburban Office Market, 2008-1Q 2017



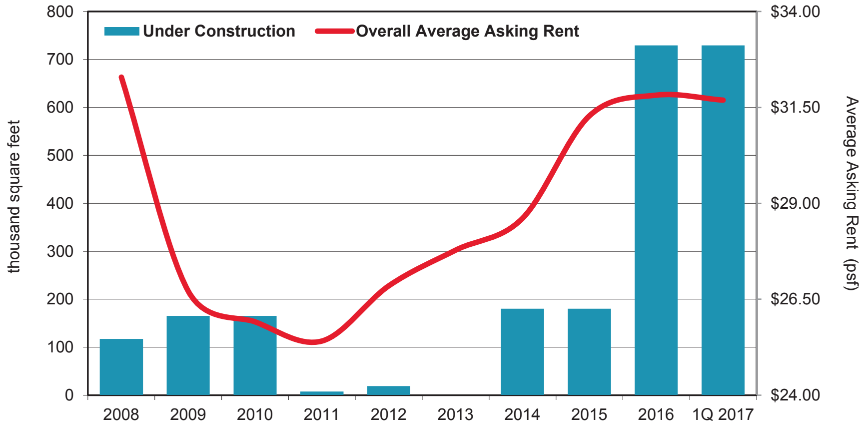
Source: Cushman & Wakefield Research; compiled by C&W V&A

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. A total of 729,300 square feet is under construction in the east side, which is the highest amount of construction activity in the market since the first quarter of 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 remainder of 2017 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.

The following graph details construction activity trends in the Eastside Suburban office market:

CONSTRUCTION ACTIVITY & AVERAGE ASKING RENT BY YEAR
Eastside Suburban Office Market, 2008-1Q 2017



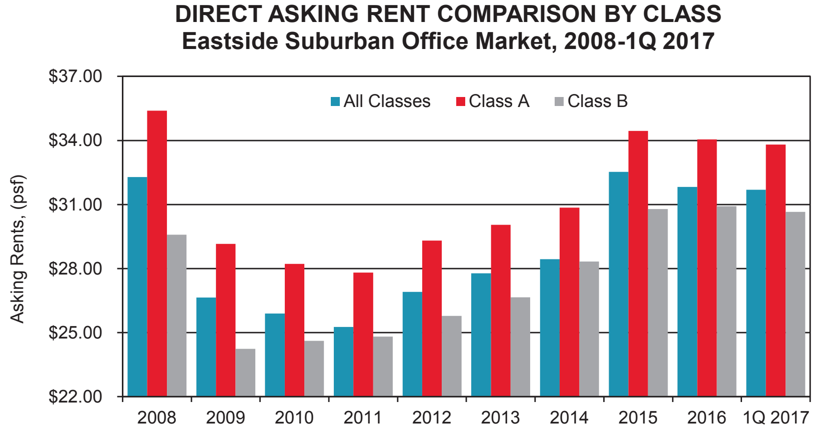
Source: Cushman & Wakefield Research; compiled by C&W V&A

Asking Rents

Asking rents in the Eastside Suburban market have historically exceeded asking rents of other suburban office markets in the Seattle area, but 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 in 2011. Since reaching a low in 2011, the asking rents in the Eastside Suburban market have generally increased and are nearing pre-recession highs.

The overall average asking rent for space in the Eastside Suburban office market decreased $0.13 per square foot in first quarter 2017 to $31.69 per square foot. Which was a $1.05 per square foot increase from the previous year. Looking forward, a relatively low amount 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 high asking rents.

The following graph compares direct asking rents by class in the Eastside Suburban office market:



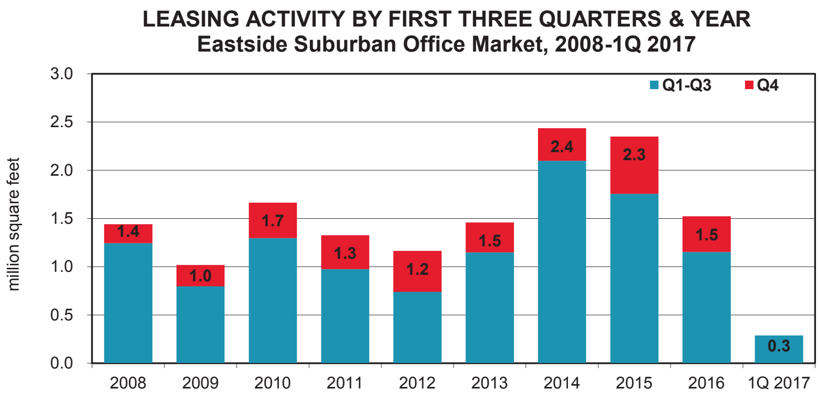
Source: Cushman & Wakefield Research; compiled by C&W V&A

Demand Analysis

Leasing Activity

Leasing activity in 2014 and 2015 was extremely high, exceeding 2.0 million square feet of leasing in both years which was the two highest years of leasing activity since 2008. The strong leasing activity tempered in 2016, however, still recorded over 1.5 msf of leasing. In first quarter 2017, the year-to-date leasing activity remained strong, but the eastside office market may struggle to keep pace with the leasing activity experienced over the last two years. The area recorded 285,894 square feet in first quarter 2017, which was 11,717 square feet lower than year-to-date leasing activity reached in first quarter 2016. The amount of leasing is on pace to record a similar level of leasing activity experienced in 2016. The large amounts of office space under construction and a strong demand for new office space should help maintain strong leasing activity in the near term.

The following chart shows recent leasing activity trends for the Eastside Suburban office market:



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

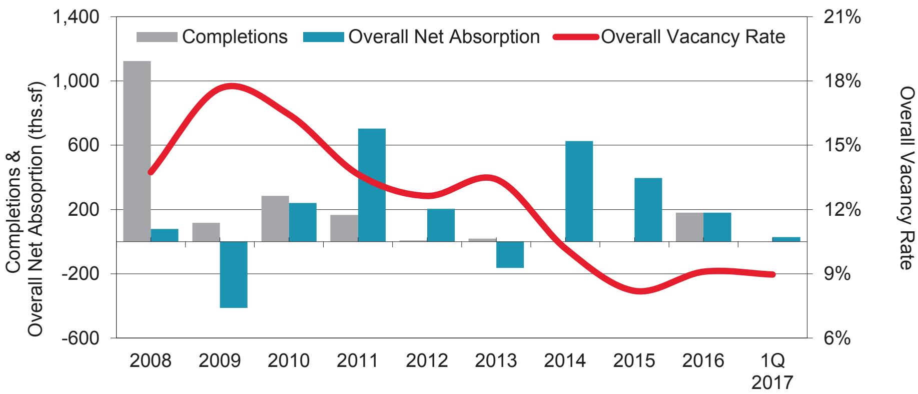
Historical Net Absorption

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.

Following a weak year of absorption in 2016, the Eastside Suburban area recorded minimal absorption in first quarter 2017, with 27,890 square feet. Absorption in the Eastside Suburban office market will likely remain weak for the remainder of the year, as large speculative space is expected to deliver at the end of 2017. However, forecasts for employment growth in office-using employment sectors will fuel strong demand for office space in the near-term.

The following graph compares historic completions, absorption, and vacancy trends in the Eastside Suburban office market:

COMPLETIONS & ABSORPTION VS. VACANCY
Eastside Suburban Office Market, 2008-1Q 2017



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

Outlook – Eastside Suburban Submarket

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 appeared to be one of the strongest suburban markets in the Seattle area in first quarter 2017, with low vacancy rates and high construction activity.

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 2017. The Eastside Suburban market contains a large supply of more affordable Class A inventory than either 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.

Subject Property – Bellevue Technology Center

Location and Description

The Bellevue Technology Center is located at 15805 NE 24th Street in Bellevue, WA. The property is situated in the Eastside Suburban submarket of the Seattle-Bellevue Regional Office Market.

The subject is 46.60-acre property that is currently improved with four Class A office buildings, five one-story Class B office buildings, and an underground parking garage. Four of the Class B buildings were completed in 1973, the fifth Class B building was completed in 1980 and the four Class A office buildings and the parking garage improvements were completed in 2000. The Class B buildings were renovated between 2001 and 2003 and all improvements are considered to be in average condition

The property is currently approximately 91 percent occupied by a total of 12 tenants. Significant tenants include Trane, Hitachi and Unigard Insurance. Based upon current leases, approximately 48.5 percent of rentable building area will roll in the next five years. This is considered to be a typical rate of lease expiration for a suburban office property such as the subject.

Transportation and Connectivity

Local area accessibility is generally good, relying on the following transportation arteries:

Local: State Route 520, which runs from downtown Redmond to intersect with Interstate 5 just north of the Seattle CBD, runs through the northwestern portion of the subject neighborhood and is one of its primary geographic features. There are on and-off ramps from SR-520 at 148th Avenue NE and NE 40th Street, providing residents and businesses within the area access to the greater Seattle region. The neighborhood's primary surface streets include 148th Avenue NE, the NE Bellevue-Redmond Road, 156th Avenue NE and NE 8th Street, all of which provide good access to businesses, shopping and other services.

Regional: State Route 520 intersects with Interstate 405 in Bellevue and Interstate 5 in Seattle. Interstate 5, which runs from the Canadian to the Mexican borders, is the west coast's primary transportation arterial and provides access to the greater Seattle region, including the Seattle-Tacoma International Airport and the entire Puget Sound region. I

The East Link Extension of Sound Transit's Link Light Rail is currently under construction. This extension, which will run from Redmond to downtown Seattle through Bellevue and across the I-90 floating bridge, is scheduled to open in 2023. Stations will be located at NE 40th Street and at Overlake Village on 152nd Avenue NE.

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 buildings with the following characteristics as the being directly competitive with the subject.

- Class A built between 1990 and 2000 and Class B built between 1960 and 1980.
- Located within the Suburban Bellevue / South Redmond micro markets in proximity to Microsoft.

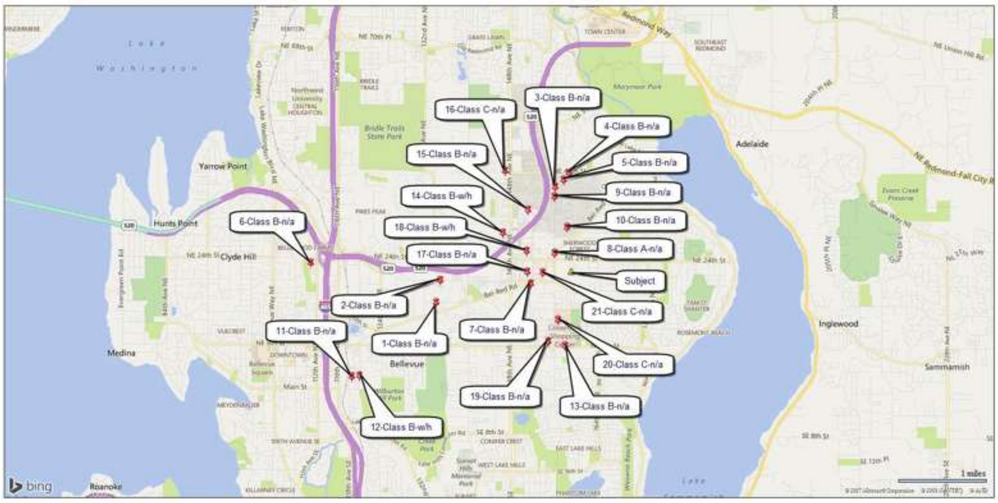
The following table contains the results of a CoStar Group and Cushman & Wakefield survey of existing competitive properties. These buildings are similar in terms of location, physical attributes, and access to amenities.

COMPETITIVE MICRO MARKET

No.	Name	Address	Year Built	Stories	Investment Class	RBA (SF)	Direct Vacant SF	% Leased	Ask Rate/SF	Expenses	FS Equivalent
S	**Bellevue Technology Center**	**15805 NE 24th Street**	**1973 - 2000**	**1 & 3**	**B**	**330,508**	**30,655**	**90.4**	**-**	**Triple Net**	**-**
1	Heritage Corporate Center	13427 NE 16th St	2000	2	B	52,376	0	100.0	-	-	-
2	Columbia Plaza - Bldg C	13431 NE 20th St	2000	2	B	34,066	0	100.0	-	-	-
3	Microsoft Building 19	15660 NE 36th St	1991	2	B	41,648	0	100.0	-	-	-
4	Microsoft Bldg 21	3925 NE 39th St	1991	2	B	43,906	0	100.0	-	-	-
5	Microsoft Building 18	3860 NE 39th St	1991	3	B	58,165	0	100.0	-	-	-
6	2229 Building	2229 112th Ave NE	1998	3	B	24,985	0	100.0	-	-	-
7	Five Corners	1951 152nd Pl NE	2008	2	B	33,362	0	100.0	-	-	-
8	RidgePointe Corporate Center	2700 156th Ave NE	2002	3	A	50,376	0	100.0	-	-	-
9	Microsoft Bldg 24	3600 156th Ave NE	1993	2	B	84,138	0	100.0	-	-	-
10	Microsoft Building 28	3028 157th Pl NE	1995	3	B	30,000	0	100.0	-	-	-
11	Ridgewood CS/Bldg G	11900 NE 1st St	1990	3	B	57,000	0	100.0	-	-	-
12	Ridgewood CS/Bldg F	150 120th Ave NE	1990	4	B	60,000	985	98.4	Withheld	Triple Net	**Withheld**
13	Building C	15921 NE 8th St	1979	2	B	12,330	0	100.0	-	-	-
14	Liberty Northwest Center	14711 NE 29th Pl	1980	2	B	66,688	1,903	97.2	Withheld	FS	**Withheld**
15	Honeywell Bldg 1	15001 NE 31st Way	1960	2	B	152,717	0	100.0	-	-	-
16	14777 NE 40th Street	14777 NE 40th St	1979	2	C	13,922	0	100.0	-	-	-
17	Buildings 15 & 16	2015-2025 152nd Ave NE	1979	1	B	13,588	0	100.0	-	-	-
18	Bldg 17	2425-2495 152nd Ave NE	1979	2	B	27,786	3,703	86.7	Withheld	FS	**Withheld**
19	805 156th Ave NE	805 156th Ave NE	1966	1	B	43,000	0	100.0	-	-	-
20	1260 156th Ave NE	1260 156th Ave NE	1962	1	C	12,510	0	100.0	-	-	-
21	American Income Life Bldg	15440 Bel Red Rd	1966	1	C	17,222	0	100.0	-	-	-
OVERALL STATISTICS INCLUDING SUBJECT											
Low:			1960	1		12,330	0	86.7	-		-
High:			2008	4		330,508	30,655	100.0	-		-
Average/Total/All Classes:			**1986**	**2**		**57,286**	**1,693**	**97.0**	**-**		**-**

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 23 competitive office buildings within the submarket, including the subject property, containing approximately 1.3 million square feet. The average vacancy is approximately 2.9 percent, which is significantly less than the current 9.0 percent rate for the greater Eastside Suburban office market. The extremely low vacancy rate for the competitive set is due, primarily, the proximity of these buildings to the Microsoft campus.

Asking rates for competitive office space in the area around Microsoft have recently ranged from approximately $20.00 to $27.00 per square foot 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 include a tenant improvement package ranging from $20.00 to $40.00 per square foot 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.

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.

It is noted that the micro market is densely developed with office buildings. Because of high occupancy rates for the 23 most competive properties, no asking rental rate data was available for this set. However, a survey of 471 properties in the surrounding micro market indicated the average full-service rental rate for this area is $31.22 per square foot, up from $31.11 per square foot in 2016 and $29.89 per square foot in 2015. Reported vacancy for these buildings, which contained 21.2 million square feet of office space, averaged 3.3 percent.

Subject's Competitive Market Position

The subject is considered an appeal property by market participants based on its location, quality, condition and tenancy. The subject benefits from being located just south of the Microsoft headquarters campus as well as the residential neighborhoods of suburban Bellevue and south Redmond. Thus, based on the subject's locational characteristics, project quality and current tenancy, the subject has a good competitive position in comparison to other comparable buildings within the immediate market.

Micro Market Outlook and Conclusions

After several years of steadily improving economic conditions, the Seattle MSA should continue to experience healthy levels of economic and population growth in 2017. The region appears to have entered 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 office market, is positive.

SWOT ANALYSIS

Strengths

- The subject is located in suburban Bellevue, in close proximity to the Microsoft headquarters campus.
- It is considered a better Class B office building by market participants.
- Vacancy has trended downward over the past five years and rental rates have increased.
- Little new development that competes with the subject has been occurred over the past decade.
- Four of the subject's buildings are newer Class A structures
- The park-like campus provides a level of appeal and amenities that exceed most other buildings in the area.

Weaknesses

- The subject include five older building that do not offer the amenities and functionality of newer Class A product.
- Maintenance and operating costs for the subject's older buildings are higher than newer buildings.

Opportunities

- Continued growth in employment will likely result in increased demand for office space in the Seattle CBD
- New ventures by Microsoft could result in an increase in vendors and contractors who work with the software company. This could result in an increased demand for space at properties that are in close proximity to the Microsoft campus.
- The subject's large site area offers potential for future development. Additional new development is not allowed by the current Binding Site Plan but there is potential for a revision of the BSP that would allow for additional development.

Threats

- A downward turn in economic conditions would likely adversely affect the subject.

Sacramento, California

Sacramento Regional Analysis

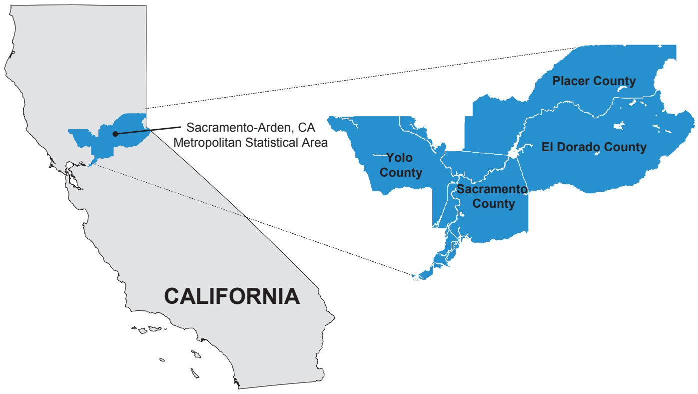
Introduction

Market Definition

The Sacramento-Arden-Arcade-Roseville Metropolitan Statistical Area (Sacramento MSA) consists of four counties in north-central California, Sacramento, El Dorado, Placer, and Yolo Counties. The region sits at the northern end of California's Central Valley and extends from the eastern edge of the San Francisco Bay Area to the Nevada border at Lake Tahoe. The City of Sacramento is the largest incorporated area within the Sacramento MSA and is the capital of California.

The following map illustrates the four-county region that constitutes the Sacramento Metropolitan Statistical Area:

SACRAMENTO-ARDEN, CA
METROPOLITAN STATISTICAL AREA (MSA)



Source: Cushman & Wakefield Valuation & Advisory

Demographic Trends

Demographic Characteristics

Sacramento's demographic traits show an area that has experienced strong population and steady job growth in the last few decades. Although both slowed as a result of the Great Recession, population and job growth are gaining momentum. The region offers a welcoming business climate, an educated workforce from its world-class research and educational institutions, relatively low housing costs compared to other California regions, and diversification and strength of the region's economic base.

The following chart compares the demographic characteristics of the Sacramento CBSA with the demographic characteristics of the U.S.:

Demographic Characteristics
Sacramento MSA vs. United States
2016 Estimates

Characteristic	Sacramento MSA	United States
Median Age (years)	37.0	38.0
Average Annual Household Income	$83,366	$78,425
Median Annual Household Income	$59,733	$54,505
Households by Annual Income Level:		
<$25,000	20.4%	23.0%
$25,000 to $49,999	22.2%	23.4%
$50,000 to $74,999	17.9%	18.3%
$75,000 to $99,999	13.0%	12.4%
$100,000 plus	26.5%	23.0%
Education Breakdown:		
< High School	12.4%	13.9%
High School Graduate	21.7%	28.1%
College < Bachelor Degree	35.9%	29.0%
Bachelor Degree	19.6%	18.2%
Advanced Degree	10.4%	10.9%

Source: © 2016 Experian Marketing Solutions, Inc. •All rights reserved•
Cushman & Wakefield Valuation & Advisory

Population

With a unique mix of economic opportunities for companies and job seekers, and rebounding housing affordability, many people and businesses have moved to the Sacramento region. Over the last ten years, population growth in the region exceeded the U.S. every year, however moderated beginning in 2006, before the economy weakened and population trends slowed. The region's population growth is forecast to continue to exceed growth in the U.S. over the next five years. Sacramento's forecasted population growth in 2017 is at 0.9 percent.

The following graph compares historical and projected population growth between the Sacramento MSA and U.S. as a whole:

Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

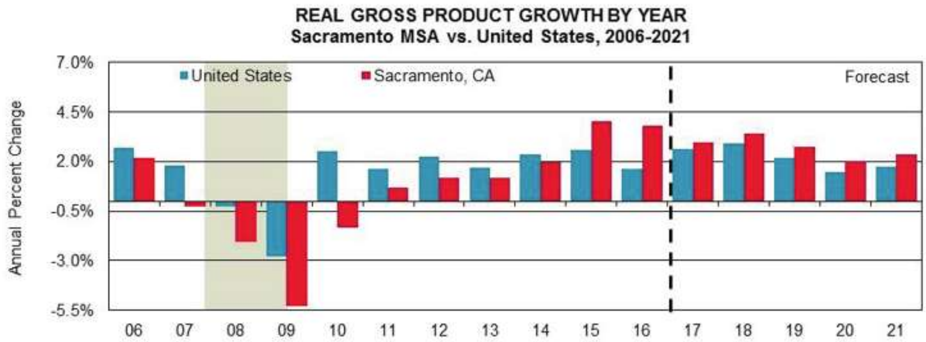
Economic Trends

Gross Metro Product

Gross Metropolitan Product (GMP) is defined as the market value of all final goods and services produced within a metropolitan area in a given period of time, and is one measure of the economy of a metro area. In general, prosperity is associated with rising GDP, with recession and high unemployment being associated with falling GDP. Growth needs to be 3.0 percent or greater in order for the economy to revive and stimulate job creation.

Relative to the strong GMP gains posted from 2002 through 2005, Sacramento's GMP growth slowed considerably over the past decade due to the prolonged recession. Between 2007 and 2010, the Sacramento GMP plummeted; reaching its low of negative 5.3 percent by 2009, while the U.S. slipped to negative 2.8 percent in the same year. Nationally in 2010, however the gross product began to grow, ending the year with 2.5 percent; Sacramento's GMP remained stalled. In 2011, though positive, growth was still weak in the U.S. and Sacramento, gross product increased at an annual rate of 1.6 percent and 0.7 percent. The region's GMP trailed the U.S. until 2015, when Sacramento's gross product grew significantly, surpassing the U.S. with 4.0 percent, the healthiest growth experienced in 10 years. In 2016, Sacramento's GMP was 3.8 percent, greatly exceeding the U.S. growth of 1.6 percent. In 2017, Sacramento's GMP is forecast at 3.0 percent.

The following graph compares historical and projected GMP growth by year for the Sacramento MSA and U.S. as a whole:

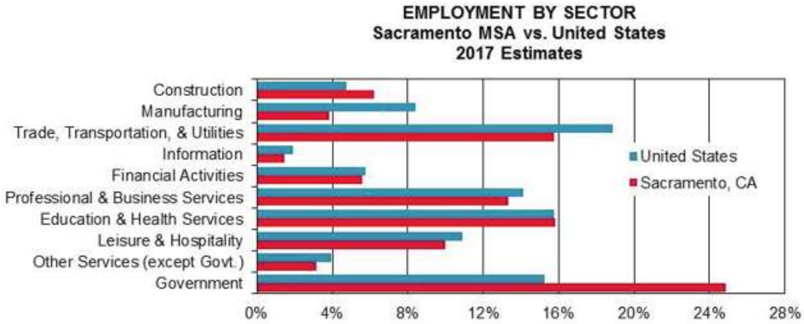


Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Employment Distribution

Sacramento's employment base is one of the most diverse in the nation, and resembles the overall employment base in the U.S. with similar shares of employment in the construction, information, financial activities, professional and business services, education and health services and leisure and hospitality sectors. Government employment in Sacramento greatly surpasses the U.S. average, as the area is the hub for government services as the state's capital.

The following graph compares non-farm employment sectors for the Sacramento MSA and U.S. as a whole:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory

Major Employers

The economic diversity of Sacramento is further emphasized when examining a list of the region's largest employers. It spans three noted industry sectors and includes Kaiser Permanente, the University of California Davis/UC Davis Health System, Intel, and Wells Fargo.

The following table lists the Sacramento MSA's largest private employers, and illustrates the significance of the healthcare industry's employment sector.

Largest Private Employers
Sacramento-Roseville-Arden-Arcade, CA

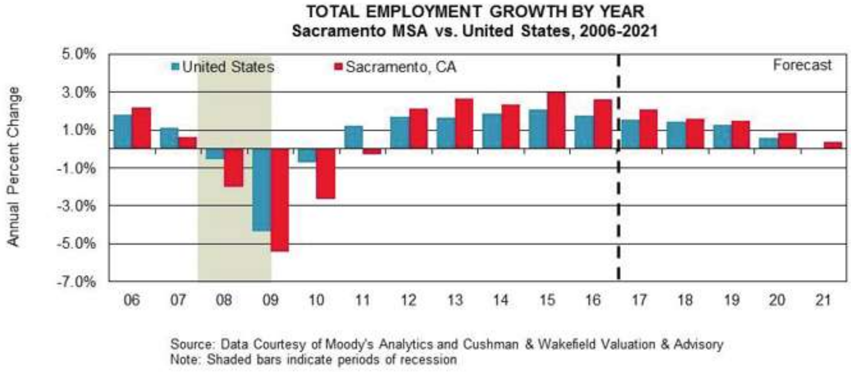
Company	No. of Employees	Business Type
UC Davis	12,600	Healthcare
Sutter Health Sacramento Sierra Region	11,200	Healthcare
UC Davis Health System	9,900	Healthcare
Kaiser Permanente	9,300	Healthcare
Intel Corp.	6,000	Technology
Raley's Inc.	5,500	Retail
Dignity Health	5,200	Healthcare
Wells Fargo & Co.	3,000	Finance
Apple, Inc.	2,500	Technology

Source: Sacramento Business Journal, 2015 Books of Lists, Cushman & Wakefield Valuation & Advisory

Employment Growth

Although total employment growth in the Sacramento MSA exceeded the U.S. in the beginning of the last decade, the region's job growth slowed and fell below the U.S. beginning in 2007, when Sacramento started in its own local recession. As the nation recession progressed, employment growth fell sharply over the next four years, falling to its lowest point of negative 5.4 percent in 2009. By 2012, the trend reversed, and the region posted positive job growth of 2.1 percent, surpassing the U.S. job growth during that year and averaging annual job growth of 2.5 percent through 2016. By year-end 2015, Sacramento finally recovered the jobs lost during the recession. During the forecast period, job growth is forecast to be positive, peaking at 2.1 percent in 2017.

The following graph illustrates total non-farm employment growth per year, for the Sacramento MSA, and the U.S.:



Outlook – Sacramento MSA

Sacramento continues its recovery, helped by the state capital's improving fiscal conditions and improving employment growth. Moody's Analytics noted in their current Sacramento metro report, "Sacramento will best the U.S. in the near term and retake the lead over the state in 2017. Longer term, Sacramento will excel because of above-average population gains and low costs relative to surrounding metro areas, which help to attract investment."

Sacramento Office Market Analysis

Introduction

Current Trends

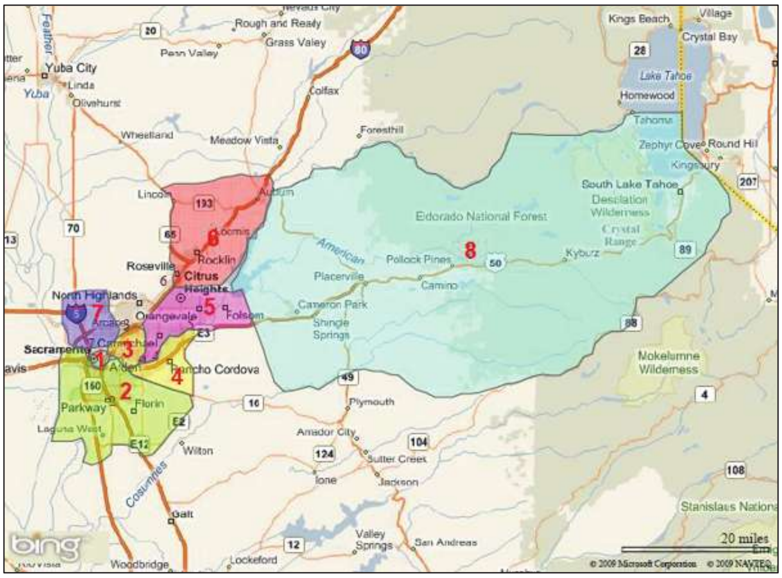
The Sacramento office market fundamentals continued to show gradual improvement. Education and health services, professional and business services, and financial activities sectors remain the leading office-using sectors in the region, helping fuel tenant demand in Sacramento.

Market Characteristics

As the seat of California State government, Sacramento can benefit from the large influence of government related industries and back-office operations; however, it also makes the region vulnerable to the challenges in the state and federal government. California's extended fiscal crisis negatively impacted a number of local and regional agencies, primary drivers of Sacramento's office market, due to budget cuts. However, with a balanced budget and improving fiscal conditions, office demand from the government sector continues.

Following is the Sacramento office submarket map:

SACRAMENTO OFFICE SUBMARKET MAP



Source: Microsoft Virtual Earth

OFFICE SUBMARKETS

1. Downtown/Midtown
2. West & South Sacramento
3. Central Northeast
4. Route 50 Corridor
5. Carmichael/Fair/Citrus Heights
6. Roseville/Rocklin
7. North/South Natomas
8. El Dorado County

Supply Analysis

Vacancy

Vacancy has been slow to decline but decreased 60 basis points year-over-year in first quarter 2017 to 18.1 percent. Vacancy was flat over the prior quarter. Favorable demand accompanied by no new supply are expected to continue to benefit the overall vacancy rate, especially in the downtown and midtown submarkets. Below are the first quarter 2017 submarket statistics for Sacramento's office market:

Office Market Statistics by Submarket
Sacramento Region
First Quarter 2017

Market/Submarket	Inventory	Overall Vacancy Rate	YTD Const. Compl.	YTD Net Abs.	Under Const.	Class A Asking Rent	Overall Asking Rent
		CBD					
CBD TOTALS	**10,731,000**	**14.4%**	**0**	**(59,000)**	**110,000**	**$36.67**	**$31.35**
		NON-CBD					
West & South Sacramento	2,891,000	14.7%	0	17,000	0	$25.95	$21.91
Central Northeast	5,717,000	20.6%	0	28,000	0	$24.57	$22.18
Route 50 Corridor	8,580,000	22.6%	0	21,000	0	$25.31	$21.26
Carmichael/Fair Oaks/Citrus Heights	3,394,000	16.1%	0	(17,000)	0	$29.07	$23.45
Roseville/Rocklin	6,406,000	23.5%	0	(19,000)	0	$26.49	$23.84
North/South Natomas	6,020,000	14.0%	0	15,000	0	$29.46	$26.23
El Dorado County	714,000	11.2%	0	(7,000)	0	$0.00	$19.82
NON-CBD TOTALS	**33,722,000**	**19.3%**	**0**	**38,000**	**0**	**$26.12**	**$22.87**
SACRAMENTO TOTALS	**44,453,000**	**18.1%**	**0**	**(21,000)**	**110,000**	**$30.01**	**$25.05**

Source: Reis, Cushman & Wakefield Valuation & Advisory

Construction

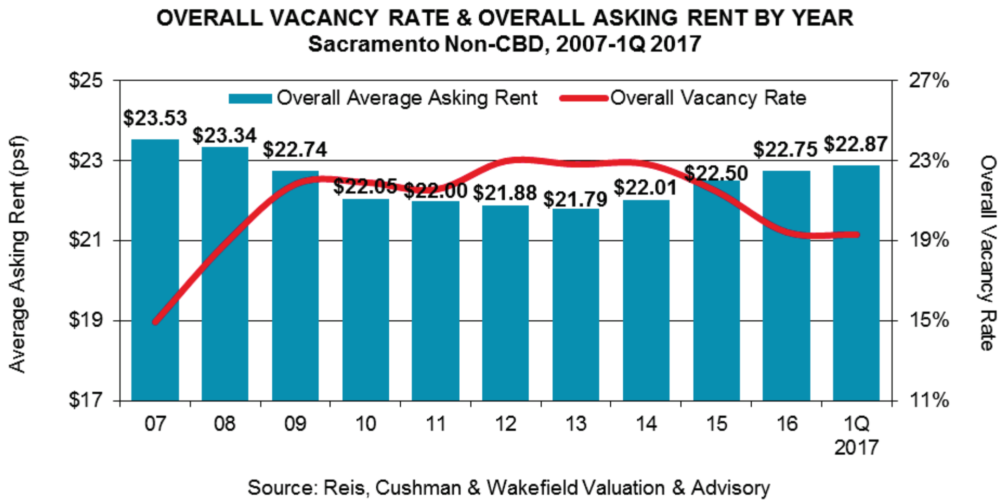
Between 2006 and 2009, construction completions averaged 925,000 square feet yearly, with the majority of the new office space built in the non-CBD. Since then, construction completions have been minimal, as noted in the graph below. Weak demand combined with active development before and during the recession resulted in increased vacancy as deliveries of new product outpaced net absorption. One market participant noted, "Although the market is improving at an increasing pace, actual rents are not high enough to justify speculative construction. That being said, as quality supply becomes more scarce and limited, we anticipate demand will drive rent prices to levels necessary for new development given employment and population growth, and provide more stability for Sacramento's growth." Construction completions for the Sacramento office market are shown below:

Source: Reis, Cushman & Wakefield Valuation & Advisory

Asking Rents

In first quarter 2017, the asking rental rate of $25.05 per square foot per year indicated a 1.7 percent increase over the prior year. For the most part, rental rate growth has been slow to materialize but is gaining greater momentum, especially the Class A rents in the CBD where the “arena effect” is pushing rents upward. The non-CBD’s overall rental rate of $22.75 per square foot per year was up $0.34 over the year. Class A average asking rents are expected to continue to increase over the next 12 months. In submarkets where vacancies have increased, rental rates may stagnate or decrease modestly.

The following graphs are a comparison of Sacramento’s non-CBD vacancy rate and overall asking rent since 2007:



Demand Analysis

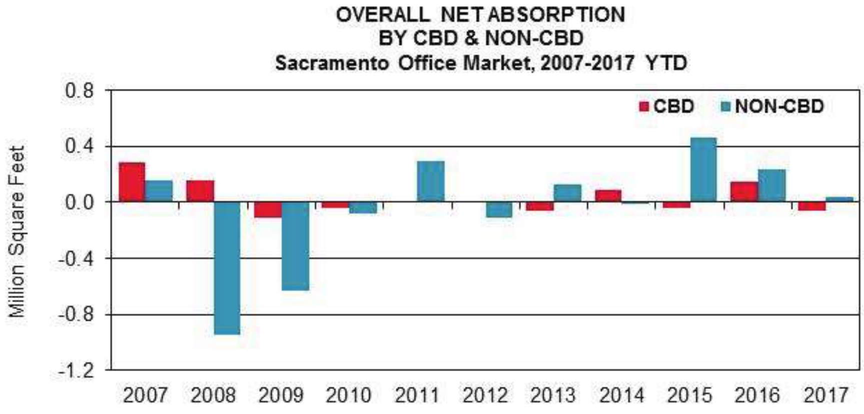
Leasing Activity

According to Cushman & Wakefield Research, office market leasing activity in first quarter 2017 totaled 837,000 square feet, a 26.1 percent increase in leasing activity from 664,000 square feet leased a year earlier. The majority of leasing in first quarter was of Class B space. Cushman & Wakefield Research noted in first quarter 2017 that active tenant space requirements are approaching historic highs throughout the region. Currently, 2.9 million square feet of tenant requirements are circulating the market and that figure is expected to grow through the second half of the year.

Historical Net Absorption

Over the decade, net absorption has fluctuated, posting moderate absorption. The most net absorption occurred before the recession in 2007, posting roughly 400,000 square feet, and again in 2015 with 418,000 square feet and in 2016 with 388,000 square feet as the region’s economic growth has gained greater momentum. Although the consensus is that a similar trend will continue in 2017, in first quarter, half of the submarkets returned space, and overall net absorption was negative 21,000 square feet.

The following graph displays Sacramento's CBD and non-CBD breakdown of overall net absorption from 2007 through 2017:



Source: Reis, Cushman & Wakefield Valuation & Advisory

Demand Drivers

The Sacramento office market has benefited from the region's well-diversified economy and strong demographic trends. However, during the deep economic recession, Sacramento was among the hardest hit regions in the nation in terms of job loss and repercussions from the housing crisis. In addition, the region's significant government employment sector was weakened by California's drawn-out budget difficulties. However, job growth in this sector has made positive albeit modest strides. Although recovery has been slow, Sacramento has once again attracted residents and businesses from other parts of the state, with its comparatively lower costs and greater housing affordability.

Supply and Demand Forecast

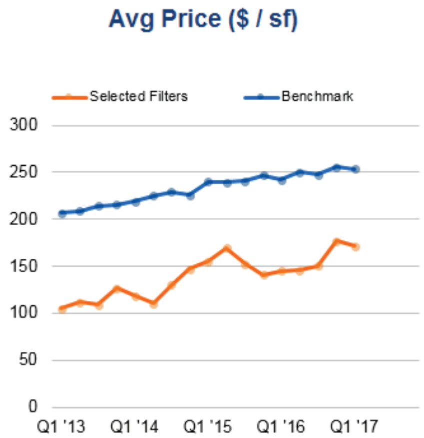
The following office market forecast is based on data supplied by Reis, Inc.and reflects their base-line forecasts for the local office market. It is noted that the historical and forecast data points may vary from those presented previously in our analysis, which were based on data compiled by Cushman & Wakefield Research.

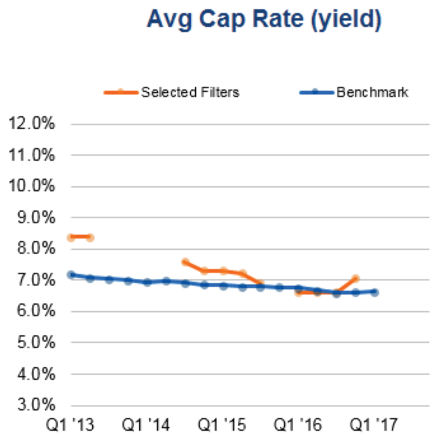
	2014	2015	2016	2017	2018	2019	2020	2021
Employment								
Total Office-using Employment	308,334	316,532	327,126	329,765	333,843	338,168	340,202	343,497
Growth Rate	2.35%	2.66%	3.35%	0.81%	1.24%	1.30%	0.60%	0.97%
Net New Office-using Jobs	7,068	8,198	10,594	2,639	4,078	4,325	2,034	3,295
Total Market								
Inventory (Sq. Ft.)	44,498,000	44,521,000	44,476,000	44,556,000	44,858,000	45,138,000	45,538,000	45,956,000
Completions (Sq. Ft.)	0	0	0	80,000	302,000	280,000	400,000	418,000
Occupied Space (Sq. Ft.)	35,200,000	36,092,000	36,447,000	36,452,000	36,294,000	36,198,000	36,280,000	36,343,000
Vacant Space (Sq. Ft.)	9,298,000	8,429,000	8,029,000	8,104,000	8,564,000	8,940,000	9,258,000	9,613,000
Vacancy Rate	20.9%	18.9%	18.1%	18.2%	19.1%	19.8%	20.3%	20.9%
Net Absorption (Sq. Ft.)	(191,000)	892,000	355,000	5,000	(158,000)	(96,000)	82,000	63,000
Year-End Asking Rent	$23.82	$24.41	$24.94	$25.30	$25.70	$26.11	$26.56	$27.05
Growth Rate	0.5%	2.5%	2.2%	1.4%	1.6%	1.6%	1.7%	1.8%

Source: Reis, Inc.

Sacramento Office Investment Sales Market

According to Real Capital Analytics, 80 office sale transactions closed in the 12 months ending March 2017, with a total volume of $1.14 billion, averaging a price of approximately $171 per square foot. The 80 buildings total 6.9 million square feet. Cap rates for this period were not reported, but an average of 7.1 percent was reported for the 4th quarter of 2017, with a 6.6 percent average reported in each of the three prior quarters. As shown in the following graphic, prices have generally trended upward since late 2013 and have consistently fell below the benchmark (United States) averages. Capitalization rates have trended downward during this period and have remained slightly above national averages.





Source: *Real Capital Analytics*

Outlook – Sacramento Office Market

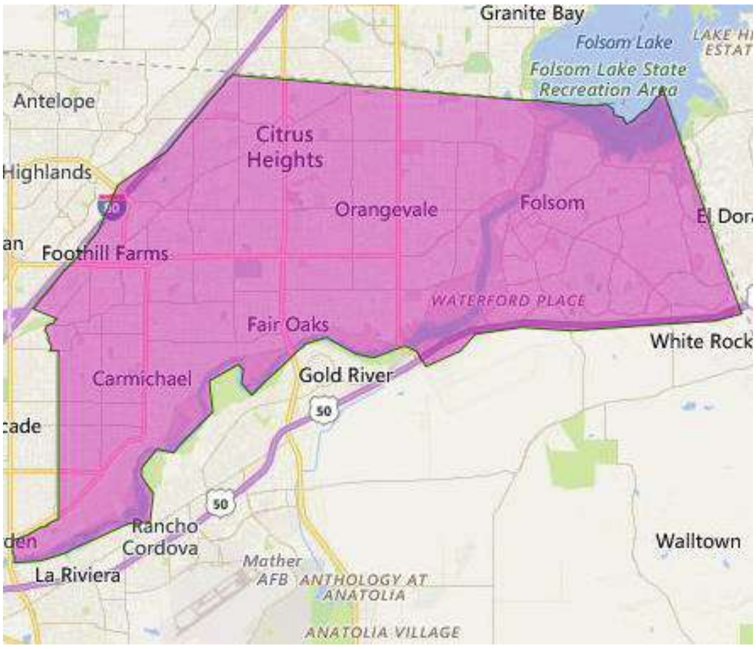
The Sacramento office market continues to tighten and consistent office-using employment growth helps to strengthen the market. The unemployment rate reached 4.4 percent in April 2017, down from the prior year's 5.1 percent. According to the current Sacramento metro Reis Observer, "The prospect of a new business migration to the area from San Francisco has been raised." Sacramento Business Journal reported in March 2017 citing a study by LinkedIn, "San Francisco's skyrocketing housing costs and ultra-high cost of living has driven some companies to reconsider setting up shop in the region, or expand outside to other commercial centers." Sacramento is described as 'among the main cities luring away San Francisco workers.' Reis concluded, "A boost may come to the high-tech sector as well if the inflow from San Francisco of business and population takes on significant proportions." Existing tenants will continue a flight to quality as Sacramento still has some of the most economical rents of all CBDs in Northern California, and increasing interest and migration from tenants outside of the market area is expected.

Carmichael/Fair Oaks/Citrus Heights Submarket

Introduction

Data for the following analysis of the submarket is provided by Reis, Inc. The subject lies within the Carmichael/Fair Oaks/Citrus Heights submarket of Sacramento. The subject submarket contains 3,394,000 square feet, or 7.6 percent of the region's inventory. The submarket area at the northeast portion of Sacramento County with major office concentrations in Folsom near the subject.

CARMICHAEL/FAIR OAKS/CITRUS HEIGHTS SUBMARKET



Supply

Inventory and Construction Completions

Within the subject submarket, a total of 60,000 square feet of space was completed between 2012 and 2016. Over the next five years, Reis projects that an additional 102,000 square feet of new space will be completed within the Carmichael/Fair Oaks/Citrus Heights submarket.

The following table presents historical inventory and projected completions for the region and subject submarket.

HISTORICAL AND PROJECTED INVENTORY & COMPLETIONS (SF)						
	Carmichael/Fair Oaks/Citrus Heights					
Year	**Class A**	**Completions**	**Class B/C**	**Completions**	**Total Completions**	**% of Region**
2012	916,000	60,000	2,478,000	0	60,000	100.0%
2013	916,000	0	2,478,000	0	0	0.0%
2014	916,000	0	2,478,000	0	0	0.0%
2015	916,000	0	2,478,000	0	0	0.0%
2016	916,000	0	2,478,000	0	0	0.0%
1Q17	916,000	0	2,478,000	0	0	0.0%
2017	---	---	---	---	0	0.0%
2018	---	---	---	---	20,000	7.6%
2019	---	---	---	---	21,000	6.3%
2020	---	---	---	---	30,000	6.4%
2021	---	---	---	---	31,000	7.1%
2012-2016						
Total Completions		**60,000**		**0**	**60,000**	
Annual Average		**12,000**		**0**	**12,000**	**39.5%**

Source: Reis, Inc.

The subject is located in a stable submarket with little land available for development. There are no major office projects currently under construction in the submarket.

Demand

Between 2012 and 2016, submarket vacancy rates decreased from 21.3 to 15.6 percent. The current vacancy rate for the submarket is 16.1 percent. Over the near term, Reis is projecting a decline in vacancy for the Carmichael/Fair Oaks/Citrus Heights submarket, with vacancy levels ranging from 15.6 percent in 2017 to 12.1 percent in 2021.

The following table presents historical and projected vacancy rates for the region and subject submarket.

HISTORICAL AND PROJECTED VACANCY RATES (%)			
	Carmichael/Fair Oaks/Citrus Heights		
Year	**Class A**	**Class B/C**	**Total**
2012	18.2	22.4	21.3
2013	20.6	20.3	20.4
2014	19.4	20.2	20.0
2015	19.9	17.2	17.9
2016	12.9	16.6	15.6
1Q17	14.1	16.8	16.1
2017	---	---	15.6
2018	---	---	14.8
2019	---	---	14.0
2020	---	---	13.0
2021	---	---	12.1

Note: Reis does not differentiate between space that is available directly from the landlord or as a sublease.
Any space that is available immediately for leasing (i.e. within 30 days) is considered vacant by Reis'

As shown, Class A buildings are exhibiting lower vacancies than Class B/C buildings (14.1 percent versus 16.8 percent).

Absorption Trends

Absorption measures change in the level of occupied space in a geographic region over a specific period of time. Absorption is not a measure of leasing activity. It reflects increasing, stable or decreasing demand for space. If the level of occupied space increases from one period to the next, demand has increased. If no change has occurred, demand is stable. If the level of occupied space is lower, demand has decreased. All things being equal, positive absorption lowers vacancy rates and negative absorption increases vacancy rates. A newly constructed building that enters the marketplace vacant will adversely affect the vacancy rate but have no bearing on absorption since it has not altered the level of occupancy.

Between 2012 and 2016, new construction within the Carmichael/Fair Oaks/Citrus Heights submarket trailed absorption, with an annual average of 12,000 square feet completed and 48,800 square feet absorbed. Over the next five years, Reis projects that new construction will not surpass absorption (new construction will total 102,000 square feet, and 207,000 square feet is expected to be absorbed).

The following table presents historical and projected absorption levels and completions for the region and the subject submarket.

HISTORIC AND PROJECTED NET ABSORPTION (SF)

Year	Carmichael/Fair Oaks/Citrus Heights			
	Class A	Class B/C	Total Absorption	Total Completions
2012	91,000	-41,000	50,000	60,000
2013	-22,000	53,000	31,000	0
2014	11,000	2,000	13,000	0
2015	-4,000	75,000	71,000	0
2016	64,000	15,000	79,000	0
1Q17	-11,000	-6,000	-17,000	0
2017	---	---	-2,000	0
2018	---	---	45,000	20,000
2019	---	---	47,000	21,000
2020	---	---	61,000	30,000
2021	---	---	56,000	31,000
2012-2016				
Total Absorption	**140,000**	**104,000**	**244,000**	**60,000**
Annual Average	**28,000**	**20,800**	**48,800**	**12,000**

Source: Reis, Inc.

Rental Rates Trends

As shown in the following chart, average asking rental rates in the Carmichael/Fair Oaks/Citrus Heights submarket increased from an average of $22.24 per square foot in 2012 to $23.24 per square foot in 2016, demonstrating a CAGR of 1.1 percent. Over the next five years, average asking rents are expected to increase from $23.47 per square foot in 2017 to $25.19 per square foot in 2021. The current average asking rent stands at $23.45 per square foot.

The following table presents historical and projected average asking rental rates for the region and subject submarket.

Historical and Projected Average Asking Rental Rates ($/SF)					
	Carmichael/Fair Oaks/Citrus Heights				
Year	Class A	Class B/C	Total	% Change	Effective Rent
2012	$27.54	$20.28	$22.24	-0.2	$16.57
2013	$27.50	$20.28	$22.23	0.0	$16.56
2014	$27.96	$20.51	$22.52	1.3	$16.77
2015	$28.50	$20.82	$22.89	1.6	$17.07
2016	$28.92	$21.14	$23.24	1.5	$17.36
1Q17	$29.07	$21.34	$23.45	0.9	$17.49
2017	---	---	$23.47	1.0	$17.52
2018	---	---	$23.83	1.5	$17.67
2019	---	---	$24.30	2.0	$17.89
2020	---	---	$24.71	1.7	$18.13
2021	---	---	$25.19	1.9	$18.40
2012-2016 CAGR	**1.23%**	**1.04%**	**1.11%**		

Notes: CAGR stands for Compound Annual Growth Rate. Asking rents cited by Reis reflect the advertised rental rates for actively marketed space. Effective rents net of any rental concessions, expressed over the life of the lease term. Reis quotes Office rents on a Gross

Class A buildings within the region are exhibiting higher average asking rents ($30.01 per square foot) than Class B/C buildings ($21.91 per square foot). Within the subject submarket, Class A buildings have higher average asking rents than Class B/C buildings ($29.07 per square foot versus $21.34 per square foot).

Outlook – Carmichael/Fair Oaks/Citrus Heights Office Submarket

Vacancy levels for the Carmichael/Fair Oaks/Citrus Heights Office Submarket have decreased since 2012 and are expected to decline from 15.6 percent in 2017 to 12.1 percent in 2021. Over the near term, new construction activity should not surpass absorption, and average asking rates are forecasted to range from $23.47 per square foot in 2017 to $25.19 per square foot in 2021. The subject submarket is anticipated to perform at or better than the overall Sacramento market.

Subject Property – Iron Point Business Park

Location and Description

Iron Point Business Park is located at 1110, 1120, 1130, 1150 and 1180 Iron Point Road, Folsom, Sacramento County, CA. The property is situated in the Carmichael/Fair Oaks/Citrus Heights submarket of the Sacramento Office Market, both of which have been analyzed in previous sections.

The subject is a 5-building, Class A, multi-tenant office property that contains 211,944 square feet of rentable area situated on a 688,012 square foot site. The improvements were completed in 1999 and are in good condition.

The property is currently 98 percent occupied by 47 tenants at an average contract rent of $22.93 per square foot. ProUnlimited and Sierra Pacific Mortgage are the major tenants, occupying 32,556 and 34,443 square feet. The property has 26.3% lease expiration in year 1 and 20.6% in year 2 of the analysis. Year 6 has peak expiration with 32.2% lease expiration.

Transportation and Connectivity

Local area accessibility is generally good, relying on the following transportation arteries:

Local:	The subject is located in close proximity to Iron Point Road, which travels east-west through the City of Folsom from Folsom Boulevard in the west to Empire Ranch Road to the east. The subject also enjoys good proximity to other moderately trafficked arteries which provide access to surrounding communities.
Regional:	US Highway 50 provides regional access to Interstate 80 and 5 which connect to Redding to the north and the Central Valley and Fresno to the south.

The subject is located in a suburban market area, and the primary method of transportation is automobile. Public transportation is available through the Sacramento Regional Transit bus and light rail system, which serves the city of Folsom as well as a number of suburban communities.

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 most competitive to the subject.

Micro Market Snapshot

We have identified office buildings with the following characteristics as the being directly competitive with the subject.

- Low-rise to mid-rise office product within the city of Folsom
- Class A and B product

The following table contains the results of a CoStar Group and Cushman & Wakefield survey of existing competitive properties. These buildings 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	Expenses	FS Equivalent
S	**Iron Point Business Park**	**1110, 1120, 1130, 1150 and 1180 Iron Point Road**	**4.48**	**1999**	**1, 2 and 3**	**A**	**211,829**	**4,239**	**98.0**	**$23.00**	**Full Service Gross**	**$23.00**
1		2330 E Bidwell St	5.00	2000	2	B	40,000	11,740	77.4	$18.60	Full Service Gross	**$18.60**
2	Folsom Health & Wellness Center	2575 E Bidwell St	2.00	2005	2	B	37,040	3,937	89.4	$22.20	Modified Gross	**$22.20**
3	College Point Business Center	2600 E Bidwell St	4.00	2004	2	B	40,000	5,712	85.7	$23.40	Full Service Gross	**$23.40**
4	Lake Forest Tech Center	80 Blue Ravine Rd	3.80	1990	2	B	44,249	9,784	77.9	$25.20	Full Service Gross	**$25.20**
5		81 Blue Ravine Rd	4.00	1985	2	B	47,056	8,671	81.6	$22.80	Full Service Gross	**$22.80**
6		110 Blue Ravine Rd	4.00	1984	2	C	39,912	4,716	88.2	$19.80	Full Service Gross	**$19.80**
7		160 Blue Ravine Rd	4.00	1984	1	C	29,382	1,204	95.9	$10.80	Triple Net	**$10.80**
8	Lake Forest Technical Center	180 Blue Ravine Rd	4.00	1983	1	B	43,315	9,272	78.6	$13.80	Triple Net	**$13.80**
9	Folsom Professional Centre	193 Blue Ravine Rd	4.60	2005	2	B	70,000	13,975	80.0	$21.30	Full Service Gross	**$21.30**
10		600 Coolidge Dr	4.00	1999	3	A	81,208	26,070	83.4	$26.40	Full Service Gross	**$26.40**
11		620 Coolidge Dr	4.00	1999	3	A	77,748	0	100.0	$26.40	Full Service Gross	**$26.40**
12		1600 Creekside Dr	5.33	1990	3	C	30,000	1,449	95.2	$22.20	Modified Gross	**$22.20**
13		950 Glenn Dr	3.00	2007	2	B	65,490	4,051	93.8	$24.60	Full Service Gross	**$24.60**
14		35 Iron Point Cir	4.50	2001	3	A	77,825	0	100.0	$23.40	Full Service Gross	**$23.40**
15	Iron Point Office	50 Iron Point Cir	4.50	2004	2	A	48,567	21,211	56.3	$23.40	Full Service Gross	**$23.40**
16	Broadstone Business Center	80 Iron Point Cir	4.00	2000	2	B	65,000	3,726	94.3	$21.60	Full Service Gross	**$21.60**
17	Natoma Station Corporate Center	950 Iron Point Rd	4.00	1998	2	A	105,484	41,616	60.6	$22.80	Full Service Gross	**$22.80**
18		1130 Iron Point Rd	4.50	1999	2	B	33,127	969	97.1	$25.20	Full Service Gross	**$25.20**
19		1180 Iron Point Rd	4.50	2001	3	A	123,000	3,130	97.5	$25.20	Full Service Gross	**$25.20**
20	Folsom Corp Center Bldg 6	2365 Iron Point Rd	5.00	2003	3	A	148,534	27,575	81.4	$25.80	Full Service Gross	**$25.80**
21		785 Orchard Dr	4.37	2000	2	B	40,518	12,116	70.1	$17.40	Full Service Gross	**$17.40**
22		340 Palladio Pky	0.00	2011	4	A	80,000	0	100.0	$27.00	Full Service Gross	**$27.00**
23		101 Parkshore Dr	4.00	2000	2	B	56,214	0	100.0	$21.60	Full Service Gross	**$21.60**
24		145 Parkshore Dr	5.00	2008	2	B	48,470	10,517	78.3	$22.20	Full Service Gross	**$22.20**
25		400 Plaza Dr	1.97	1999	2	B	43,606	4,646	89.4	$21.00	Full Service Gross	**$21.00**
26		110 Woodmere Rd	3.70	1998	2	B	55,268	44,983	18.6	$19.80	Full Service Gross	**$19.80**
27		111 Woodmere Rd	4.00	2003	2	B	31,380	1,720	94.5	$20.40	Full Service Gross	**$20.40**
28	Heller Executive Center	1024 Iron Point Rd	4.11	2007	1	B	28,000	0	100.0	-	-	**-**
OVERALL STATISTICS INCLUDING SUBJECT												
Low:			0.00	1983	1		28,000	0	18.6	$10.80		$10.80
High:			5.33	2011	4		211,829	44,983	100.0	$27.00		$27.00
Average/Total/All Classes:			**3.94**	**1999**	**2**		**63,525**	**9,553**	**85.8**	**$22.05**		**$22.05**

FS- 'Full Service Gross'
Source: CoStar Goup, Inc. and Cushman & Wakefield Western, Inc.

COMPETITION MAP

We surveyed 28 competitive office buildings within the submarket, including the subject property, containing approximately 1.8 million square feet. The average vacancy is approximately 14.2 percent, which is slightly below the city-wide average of 15.5 percent.

Average asking rates for competitive office space range from $10.80 to $27.00 per square foot, with an average of $22.06 per square foot on an equivalent full service (FS) rental basis. A “full service” lease structure is defined by market participants as tenants responsible for any increases in operating expenses over base year occupancy including real estate taxes, insurance, common area maintenance and utilities. Lease rates include a tenant improvement package ranging from $10.00 to $50.00 per square foot per year of the lease term for new leases, and none (As Is) to $5.00 per square foot per year of the lease term for renewal leases. Lease terms typically reflect annual escalations $0.60 per square foot for full service leases. The range in average asking rental rates is primarily based on the building quality, property location, the quality and amount of tenant buildout, and other property characteristics.

The subject property falls generally in the upper end of this set in terms of access to amenities, overall quality/condition, and parking facilities. Accordingly, it commands rents in line with those assumptions.

Subject’s Competitive Market Position

The subject is considered a Class A office complex by market participants based on its quality, condition and tenancy. The subject benefits from being located within a well-established submarket centrally located within the Sacramento area, proximate to primary demand generators and local area amenities. In addition, the subject is located within the city of Folsom, which has a significant household base that supports professional and financial services and healthcare-related office tenancy. The subject also benefits from being located near major thoroughfares and public transportation with good accessibility from surrounding markets. The subject’s immediate market reflects a competitive supply of available office space with stable rental rates. The subject offers adequate amenities that are attractive to prospective tenants as evidenced by its current tenancy. Thus, based on the subject’s locational characteristics, project quality and current tenancy, the subject has a good competitive position in comparison to other comparable buildings within the immediate market.

Micro Market Outlook and Conclusions

The micro market as described above is one of the healthier in the Sacramento MSA. There are a significant number of back-office employment centers along the Highway 50 corridor. The areas location in a major employment hub bodes well for the subject.

SWOT ANALYSIS

Strengths

- The subject is a newer suburban office complex that is at stabilized occupancy.
- The property appears well maintained and managed.
- The property is leased near market.

Weaknesses

- The property has 64% turnover in the first three years of the analysis.

Opportunities

- The subject is outperforming its competitive set as far as occupancy.
- The subject is located near Intel's Folsom campus.
- A significant number of decision makers live in Folsom or nearby El Dorado Hills.

Threats

- There has been slight new development in the micro-market which has decreased rental rates and increased vacancy.

Denver, Colorado

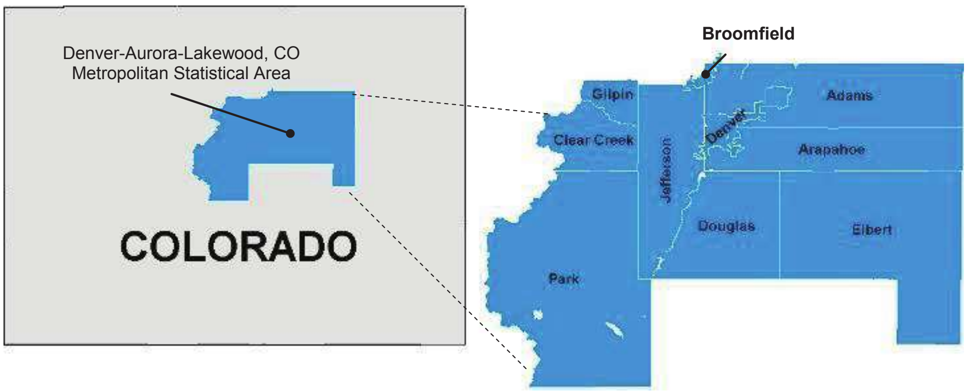
Denver MSA Regional Area Analysis

Market Definition

The Denver-Aurora-Broomfield Metropolitan Statistical Area (Denver MSA) consists of 10 counties situated at the eastern base of the Rocky Mountain range in central Colorado. The city of Denver is the capital and the largest city in Colorado, founded in the late 1850's when gold was discovered at the confluence of Cherry Creek and South Platte River, at what is now known as Commons Park. According to Experian Marketing Solutions, Inc., the population of the Denver MSA was estimated to be slightly over 2.8 million residents in 2016, making it the 21st largest metro area in the United States.

The following graphic shows the ten counties that comprise the Denver-Aurora Metropolitan Statistical Area:

DENVER-AURORA-LAKEWOOD, CO
METROPOLITAN STATISTICAL AREA (MSA)



Source: Cushman & Wakefield Valuation & Advisory

Demographic Trends

Demographic Characteristics

The demographic characteristics of the Denver MSA are strong relative to those of the United States. Compared to the nation, the metro area's slightly younger population also tends to achieve higher levels of educational attainment. Corresponding with higher levels of educational attainment, household incomes in the Denver MSA tend to be higher than household incomes across the United States. Although the Denver MSA has living costs that are 9.3 percent higher than the national average, residents will likely remain attracted to the metro area due to its high quality of life and variety of high-wage, skilled labor jobs. The metro areas comparatively higher educated workforce and slightly below average business costs relative to the nation should help it attract employers, supporting job growth over the long term. Denver's central location in the western United States, the presence of large research universities, and its attractive demographic characteristics should also help the metro area attract new businesses, which will contribute to stable growth in the near future and over the long term.

The following table compares the demographic characteristics of the Denver MSA with the U.S.:

Demographic Characteristics
Denver MSA vs. United States
2016 Estimates

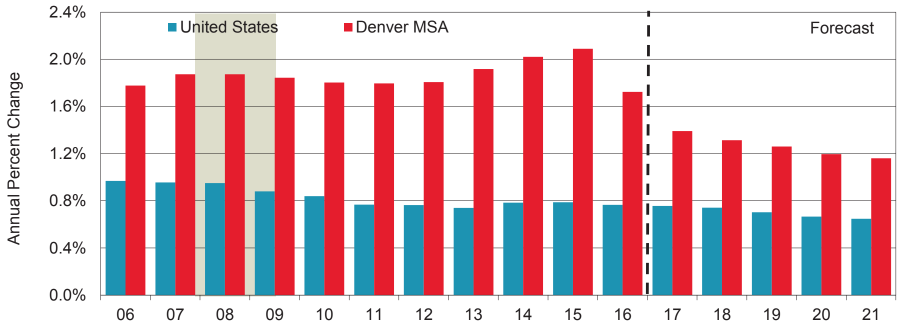
Characteristic	Denver MSA	United States
Median Age (years)	36.0	38.0
Average Annual Household Income	$93,342	$78,425
Median Annual Household Income	$67,245	$54,505
Households by Annual Income Level:		
<$25,000	16.8%	23.0%
$25,000 to $49,999	20.5%	23.4%
$50,000 to $74,999	18.1%	18.3%
$75,000 to $99,999	14.0%	12.4%
$100,000 plus	30.6%	23.0%
Education Breakdown:		
< High School	10.6%	13.9%
High School Graduate	21.4%	28.1%
College < Bachelor Degree	28.8%	29.0%
Bachelor Degree	25.4%	18.2%
Advanced Degree	13.8%	10.9%

Source: © 2016 Experian Marketing Solutions, Inc. •All rights reserved•
Cushman & Wakefield Valuation & Advisory

Population

According to Experian marketing Solutions, Inc., the population of the Denver MSA was estimated to be slightly over 2.8 million residents in 2017, making it the largest metropolitan area in Colorado and the 21st largest metro area in the United States. Population growth trends in the Denver MSA consistently exceeded the national population growth rate between 2006 and 2016. Despite forecasts for a near-term slowdown in the population growth rate, the metro area population is anticipated to continue increasing at a higher rate than that of the nation during the next five years. Looking forward, strong demographic trends, a high quality of life, and a favorable concentration of high-wage industries should support above-average population growth in the Denver MSA over the long term. The following graph compares historical and projected population growth between the Denver MSA and the United States as a whole:

POPULATION GROWTH BY YEAR
Denver MSA vs. United States, 2006-2021



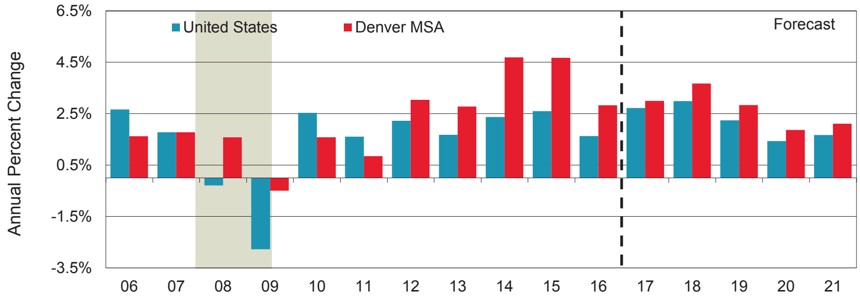
Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Economic Trends

Gross Metro Product

Although Gross Metro Product (GMP) growth trends in the Denver MSA generally followed national gross product growth trends over the last ten years, the Denver MSA recorded a stronger average gross product growth rate than the nation between 2006 and 2016. According to Moody's Analytics, the Denver metro area recorded a GMP of $1.1 billion in the fourth quarter of 2016, which represents a 0.7 percent increase from the previous quarter. The following graph compares historical and projected GMP growth by year for the Denver MSA and the U.S. as a whole:

REAL GROSS PRODUCT GROWTH BY YEAR
Denver MSA vs. United States, 2006-2021

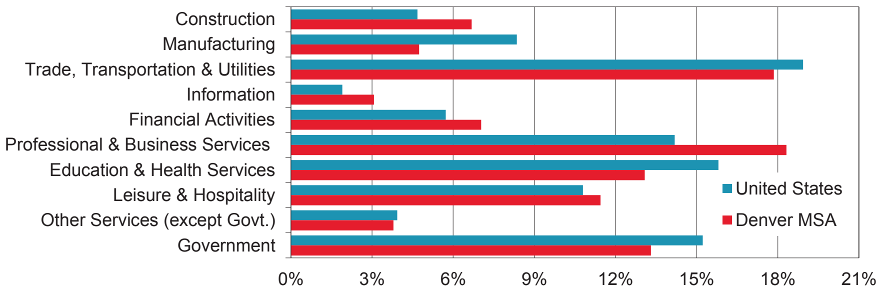


Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Employment Distribution

The Denver MSA's employment base is relatively diverse, and the metro area is the major service and logistics hub of the Rocky Mountain region. The Trade, Transportation & Utilities and Professional & Business Services sectors employ the highest percentages of workers in the Denver MSA, and the Government and Education & Health Services sectors also account for large shares of employment in the metro area. The following graph compares the employment profiles of the Denver MSA and the U.S.:

EMPLOYMENT BY SECTOR
Denver MSA vs. United States
2017 Estimates



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory

Major Employers

The Denver metro area is home to ten 2017 *Fortune 500* companies, which include: DISH Network Corporation, Liberty Interactive Corporation, Level 3 Communications, Inc., among others. These firms, along with many other top employers in the area, highlight the significance of telecommunications in the Denver economy. Industries represented by the metro area's largest private employers include: healthcare, telecommunications, and utilities & transportation. The following table lists the largest employers in the Denver Metropolitan area, and highlights the region's strong concentration of telecommunications and healthcare firms:

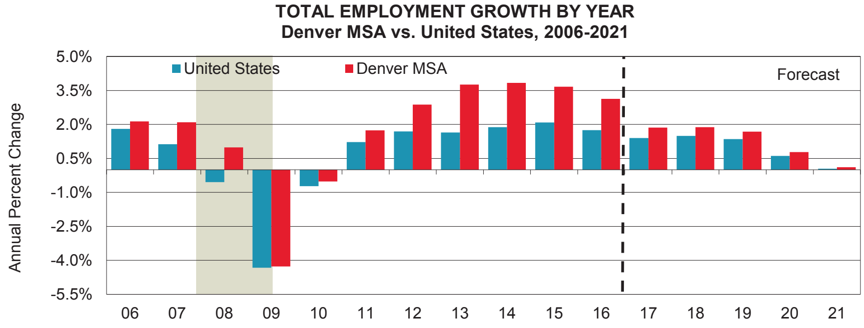
Largest Private Employers
Denver MSA, CO

Company	No. of Employees	Business Type
HealthONE	10,180	Healthcare
University of Colorado Hospital	6,550	Healthcare
Exempla Healthcare	6,030	Healthcare
Centura Health	5,980	Healthcare
Lockheed Martin	5,900	Aerospace
CenturyLink	5,840	Utilities
United Airlines	5,500	Transportation
Children's Hospital	5,250	Healthcare
Denver Health & Hospital Authority	5,210	Healthcare
Comcast	5,130	Utilities

Source: Metro Denver Economic Development and Cushman & Wakefield Valuation & Advisory

Employment Growth

The Denver MSA employment growth continues to outpace the nation, which experienced stronger than the average national employment growth rate between 2006 and 2016. Moreover, the MSA nearly doubled the national average the last four years. According to the Colorado Department of Labor, the Denver MSA added 43,498 jobs year-over-year, an increase in employment of 2.9 percent in February 2017. The Education & Health Services sector saw the largest annual percentage gains in employment, adding 8,600 jobs. Forecasts provided by Moody's Analytics expect the Denver MSA to achieve stronger levels of employment growth relative to the nation in the near term. Stronger demographic traits, a relatively balanced economy, and the metro area's position as a primary business center of the Rocky Mountains will likely result in strong levels of employment growth over the long term. The following graph illustrates total non-farm employment growth per year for the Denver MSA and the U.S.:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Outlook – Denver MSA

The Denver MSA has attracted new residents and added jobs at a faster rate than the nation over the last several years. In addition to having a variety of well-established industries such as the aerospace and telecommunication industries, the metro area is an attractive location for expanding businesses due to its well-educated workforce and relatively low business costs. The cost of living is only slightly higher than the national average at 109.3 percent, and the combination of low taxes, reasonable transportation costs and low utility prices help businesses and households effectively generate more income, improving both the bottom line and quality of life.

High household incomes, a variety of employment opportunities and a high quality of life is expected to continue drawing new residents to the area over the next several years, helping to support above average levels of employment growth relative to the nation in the near term. The overall outlook for the Denver MSA is positive, and a stable national economy will likely provide a boost in demand for the high-tech goods and services produced in the region.

Denver Office Market Analysis

Current Trends

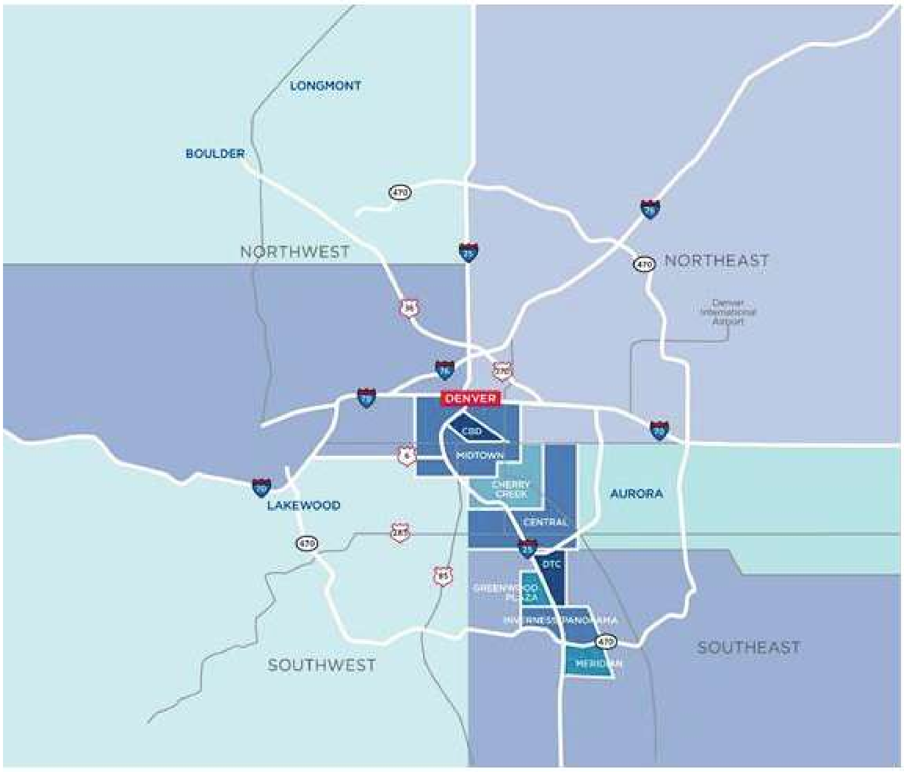
The Denver Office market is still feeling the lingering effects of the reduced presence of energy companies in the CBD, due to low oil prices. However, the overall economic conditions in the Denver area remained strong, with low unemployment and a strong growth in employment.

Below average business costs, a variety of well-established office-using sectors and an improving infrastructure have allowed Denver to attract business investment and retain strong demand for office space over the last few years. However, the office market's recent rapid growth rate may begin to slow, and return to a more reasonable pace, as large amounts of new office space are slow to be absorbed.

Market Characteristics

The Denver office market contains approximately 111.5 msf (msf) of office space, of which 74.4 percent is located in suburban markets outside of the Denver CBD. The suburban market is further subdivided into 19 submarkets as illustrated in the chart below. The following map of Denver provides approximate location for each of the region's major office submarkets:

DENVER OFFICE SUBMARKET MAP



Source: Cushman and Wakefield Research

Supply Analysis

Vacancy

Due to low levels of inventory growth, vacancy declined between 2009 and 2014. However, as more space was delivered to the market from 2015 to 2017, the vacancy rate began to increase again. The Denver area overall vacancy rate increased 90 basis points over the previous quarter to reach 14.5 percent in first quarter 2017. Moreover, the Denver overall vacancy rate was 3.2 percentage points higher than a year ago at the end of first quarter 2016. Overall vacancy rates in the CBD have trended upward since 2013, while the Non-CBD vacancy rates have trended downward over the same period. This swing in vacancy rates over the last few years, is an indication of an increase in demand for suburban office space, most likely due to lower rents, shorter commute times and more amenities. However, the vacancy rate in the Non-CBD started to increase in first quarter 2017, which increased 1.0 percentage point from the previous quarter. The completion of new space over the past couple years has put upward pressure on the Denver area vacancy rate, which caused the local vacancy rate to exceed its five year average rate of 13.7 percent. Forecasts for further employment growth in office-using sectors should also fuel demand for office space in the near term, helping to slow vacancy increases through 2017.

The following table details office market statistics in the Denver region in first quarter 2017:

Office Market Statistics by Submarket
Denver Metropolitan Area
First Quarter 2017

Market/Submarket	Inventory	Overall Vacancy	Direct Vacancy	YTD Leasing Activity	Under Construction	YTD Construction Completion	YTD Overall Absorption	Direct Wtd Avg Class A Rent	Overall Avg Asking Rent
CBD	**28,487,244**	**16.7%**	**13.8%**	**557,917**	**1,381,814**	**290,656**	**(23,455)**	**$36.74**	**$32.64**
				NON-CBD					
Midtown	4,281,609	6.5%	6.1%	44,528	525,343	0	42,028	$35.98	$25.68
Southeast	3,187,137	16.2%	13.0%	41,688	0	0	(59,793)	$22.31	$19.36
Cherry Creek	7,642,601	11.6%	11.1%	101,014	309,774	0	(48,511)	$29.44	$26.29
Northeast	2,642,809	19.9%	19.9%	7,364	43,586	0	(11,342)	$23.39	$15.93
Southwest	7,463,140	16.9%	14.6%	70,388	0	0	(111,639)	$23.15	$18.63
Union Square	2,614,830	15.7%	15.0%	37,118	0	0	(19,391)	$23.91	$22.17
East/Aurora	4,969,333	10.5%	10.3%	27,139	0	0	18,533	$18.18	$16.03
Denver Tech Center	9,211,954	19.7%	16.8%	394,680	543,262	0	53,627	$26.26	$25.34
Greenwood Plaza	8,427,693	14.1%	13.1%	92,862	603,641	0	(35,758)	$28.29	$24.25
Inverness/Panorama	7,517,906	14.3%	12.7%	53,153	558,501	0	(107,307)	$24.79	$23.31
Arapahoe Road	2,866,856	8.1%	7.4%	24,423	0	0	(24,067)	$24.00	$16.85
Northwest Corridor	7,914,836	11.7%	9.5%	103,351	231,080	0	(93,454)	$30.07	$26.16
West Denver	4,884,016	13.5%	13.3%	52,731	0	0	(2,788)	$22.50	$20.04
Meridian	3,126,235	10.9%	6.4%	31,850	0	0	(103,087)	$27.71	$26.40
Gunbarrel	611,000	16.3%	16.3%	0	0	0	0	N/A	$14.28
Longmont	494,835	6.2%	6.2%	0	0	0	1,700	N/A	$18.87
Downtown Boulder	1,807,547	12.6%	8.2%	41,590	32,000	0	18,226	$49.29	$42.53
Central Boulder	1,738,166	8.4%	2.8%	55,137	340,200	0	(9,794)	$35.14	$28.76
East Boulder	1,595,896	19.5%	17.4%	3,188	0	0	(38,521)	$30.13	$26.13
NON-CBD TOTAL	**82,998,399**	**13.8%**	**12.1%**	**1,182,204**	**3,187,387**	**0**	**(531,338)**	**$26.89**	**$23.03**
DENVER TOTAL	**111,485,643**	**14.5%**	**12.6%**	**1,740,121**	**4,569,201**	**290,656**	**(554,793)**	**$30.67**	**$25.80**

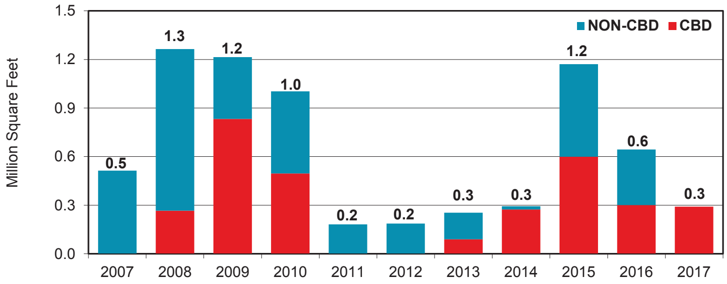
Source: Cushman & Wakefield Research; compiled by C&W V&A

Construction

Higher demand for space, improving occupancy trends, and rising rents have encouraged office construction activity to pick up over the past two years. After a low amount of office space completed between 2011 and 2013, the amount of office space under construction increased significantly between 2014 and 2017, as market conditions improved and developer confidence increased.

A total of 290,000 square feet of new office space was completed across the Denver area in first quarter 2017, which was slightly higher than the five year quarterly average of 120,000 square feet. However, the area witnessed the highest amount of space under construction since 2008, as the Denver office market is poised for strong growth in the near term. As a direct result, rising vacancy rates and large amounts of office space already under construction, may discourage further office development during this construction cycle. The following graph summarizes construction completions per year in the Denver office market:

CONSTRUCTION COMPLETIONS
Denver Office Market, 2007-2017 YTD



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

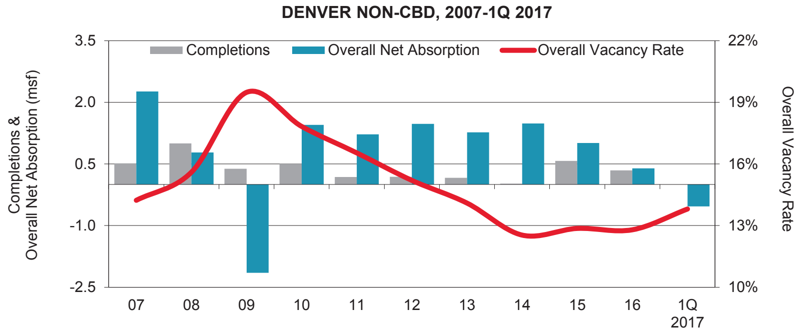
Asking Rents

As the Denver office market improved and the regional vacancy rate declined between 2009 and 2015, stronger occupancy trends helped to increase asking rents. After steadily increasing over the past five years, the average overall asking rent reached an all-time high of $25.80 per square foot in the first quarter of 2017. While overall asking rents have seen a significant increase over the past few years, rents may begin to temper as vacancy continues to rise. However, higher levels of job growth should maintain a healthy demand for office space and help support relatively high asking rents through 2017. The following charts illustrate asking rents as compared to overall vacancies within the Denver Non-CBD markets from 2007 to 2017:

DENVER NON-CBD, 2007-1Q 2017

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

The following chart compares office completions and absorption with vacancy in the Denver non-CBD market between 2007 and first quarter 2017:



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

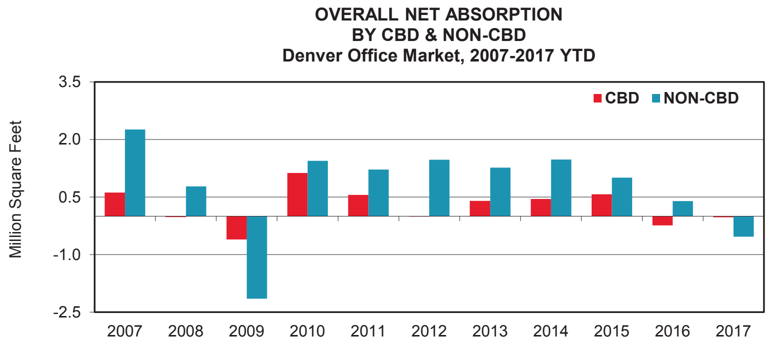
Demand Analysis

Leasing Activity

After tempering during the economic downturn, leasing activity in the Denver office market quickly rebounded in 2010, reaching a post-recession high of nearly 10.3 msf. Total leasing activity in Denver gradually decreased over the five years following 2010, before picking up again in 2016, when Denver recorded 9.7 msf in leasing activity. In the first quarter of 2017 the Denver office market recorded over 1.7 msf in leasing activity, which was approximately 700,000 square feet more than the leasing activity recorded in first quarter 2016. Leasing activity should continue to ramp up in the near term as expectations for steady job growth in office-using employment sectors helps to drive demand.

Historical Net Absorption

Net absorption measures the net change in tenant occupied space over a given time and is a useful indicator of the demand for office product. In coordination with declining vacancy rates from 2010 to 2015, the Denver office market continued to report annual absorption at or above 1.5 msf. After five years of robust net absorption, the Denver office market closed 2016 with a low of 156,860 square feet of absorption, which was the lowest amount of space absorbed since 2009. This low rate of absorption continued through the first quarter of 2017, when the Denver market recorded a negative absorption of 554,793 square feet. Looking forward, employment growth in the Denver area is expected to slow down over the next few years, further hindering absorption of available office space. The following graph illustrates absorption trends in the Denver office market between 2007 and 2017:



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

Demand Drivers

The economy of Denver has historically been driven by the Trade, Transportation & Utilities, Professional & Business Services, and Financial Activities sectors. Trade-related industries are traditionally not large direct users of office space, but the business services that support this sector have a substantial influence on the market. Professional & Business Services and Financial Activities firms are large direct users of office space in the Denver region, and growth within these sectors will continue to drive office-using employment gains over the long term.

Supply and Demand Forecast

Cushman & Wakefield's office market forecasts are derived using a regression model developed by our Research staff. The model is based on trends in historical occupancy and rental rate movements as well as factors such as employment growth, new construction and absorption tendencies. The following table and subsequent graph outline the demand analysis for the Denver office market as of first quarter 2017:

Office Market Forecast

Denver, CO

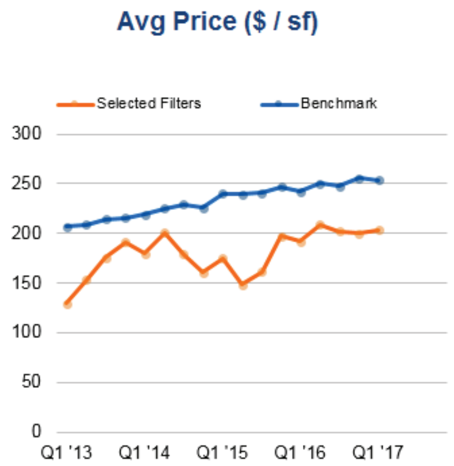
CUSHMAN & WAKEFIELD

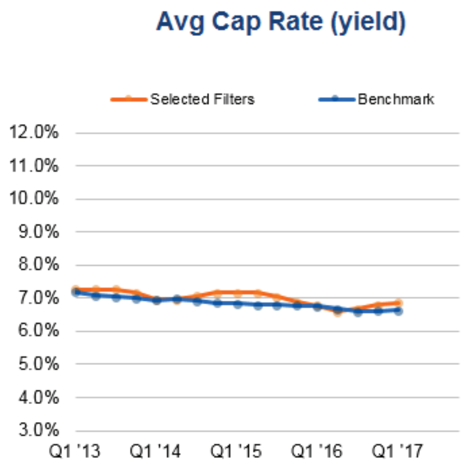
	2014	2015	2016	2017F	2018F	2019F	2020F	2021F
Employment								
Total Office-using Employment*	1,345,900	1,395,200	1,439,800	1,470,700	1,500,100	1,524,900	1,535,100	1,536,200
Growth Rate	3.8%	3.7%	3.2%	2.1%	2.0%	1.7%	0.7%	0.1%
Net New Office-using Jobs*	49,800	49,300	44,600	30,900	29,400	24,800	10,200	1,100
CBD								
New Supply CBD (Sq. Ft)	273,800	598,600	591,100	335,000	1,444,300	-	-	150,000
Occupied Space (Sq. Ft.)**	23,767,200	23,995,000	23,530,100	24,613,900	23,748,200	23,855,400	23,805,300	23,714,900
Vacant/Available (Sq. Ft.)**	3,088,400	3,459,200	4,515,300	3,766,500	6,076,500	5,969,300	6,019,400	6,259,800
Overall Vacancy Rate	11.5%	12.6%	16.1%	13.3%	20.4%	20.0%	20.2%	20.9%
Forecast Net Absorption (Sq. Ft.)	136,000	227,800	(464,900)	1,083,800	(865,700)	107,200	(50,100)	(90,400)
Asking Rents*	$30.19	$31.96	$32.37	$33.14	$33.95	$34.75	$35.01	$34.79
Growth Rate	5.7%	5.8%	1.3%	2.4%	2.4%	2.4%	0.8%	-0.6%
Asking Rents**	$31.28	$32.18	$32.60	$33.74	$34.75	$35.62	$36.33	$36.88
Growth Rate	8.4%	2.9%	1.3%	3.5%	3.0%	2.5%	2.0%	1.5%
Non-CBD								
New Supply Non-CBD (Sq. Ft.)	19,500	284,600	723,800	1,826,000	2,056,600	744,500	402,800	302,000
Occupied Space (Sq. Ft.)**	71,321,500	71,243,300	71,956,300	72,334,900	74,278,600	75,658,100	76,462,600	77,134,400
Vacant/Available (Sq. Ft.)**	10,188,800	10,551,600	10,562,400	12,009,800	12,122,700	11,487,700	11,086,000	10,716,200
Overall Vacancy Rate	12.5%	12.9%	12.8%	14.2%	14.0%	13.2%	12.7%	12.2%
Forecast Net Absorption (Sq. Ft.)	1,321,000	(78,200)	713,000	378,600	1,943,700	1,379,500	804,500	671,800
Asking Rents*	$19.82	$20.65	$22.18	$22.97	$23.40	$23.76	$23.86	$23.81
Growth Rate	1.8%	4.2%	7.4%	3.6%	1.9%	1.5%	0.4%	-0.2%
Asking Rents**	$20.01	$21.09	$22.74	$23.12	$23.56	$23.84	$23.84	$23.79
Growth Rate	2.2%	5.4%	7.8%	1.7%	1.9%	1.2%	0.0%	-0.2%
Total Market								
Inventory (Sq. Ft.)**	108,365,900	109,249,100	110,564,000	112,725,100	116,226,000	116,970,500	117,373,300	117,825,300
New Supply (Sq. Ft.)	293,300	883,200	1,314,900	2,161,100	3,500,900	744,500	402,800	452,000
Occupied Space (Sq. Ft.)**	95,088,700	95,238,300	95,486,300	96,948,900	98,026,800	99,513,500	100,267,900	100,849,300
Vacant/Available (Sq. Ft.)**	13,277,200	14,010,800	15,077,700	15,776,200	18,199,200	17,457,000	17,105,400	16,976,000
Overall Vacancy Rate	12.3%	12.8%	13.6%	14.0%	15.7%	14.9%	14.6%	14.4%
Net Absorption (Sq. Ft.)	1,456,900	149,600	248,000	1,462,600	1,077,900	1,486,700	754,400	581,400
Asking Rents*	$22.10	$23.33	$25.14	$25.85	$26.93	$27.68	$27.93	$27.97
Growth Rate	3.8%	5.6%	7.7%	2.9%	4.2%	2.8%	0.9%	0.2%
Asking Rents**	$22.63	$23.78	$25.69	$25.66	$27.30	$27.87	$28.24	$28.62
Growth Rate	5.4%	5.1%	8.0%	-0.1%	6.4%	2.1%	1.3%	1.3%

Note: Numbers in the table may not add to totals due to rounding.
Source: Economic Data courtesy of Moody's Analytics, Cushman & Wakefield Research * denotes an annual average ** denotes year-end

Denver Office Investment Sales Market

According to Real Capital Analytics, 115 office sale transactions closed in the 12 months ending March 2017, with a total volume of $2.05 billion, averaging a price of approximately $203 per square foot. The 115 buildings total 10.3 million square feet. Cap rates for this period averaged 6.9 percent, with an average of 6.1 percent reported for the first quarter of 2017. As shown in the following graphic, prices have generally trended upward since early 2013 and have consistently fallen below the benchmark (United States) averages. Capitalization rates have trended downward during this period and have remained very consistent with national averages.





Source: *Real Capital Analytics*

Outlook – Denver Office Market

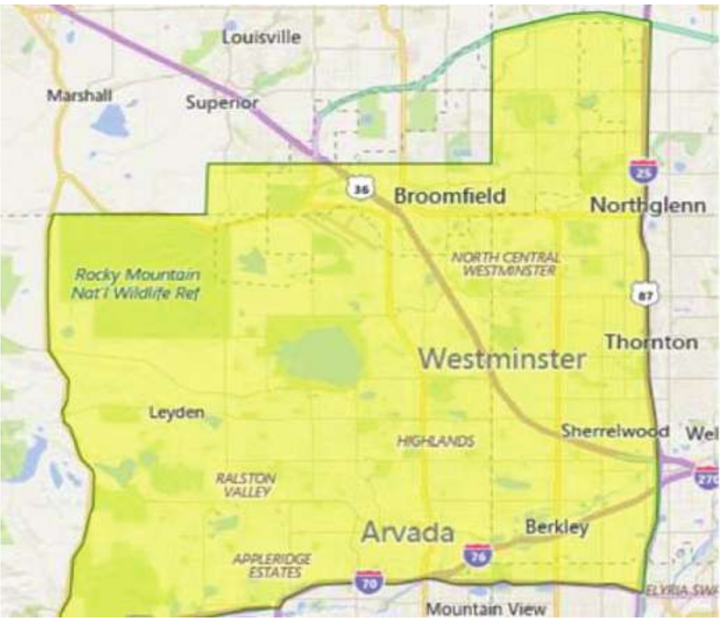
The Denver metro area exhibits strong economic and demographic fundamentals, which should benefit local office employers and help drive local office market activity in the near term. Office vacancy increased significantly in the CBD and the Non-CBD markets in first quarter 2017. Despite a negative net absorption for four consecutive quarters, the overall asking rents rose to an all-time high. Construction activity remained strong for the first quarter, with 290,656 square feet delivered in 2017 and a total of 4.6 msf of new office space in the pipeline. Strong population growth trends, a diverse economy, and the vitality of both the CBD and suburban markets should ensure that the Denver office market will be an above average performer over the long term. While the Denver area remains poised for growth in the office market in the near term, the market has showed signs of peaking as large amounts of office space delivered to the market are slow to be absorbed.

Northwest Submarket

Introduction

Data for the following analysis of the submarket is provided by Reis, Inc. The subject lies within the Northwest submarket of Denver. The subject submarket contains 7,768,000 square feet, or 8.5 percent of the region's inventory. The subject's submarket basically entails the northwest quadrant of Interstate 70 and Interstate 25 and is bisected in a northwest direction by U.S. Highway 36. The major concentrations of office space is along the West 120th corridor to the immediate west of Interstate 25, the Interlocken Advanced Technology Park campus, and the subject's campus. The Flatirons Crossing Mall, an upscale 1.5 million square foot enclosed super-regional mall with an open-air shopping village is also in proximity to the subject property.

NORTHWEST SUBMARKET



Supply

Inventory and Construction Completions

Within the subject submarket, a total of 252,000 square feet of space was completed between 2012 and 2016. Over the next five years, Reis projects that an additional 432,000 square feet of new space will be completed within the Northwest submarket.

The following table presents historical inventory and projected completions for the region and subject submarket.

HISTORICAL AND PROJECTED INVENTORY & COMPLETIONS (SF)

	Denver					Northwest					
Year	Class A	Completions	Class B/C	Completions	Total Completions	Class A	Completions	Class B/C	Completions	Total Completions	% of Region
2012	43,724,000	234,000	45,033,000	0	234,000	3,256,000	186,000	4,493,000	0	186,000	79.5%
2013	43,752,000	28,000	44,986,000	0	28,000	3,256,000	0	4,446,000	0	0	0.0%
2014	44,034,000	302,000	44,951,000	0	302,000	3,256,000	0	4,446,000	0	0	0.0%
2015	45,082,000	1,208,000	44,909,000	0	1,208,000	3,256,000	0	4,446,000	0	0	0.0%
2016	45,505,000	423,000	44,832,000	0	423,000	3,322,000	66,000	4,446,000	0	66,000	15.6%
1Q17	46,081,000	576,000	45,044,000	212,000	788,000	3,322,000	0	4,446,000	0	0	0.0%
2017	---	---	---	---	2,030,000	---	---	---	---	0	0.0%
2018	---	---	---	---	1,360,000	---	---	---	---	72,000	5.3%
2019	---	---	---	---	359,000	---	---	---	---	96,000	26.7%
2020	---	---	---	---	522,000	---	---	---	---	130,000	24.9%
2021	---	---	---	---	531,000	---	---	---	---	134,000	25.2%
2012-2016											
Total Completions		**2,195,000**		**0**	**2,195,000**		**252,000**		**0**	**252,000**	
Annual Average		**439,000**		**0**	**439,000**		**50,400**		**0**	**50,400**	**11.5%**

Source: Reis, Inc.

As can be seen, the subject's submarket has not seen the explosive growth witnessed in the overall Denver office market as exhibited in the chart above. However, some 432,000 square feet of office space is planned in the Northwest submarket over the next five years, which shows the confidence developers have in the local market area.

Demand

Between 2012 and 2016, submarket vacancy rates decreased from 21.1 to 19.6 percent. The current vacancy rate for the submarket is 18.7 percent. Over the near term, Reis is projecting a rise in vacancy for the Northwest submarket, with vacancy levels ranging from 18.5 percent in 2017 to 19.4 percent in 2021.

The following table presents historical and projected vacancy rates for the region and subject submarket.

HISTORICAL AND PROJECTED VACANCY RATES (%)

	Denver			Northwest		
Year	Class A	Class B/C	Total	Class A	Class B/C	Total
2012	16.5	21.2	18.9	20.1	21.8	21.1
2013	17.5	20.2	18.9	19.3	21.4	20.5
2014	16.0	18.0	17.0	18.2	21.1	19.9
2015	16.7	18.6	17.6	18.4	19.4	19.0
2016	16.7	18.3	17.5	18.2	20.6	19.6
1Q17	16.9	19.2	18.0	16.2	20.5	18.7
2017	---	---	17.7	---	---	18.5
2018	---	---	17.0	---	---	18.6
2019	---	---	16.1	---	---	18.5
2020	---	---	15.1	---	---	18.8
2021	---	---	14.6	---	---	19.4

Source: Reis, Inc.
Note: Reis does not differentiate between space that is available directly from the landlord or as a sublease.
Any space that is available immediately for leasing (i.e. within 30 days) is considered vacant by Reis' standards.

As shown, Class A buildings are exhibiting lower vacancies than Class B/C buildings (16.2 percent versus 20.5 percent).

Absorption Trends

Absorption measures change in the level of occupied space in a geographic region over a specific period of time. Absorption is not a measure of leasing activity. It reflects increasing, stable or decreasing demand for space. If the level of occupied space increases from one period to the next, demand has increased. If no change has occurred, demand is stable. If the level of occupied space is lower, demand has decreased. All things being equal, positive absorption lowers vacancy rates and negative absorption increases vacancy rates. A newly constructed building that enters the marketplace vacant will adversely affect the vacancy rate but have no bearing on absorption since it has not altered the level of occupancy.

Between 2012 and 2016, new construction within the Northwest submarket outpaced absorption, with an annual average of 50,400 square feet completed and 1,200 square feet absorbed. Over the next five years, Reis projects that new construction will surpass absorption (new construction will total 432,000 square feet, and 364,000 square feet is expected to be absorbed).

The following table presents historical and projected absorption levels and completions for the region and the subject submarket.

HISTORIC AND PROJECTED NET ABSORPTION (SF)

	Denver				Northwest			
Year	Class A	Class B/C	Total Absorption	Total Completions	Class A	Class B/C	Total Absorption	Total Completions
2012	363,000	108,000	474,000	234,000	36,000	-163,000	-125,000	186,000
2013	-382,000	423,000	40,000	28,000	28,000	-18,000	9,000	0
2014	880,000	955,000	1,834,000	302,000	34,000	12,000	46,000	0
2015	575,000	-277,000	301,000	1,208,000	-6,000	76,000	70,000	0
2016	356,000	56,000	409,000	423,000	61,000	-55,000	6,000	66,000
1Q17	382,000	-229,000	154,000	788,000	67,000	8,000	74,000	0
2017	---	---	1,438,000	2,030,000	---	---	83,000	0
2018	---	---	1,770,000	1,360,000	---	---	56,000	72,000
2019	---	---	1,187,000	359,000	---	---	84,000	96,000
2020	---	---	1,346,000	522,000	---	---	82,000	130,000
2021	---	---	992,000	531,000	---	---	59,000	134,000
2012-2016								
Total Absorption	**1,792,000**	**1,265,000**	**3,058,000**	**2,195,000**	**153,000**	**-148,000**	**6,000**	**252,000**
Annual Average	**358,400**	**253,000**	**611,600**	**439,000**	**30,600**	**-29,600**	**1,200**	**50,400**

Source: Reis, Inc.

Rental Rates Trends

As shown in the following chart, average asking rental rates in the Northwest submarket increased from an average of $20.41 per square foot in 2012 to $20.80 per square foot in 2016, demonstrating a CAGR of 0.5 percent. Over the next five years, average asking rents are expected to increase from $21.17 per square foot in 2017 to $23.24 per square foot in 2021. The current average asking rent stands at $20.90 per square foot.

The following table presents historical and projected average asking rental rates for the region and subject submarket.

Historical and Projected Average Asking Rental Rates ($/SF)

	Denver					Northwest				
Year	Class A	Class B/C	Total	% Change	Effective Rent	Class A	Class B/C	Total	% Change	Effective Rent
2012	$25.30	$18.47	$21.84	1.8	$16.84	$24.38	$17.54	$20.41	0.8	$15.94
2013	$25.71	$18.81	$22.21	1.7	$17.13	$24.14	$17.59	$20.36	-0.2	$15.89
2014	$26.66	$19.42	$23.00	3.6	$17.76	$24.36	$17.73	$20.53	0.8	$16.05
2015	$27.31	$20.00	$23.66	2.9	$18.28	$24.10	$18.10	$20.64	0.5	$16.16
2016	$27.92	$20.58	$24.28	2.6	$18.72	$24.19	$18.26	$20.80	0.8	$16.26
1Q17	$28.00	$20.79	$24.45	0.7	$18.83	$24.25	$18.42	$20.90	0.5	$16.34
2017	---	---	$24.84	2.3	$19.10	---	---	$21.17	1.8	$16.50
2018	---	---	$25.55	2.9	$19.62	---	---	$21.63	2.2	$16.74
2019	---	---	$26.31	3.0	$20.21	---	---	$22.15	2.4	$17.06
2020	---	---	$27.19	3.3	$20.89	---	---	$22.69	2.4	$17.40
2021	---	---	$28.14	3.5	$21.59	---	---	$23.24	2.4	$17.77
2012-2016										
CAGR	**2.49%**	**2.74%**	**2.68%**			**-0.20%**	**1.01%**	**0.47%**		

Source: Reis, Inc.
Notes: CAGR stands for Compound Annual Growth Rate. Asking rents cited by Reis reflect the advertised rental rates for actively marketed space. Effective rents net of any rental concessions, expressed over the life of the lease term. Reis quotes Office rents on a Gross basis.

Class A buildings within the region are exhibiting higher average asking rents ($28.00 per square foot) than Class B/C buildings ($20.79 per square foot). Within the subject submarket, Class A buildings have higher average asking rents than Class B/C buildings ($24.25 per square foot versus $18.42 per square foot).

Outlook – Northwest Office Submarket

Vacancy levels for the Northwest Office Submarket have decreased since 2012 and are expected to rise from 18.5 percent in 2017 to 19.4 percent in 2021. Over the near term, new construction activity should surpass absorption, and average asking rates are forecasted to range from $21.17 per square foot in 2017 to $23.24 per square foot in 2021. Overall, the subject's Northwest submarket should continue to mirror the overall trends being experienced in the metropolitan Denver office market going forward.

Subject Property – Westmoor Center

Location and Description

Westmoor Center is located at 10055-10355 Westmoor Drive, Westminster, Jefferson County, Colorado. The property is situated in the Northwest submarket of the metropolitan Denver office market, both of which have been analyzed in previous sections.

The subject is a 2 to 3-story, Class A, multi-tenanted office campus comprised of six attractive buildings containing a total of 612,890 square feet of rentable area situated on a total of 1,904,706 square feet of land area. The improvements were completed in 1999 and are in good condition. The subject property is part of the Westmoor Technology Park, which is a developing 425 acre office/high-tech campus with several major tenants. The park was originally started in the latter part of the 1990's and had been met with general market acceptance. Within the confines of the Westmoor Technology Park, is an 18-hole golf course and associated clubhouse amenities known as The Heritage at Westmoor. Also, within the confines of the park is the West View Recreational Center operated by the City of Westminster.

The subject property is currently some 82 percent occupied, which accounts for 21 tenants. Some of the major tenants include Ball Aerospace, Oracle America, Convergys Corporation, Reed Group, Cabela's Inc., Health Inventures, LLC, Zimmer Biomet Spine, Inc., and the United States of America. It appears that the subject's occupancy and potential turnover risk is similar to that of other office properties in the competitive market.

Transportation and Connectivity

Local area accessibility is generally good. The Denver/Boulder Turnpike (U.S. Highway 36) Corridor continues to be one of the primary areas for high-tech research and development, office, retail, hotel and residential development. Regional accessibility is considered average. The subject is located west of the Denver-Boulder Turnpike (U.S. Highway 36) and the Church Ranch Boulevard interchange and south of the U.S. Highway 36 and Wadsworth Parkway interchange. U.S. Highway 36 bisects the local market area in a northwest-southeast diagonal. It is the major highway providing access to the City of Boulder to the west and Interstate 25 to the east. Interstate 25 is the major north-south highway providing access to the Central Business District, the various suburban office markets, as well as areas to the north. It is located some 6½ miles to the east of the subject property.

Just to the north of the subject campus, the area is dominated by the presence of the Rocky Mountain Metropolitan Airport and related regional airport uses. This regional airport is considered one of the Nation's busiest general aviation executive airport. It covers an area encompassing some 633 acres and contains three runways.

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 most competitive to the subject.

Micro Market Snapshot

We have identified office buildings with the following characteristics as the being directly competitive with the subject.

- Mid-rise suburban class A office product
- Those office buildings in the competitive market constructed after 1995

The following table contains the results of a CoStar Group and Cushman & Wakefield survey of existing competitive properties. These buildings 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	Expenses
S	**Westmoor Center**	**10055-10355 Westmoor Drive**	**4.58**	**1999**	**2 to 3**	**A**	**612,890**	**107,967**	**82.4**	**$16.75**	**Triple Net**
1	Eldorado Ridge III	10901 W 120th Ave	4.10	2001	4	A	108,318	16,239	85.0	$16.75	Triple Net
2	Eldorado Ridge I	11001 W 120th Ave	4.10	1999	4	B	107,690	31,816	70.5	$16.75	Triple Net
3	Eldorado Ridge II	11101 W 120th Ave	4.10	1999	4	A	108,311	5,830	94.6	$16.75	Triple Net
4	Mountain View - Bldg 2	12101 Airport Way	4.20	2000	3	A	94,582	0	100.0	$19.50	Triple Net
5	Mountain View - Bldg 1	12303 Airport Way	4.40	1999	3	A	114,908	9,937	91.4	$19.50	Triple Net
6	8001 Arista Place	8001 Arista Pl	4.00	2008	6	A	111,160	0	100.0	$21.29	Triple Net
7	8181 Arista Place	8181 Arista Pl	4.00	2016	5	A	102,869	35,520	65.5	$23.50	Triple Net
8	Circle Point I	11030 Circle Point Rd	4.77	2001	4	A	123,730	73,495	40.6	$18.50	Triple Net
9	Circle Point Corporate Center II	11080 Circle Point Rd	4.77	2001	5	A	151,412	16,865	88.9	$18.50	Triple Net
10	Gogo Building	105 Edgeview Dr	3.50	2012	4	A	186,231	4,371	97.7	$24.50	Triple Net
11	370 Interlocken	370 Interlocken Blvd	4.20	1998	6	A	150,656	8,472	94.4	$17.53	Triple Net
12	310 Interlocken	310 Interlocken Pky	2.48	1986	2	B	121,970	67,688	44.5	$14.00	Triple Net
13	Westmoor Place Building 10	11000 Westmoor Cir	4.26	2002	4	A	161,325	4,924	97.0	$16.50	Triple Net
14	Westmoor Place Building 8	11400 Westmoor Cir	4.30	2001	3	A	133,352	15,483	88.4	$16.50	Triple Net
OVERALL STATISTICS INCLUDING SUBJECT											
Low:			2.48	1986	2		94,582	0	40.6	$14.00	
High:			4.77	2016	6		612,890	107,967	100.0	$24.50	
Average/Total/All Classes:			**4.12**	**2001**	**4**		**159,294**	**26,574**	**83.3**	**$18.45**	

NNN- 'Triple Net'
Source: CoStar Goup, Inc. and Cushman & Wakefield of Colorado, Inc.

COMPETITION MAP

We surveyed 15 competitive office buildings within the submarket, including the subject property, containing approximately 2.4 million square feet. The average vacancy is approximately 16.7 percent, which falls in line with the 16.2 percent vacancy witnessed in the Northwest submarket and the metro Denver average of 16.9 percent.

Average asking rates for competitive office space range from $14.00 to $24.50 per square foot, with an average of $18.45 per square foot on a triple net rental basis. A “triple net” lease structure is defined by market participants as tenants being responsible for their pro-rata share of operating expenses incurred at the subject property including real estate taxes, insurance, common area maintenance and utilities. Lease rates include a tenant improvement package ranging from $4.00 to $8.00 per square foot per year of the lease term for new leases, and none (As Is) to $3.00 per square foot per year of the lease term for renewal leases. Lease terms typically reflect annual escalations typically falling in the range of $0.50 per square foot annually for triple net leases. The range in average asking rental rates is primarily based on the property location, the quality and amount of tenant build out, 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.

Subject's Competitive Market Position

The subject is considered a Class A office campus by market participants based on its quality, condition and tenancy. The subject benefits from being located within a well-established submarket located along the U.S. Highway 36 corridor serving Denver and Boulder, proximate to primary demand generators and local area amenities. In addition, the subject is located within the community of Westminster, which has a significant residential base that supports professional and financial services, high-tech firms, and healthcare-related office tenancy. The subject also benefits from being located near major thoroughfares and public transportation with accessibility from surrounding markets. The subject's immediate market reflects a competitive supply of available office space with stable triple net rental rates. The subject offers good amenities that are attractive to prospective tenants as evidenced by its current tenancy. Thus, based on the subject's locational characteristics, project quality and current tenancy, the subject has a good competitive position in comparison to other comparable buildings within the immediate market.

SWOT ANALYSIS

Strengths

- The subject benefits from its location within the northwest sector of metropolitan Denver
- Many of the tenants in occupancy have been so at the subject property for some time
- The proximity to a limited access highway, a regional commercial airport, a regional mall, and a strong surrounding residential base are positive factors when marketing the subject property

Weaknesses

- The abundance of vacant land in the immediate area is available for new office construction, which could potentially hurt the subject's overall marketability
- While the national economy is strong, continued issues in the price of crude oil could potentially hurt the local economy as local oil and gas companies continue to contract
- There are some tenants at the subject property who have physically vacated their spaces but are still paying rent thereby leaving the property susceptible to future vacancy

Opportunities

- The economic conditions inherent in the metropolitan Denver area have recently outperformed the nation as a whole
- The growing economy and the resultant demand for new residential development is continuing its expansion, which in turn signifies a need for office demand, more specifically into the northwest submarket.
- The outgrowth from the supply constrained City of Boulder continues to helps the surrounding communities in capturing new businesses

Threats

- Any dip in consumer spending and oil prices could hurt the Denver economy and in turn have negative repercussions throughout the metropolitan area.

Austin, Texas

Austin Regional Analysis

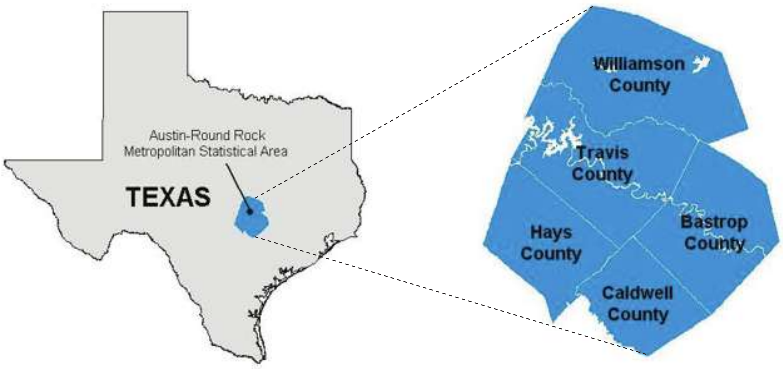
Introduction

Market Definition

The Austin-Round Rock Metropolitan Statistical Area (Austin MSA) consists of Williamson, Travis, Hays, Caldwell, and Bastrop counties located along the IH-35 corridor in the heart of Texas. The city of Austin is the capital of Texas and is located in Travis County, 165 miles northwest of Houston and 199 miles southwest of Dallas. Currently, Austin is the fourth-largest city in Texas and the 11th-largest in the United States. The Austin MSA has a population in excess of 2.0 million people, according to Moody's Analytics.

The following shows the five county region that constitutes the Austin Metropolitan Statistical Area:

AUSTIN-ROUND ROCK, TX
METROPOLITAN STATISTICAL AREA (MSA)



Source: Cushman & Wakefield Valuation & Advisory

Demographic Trends

Demographic Characteristics

With regard to demographic characteristics, Austin betters the U.S. in educational attainment and affluence. The relatively young and well educated population has created a draw for high tech companies offering high paying jobs. The average household income in Austin exceeds that of the United States as a whole by more than $11,692 per year. Population growth and household formation are projected to outpace the nation due to Austin's relatively low cost of living and growing number of employment opportunities, especially in the technology sector. Overall, the demographic traits of the Austin area are positive, and should continue to fuel migration trends going forward. According to city records, Austin has crossed the threshold of becoming a "Majority-Minority" city, meaning the city's Anglo share of total population has dropped below 50.0 percent.

Demographic characteristics are shown below:

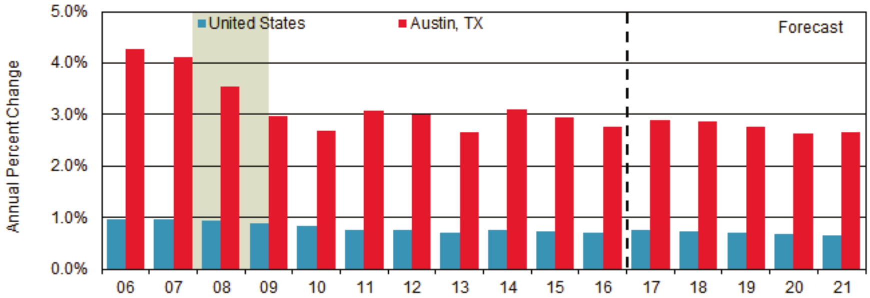
Demographic Characteristics Austin MSA vs. United States 2016 Estimates		
Characteristic	**Austin MSA**	**United States**
Median Age (years)	34.0	38.0
Average Annual Household Income	$90,117	$78,425
Median Annual Household Income	$64,834	$54,505
Households by Annual Income Level:		
<$25,000	17.7%	23.0%
$25,000 to $49,999	21.1%	23.4%
$50,000 to $74,999	18.4%	18.3%
$75,000 to $99,999	14.0%	12.4%
$100,000 plus	28.8%	23.0%
Education Breakdown:		
< High School	11.8%	13.9%
High School Graduate	19.7%	28.1%
College < Bachelor Degree	28.2%	29.0%
Bachelor Degree	26.4%	18.2%
Advanced Degree	14.0%	10.9%

Source: © 2016 Experian Marketing Solutions, Inc. •All rights reserved•
Cushman & Wakefield Valuation & Advisory

Population

Differences between Austin and the U.S. arise when analyzing overall population growth. A high quality of life and relative affordability of local housing have all contributed to robust population gains in Austin. Population growth in Austin spiked in 1999, 2000, and 2001 along with the large tech-boom in Austin. After the tech-bubble collapse, population growth dropped significantly but ramped back up to peak at 4.3 percent in 2006. After two years of growth that hovered in the 3.0 percent range, 2013 saw population slow to 2.7 percent. Population for 2014 improved again and saw growth at 3.1 percent but has fallen slightly since. Population growth fell to 2.9 percent in 2015 and fell again to 2.8 percent in 2016. Austin still has seen significantly more growth than the U.S. average at 0.7 percent in 2016, which has remained the same for the past five years. Going forward, population growth is expected to slowly fall but will remain way above the national average.

Population growth by year from 2006 to 2021 for the Austin MSA vs. United States is shown in the following graph:



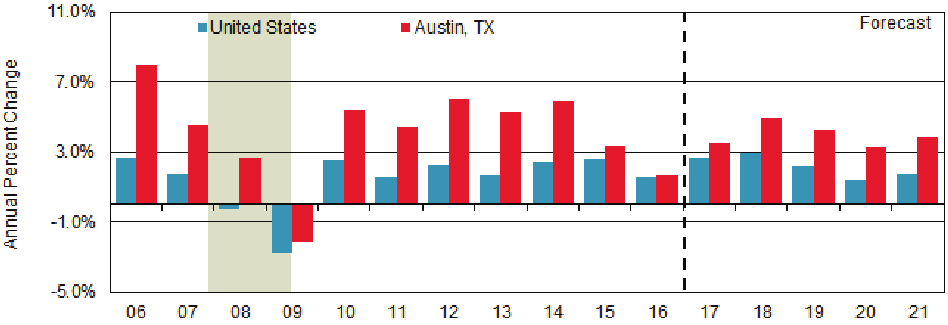
Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Economic Trends

Gross Metro Product

Growth in Austin's GMP slowed considerably as the global recession took hold in late 2007, but the economy began to recover in 2010, and generally experienced a higher annual rate of growth in its GMP than that of the U.S. Growth continued to outpace the national average between 2014 and 2016, but this trend will slow over the next five year forecast as the GMP forecast levels off but still stays above the national average. A graph of Austin's GMP growth from 2006 through a forecasted 2021 is as follows:

REAL GROSS PRODUCT GROWTH BY YEAR
Austin MSA vs. United States, 2006-2021

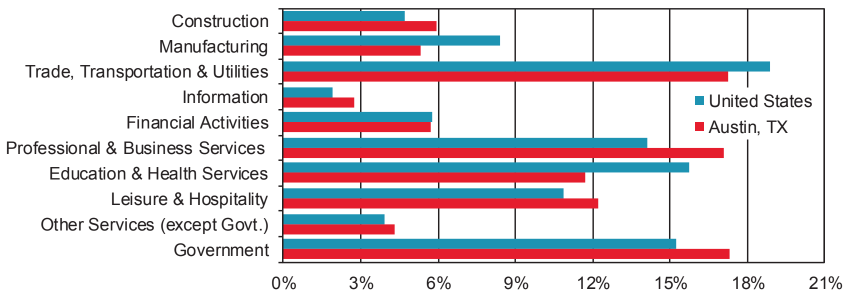


Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Employment Distribution

Austin's employment base is fairly diverse with Trade, Transportation and Utilities and Professional and Business Services among the top employment sectors. However, the government remains the largest source of employment for the region since Austin is the state capitol. The following graph shows Austin's employment by sector compared to the U.S.

EMPLOYMENT BY SECTOR
Austin MSA vs. United States
2017 Estimates



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory

Major Employers

Austin has a fairly diverse employment base and is home to one of the nation's Fortune 500 corporations: Whole Foods ranked at 181. Apart from the state government with, 71,000+ employees, The University of Texas at Austin was the largest overall employer in Austin with 24,183 employees. It is important to note that Dell Inc., once a long tenured member of the Fortune 500 list has supplanted the supermarket chain H.E.B. as the largest private employer in Austin, after owner Michael Dell took Dell private in an effort to streamline the company. Detailed as follows is a list of the Austin MSA largest employers:

Largest Private Employers
Austin-Round Rock, TX

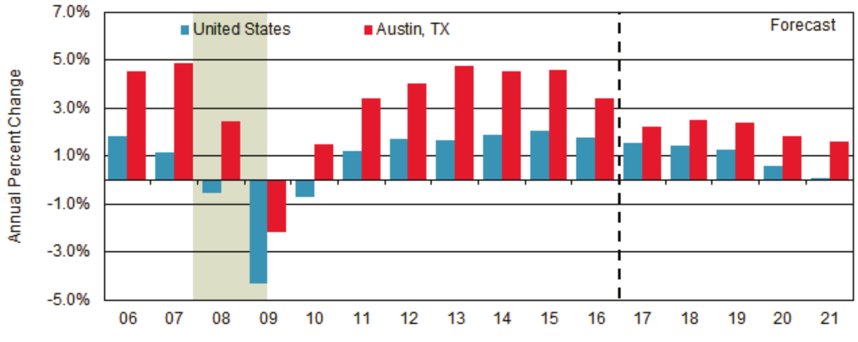
Company	No. of Employees	Business Type
University of Texas at Austin	24,183	Colleges & Universities
Dell Inc.	14,000	Computer Technology
Seton Healthcare Network	12,770	Healthcare
H-E-B	10,545	Grocery Stores & Supermarkets
St David's Healthcare	8,100	Hospitals
Wal-Mart Store Inc.	6,900	Warehouse Clubs & Superstores
IBM Corp.	6,000	Computer Manufacturer
Freescale Semiconductor Inc.	5,000	Semiconductor Manufacturer
Texas State University - San Marcos	4,861	Colleges & Universities
Flextronics International	4,700	Technological Manufacturer

Source: Austin Business Journal, Book of Lists and Cushman & Wakefield Valuation & Advisory

Employment Growth

The Austin area has been named the nation's most vigorous job market. After an employment reduction in excess of 2.0 percent in 2009 and stagnant employment data in 2010, Austin's job market now leads the nation. As of January 2017, the Bureau of Labor Statistics reported the Austin MSA added jobs at a rate of 3.5 percent over the past year. Job growth has slowed slightly compared to the strong performance seen in the past two years. The manufacturing sector reported some job loss, likely in response due to poor performance in the European market and the softening of the Asian market. This can cause some concern as many technology products sold in the US market are made in China. That being said, the employment forecast for 2017 and beyond remains positive for the Austin MSA and is expected to stay above the national average. The following is a comparative graph of Austin's total employment growth rate by year compared to the U.S. as a whole:

TOTAL EMPLOYMENT GROWTH BY YEAR
Austin MSA vs. United States, 2006-2021



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Outlook – Austin MSA

Austin is one of the fastest growing metropolitan areas in the United States. Austin's population growth is among the highest of all major metro areas in the country. The strong population growth supports demographically driven consumer demand and the well-educated labor force attracts high-value-added tech businesses. With that in mind the Austin economy will slow down a little but continue to perform strongly over the coming year. IT, professional services and a range of personal services including healthcare will boost the economy. In-migration of well-paid professionals will drive gains in income and the housing market. This will continue as long as immigration travel bans do not threaten the ability of companies to secure top talent. The area's high concentration of innovative highly-educated labor pool and relatively low business costs offer resources that high-end employers can scarcely overlook and position Austin to capitalize on new and emerging technologies. Longer term, Austin will remain one of the top performing metro areas in the nation.

Austin Office Market Analysis

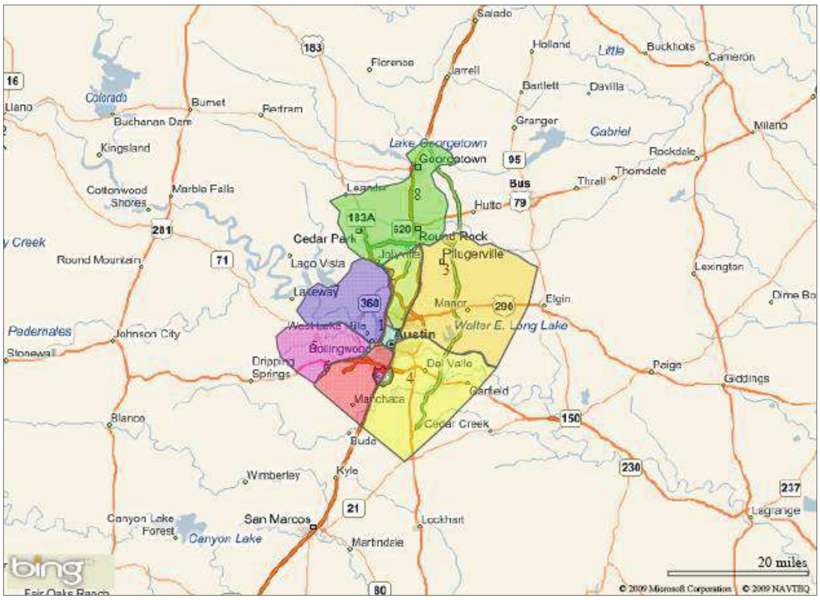
Current Trends

Through the end of first quarter 2017, the Austin office market demonstrated improving market fundamentals and sustained the momentum of its previous quarters with the technology sector as its driving force. The Austin economy is supported by a large government employment sector, the University of Texas System and an outstanding information sector, which attracts and retains a large talent pool of young professionals. Austin's regional economy has accelerated significantly in recent years, closing first quarter 2017 with record high population growth, rapid payroll expansion and an unemployment rate well below the national average. Strong corporate migration and expansion has fed Austin's market fundamentals over the year, dropping vacancy rates and driving positive net absorption.

Market Characteristics

Austin's office inventory, geographically segmented into eight major submarkets, is concentrated primarily in the central core counties of Travis and Williamson. The region holds a total of 45.7 million square feet of inventory and more than three-quarters of Austin's office space is concentrated in four of its submarkets. The following map of Austin provides approximate boundaries for each of the region's major office submarkets:

AUSTIN OFFICE SUBMARKET MAP



Source: Microsoft Virtual Earth

OFFICE SUBMARKETS	
1. Central Business District	5. Southwest
2. North Central	6. South
3. Northeast	7. Northwest
4. Southeast	8. Round Rock/Georgetown

Supply Analysis

Vacancy

The Austin office market closed first quarter 2017 with an overall vacancy rate of 12.8 percent, up 0.6 percent from fourth quarter data and up 1.0 percent year-over-year. The downward trend in vacancy rates has been historically supported by consistent tenant demand, particularly for large-scale corporate footprints, and the slight slowdown of construction completions, which has added less speculative, vacant space to the market. Following are submarket statistics for Austin' office market:

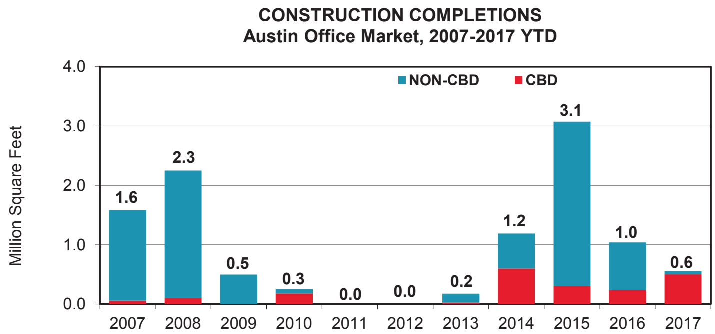
Office Market Statistics By Submarket
Austin MSA
First Quarter 2017

Market/Submarket	Inventory	Overall Vacancy Rate	YTD Construction Completions	YTD Net Absorption	Under Construction	Overall Class A Ask Rent	Overall Asking Rent
			AUSTIN CBD				
AUSTIN CBD TOTALS	**10,541,000**	**11.6%**	**500,511**	**233,000**	**1,208,432**	**$41.71**	**$38.80**
			AUSTIN NON-CBD				
North Central	7,460,000	11.5%	0	2,000	464,754	$28.70	$26.34
Northeast	2,080,000	13.0%	54,562	46,000	140,000	$0.00	$19.53
Southeast	1,972,000	8.4%	0	(20,000)	0	$0.00	$20.98
Southwest	4,948,000	13.6%	0	(109,000)	230,280	$31.35	$28.82
South	2,118,000	14.2%	0	4,000	90,500	$39.34	$33.49
Northwest	12,524,000	14.9%	0	6,000	247,928	$32.04	$29.51
Round Rk/G'town	4,070,000	12.0%	0	27,000	240,000	$30.61	$26.71
AUSTIN NON-CBD TOTALS	**35,172,000**	**13.1%**	**54,562**	**(44,000)**	**1,413,462**	**$31.61**	**$27.89**
AUSTIN MSA TOTALS	**45,713,000**	**12.8%**	**555,073**	**189,000**	**2,621,894**	**$33.57**	**$30.11**

Source: Reis, Cushman & Wakefield Valuation & Advisory

Construction

Following the decline in new construction that occurred in 2009 through 2013 in response to the recession, office construction began to rebound in 2014 before peaking in 2015 with 3.1 million square feet of new office deliveries and ending 2016 with another 1.0 million square feet added to the market. As of first quarter 2017, planned and proposed construction projects in the Austin office market totaled nearly 15.4 million square feet of space. Due to the volume of build-to-suit activity and high demand for speculative projects, the uptick in construction has not negatively impacted the market's vacancy rates as it continues to deliver amenity-rich, class A facilities. Construction completions for the Austin office market are shown below:

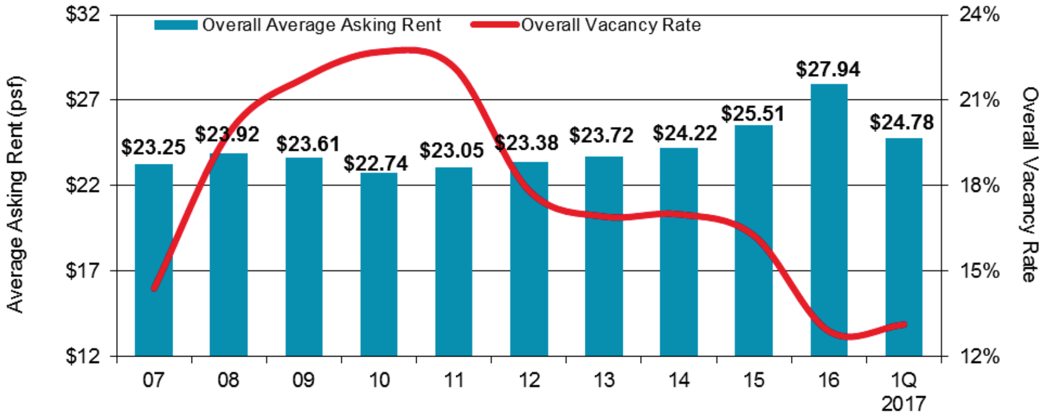


Source: Reis, Cushman & Wakefield Valuation & Advisory

Asking Rents

Overall asking rents in the Austin MSA office market closed first quarter 2017 up $1.74 from the previous year, reporting average asking rents of $30.35 per square foot. The regions consistent demand for Class A space and the volume of new, amenity-rich construction has supported rent increases in recent years. Landlords have consistently raised their rents through first quarter 2017 in response to high tenant demand, particularly from high-profile tenants with the capital to afford higher rents and the desire for amenity-rich facilities. The flight-to-quality trend emerging in the nation's office market has been particularly forceful in the Austin region, where tech tenants are seeking the most modern, live-work-play office environments. In first quarter 2017, the CBD's commanded the region's highest office rents, with an overall asking rent of $41.71 per square foot. The Austin office market has seen a run of thirteen consecutive quarterly gains, which began in first quarter 2014, and continued into first quarter 2017, where the asking rents were $30.35, a $0.24 increase from fourth quarter 2016. The following graph presents a comparison of Austin' overall vacancy rate and direct average asking rent since 2006 for both Non-CBD office properties:

OVERALL VACANCY RATE & OVERALL ASKING RENT BY YEAR
AUSTIN NON-CBD, 2007-1Q 2017



Source: Reis, Cushman & Wakefield Valuation & Advisory

Demand Analysis

Leasing Activity

Leasing activity has been relatively strong in the Austin office market and the office market is stabilizing. This should continue with employment forecasts projecting meaningful employment growth throughout 2017, and lifestyle accolades the city continues to receive will attract new residents. Major leases signed during first quarter 2017 are presented in the following table:

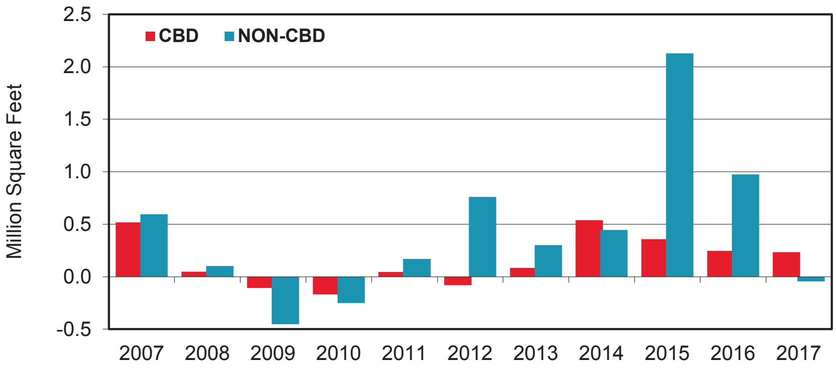
Historical Net Absorption

In 2010, Austin had 420,000 square feet of negative absorption. The loss of space recorded through 2010 was a direct result of tenants cautiously watching the national economy, as well as companies shedding jobs or delaying/cancelling expansion plans. However, as evidenced by the trend reversal in 2011 and 2012, many tenants are outgrowing current space or relocating to the Austin area. In 2013, the Austin MSA office market finished the year by reaching 386,000 square feet of absorption, slightly higher than half of the total absorption reached in 2012. In 2014, absorption nearly reached 1.0 million square feet, and in 2015 it reached the 2.5 million square foot mark.

In 2016, the office market reported 1.2 million square feet of office absorption, down from its previous year-end total but indicative of a healthy, in-demand market. Through the close of first quarter 2017, the Austin office market reported 189,000 square feet of office absorption, up year-to-year from the 126,000 square feet of absorption reported in first quarter 2016. Low vacancy rates through the end of the quarter and increasing overall asking rents suggest that demand should not slow through the remainder of 2017, supporting positive absorption numbers

Austin' overall net absorption from 2007 to current is presented below.

OVERALL NET ABSORPTION
BY CBD & NON-CBD
Austin Office Market, 2007-2017 YTD



Source: Reis, Cushman & Wakefield Valuation & Advisory

Demand Drivers

Austin is home to over 2,500 high-tech companies and was listed as one of the nation's biggest tech cities according to The Business Journals. In recent years, Austin has been sought out by the expansions of large corporations such as Apple for its impressive demographics, approximately 40.4 percent of which holds Bachelor's or advanced degrees. With a median age of 34.0 years, 4.0 years below that of the nation, and relatively high median income and educational attainment levels, the Austin region offers a highly-skilled workforce for corporations to pull from. With such a talented workforce in one area, Austin has drawn a significant amount of attention to itself in recent years. The continued growth in tech space in Austin has spread to the annual South by Southwest (SXSW) festival. The SXSW Interactive conference is, "the biggest of its kind in the world", according to Louis Black, the festival's organizer. This particular conference draws the best and most innovative technology minds to network and collaborate each year in Austin. Furthermore, employment in the professional and business services sector is more highly concentrated in Austin compared to Texas or the U.S. as a whole. As the state capital of Texas, employment in the area is also highly concentrated in the government sector, accounting for nearly 17.3 percent of total employment. State government will continue to contract, the trend started in 2012 and is projected to continue to retract in the coming months. Growth in the government sector should continue to grow as the local and state governments reinvest in the community's urgent infrastructure needs.

Supply and Demand Forecast

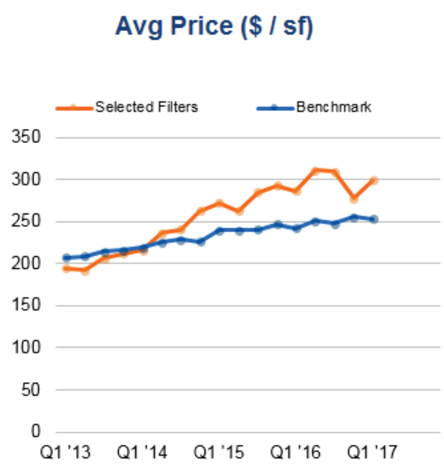
The following office market forecast is based on data supplied by Reis, Inc.and reflects their base-line forecasts for the local office market. It is noted that the historical and forecast data points may vary from those presented previously in our analysis, which were based on data compiled by Cushman & Wakefield Research.

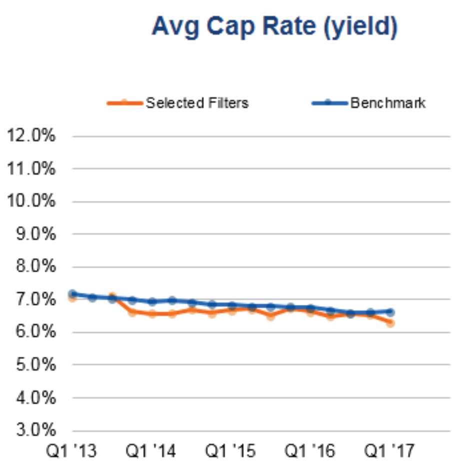
	2014	2015	2016	2017	2018	2019	2020	2021
Employment								
Total Office-using Employment	313,415	326,922	338,867	345,060	352,983	360,262	365,631	373,078
Growth Rate	4.38%	4.31%	3.65%	1.83%	2.30%	2.06%	1.49%	2.04%
Net New Office-using Jobs	13,164	13,507	11,945	6,193	7,923	7,279	5,369	7,447
Total Market								
Inventory (Sq. Ft.)	41,391,000	43,792,000	45,167,000	46,426,000	47,034,000	47,315,000	47,708,000	48,184,000
Completions (Sq. Ft.)	915,000	2,778,000	1,375,000	1,313,000	608,000	281,000	393,000	476,000
Occupied Space (Sq. Ft.)	35,019,000	38,224,000	39,718,000	40,654,000	41,236,000	41,600,000	42,220,000	42,873,000
Vacant Space (Sq. Ft.)	6,372,000	5,568,000	5,449,000	5,772,000	5,798,000	5,715,000	5,488,000	5,311,000
Vacancy Rate	15.4%	12.7%	12.1%	12.4%	12.3%	12.1%	11.5%	11.0%
Net Absorption (Sq. Ft.)	1,000,000	3,205,000	1,494,000	936,000	582,000	364,000	620,000	653,000
Year-End Asking Rent	$28.05	$29.22	$30.10	$30.94	$31.68	$32.47	$33.21	$34.05
Growth Rate	4.4%	4.2%	3.0%	2.8%	2.4%	2.5%	2.3%	2.5%

Source: Reis, Inc.

Austin Office Investment Sales Market

According to Real Capital Analytics, 77 office sale transactions closed in the 12 months ending March 2017, with a total volume of $2.84 billion, averaging a price of approximately $299 per square foot. The 77 buildings total 9.85 million square feet. Cap rates for this period averaged 6.3 percent, with an average of 5.4 percent reported for the first quarter of 2017. As shown in the following graphic, prices have generally trended upward since early 2013 and have remained slightly above the benchmark (United States) averages since 2014 Capitalization rates have trended downward during this period and have remained very consistent with national averages.





Source: *Real Capital Analytics*

Outlook – Austin Office Market

In first quarter 2017, the Austin office market slowed but sustained its impressive expansion rate of the past few years, recording consecutive drops in its vacancy rates, continually rising overall asking rents and positive absorption trends. The region's rapid corporate growth has been supported by its inviting business climate, access to venture capital and valuable labor pool. Strong corporate migration and expansion has catalyzed regional growth, inciting a trend in the movement of companies towards the tech hub.

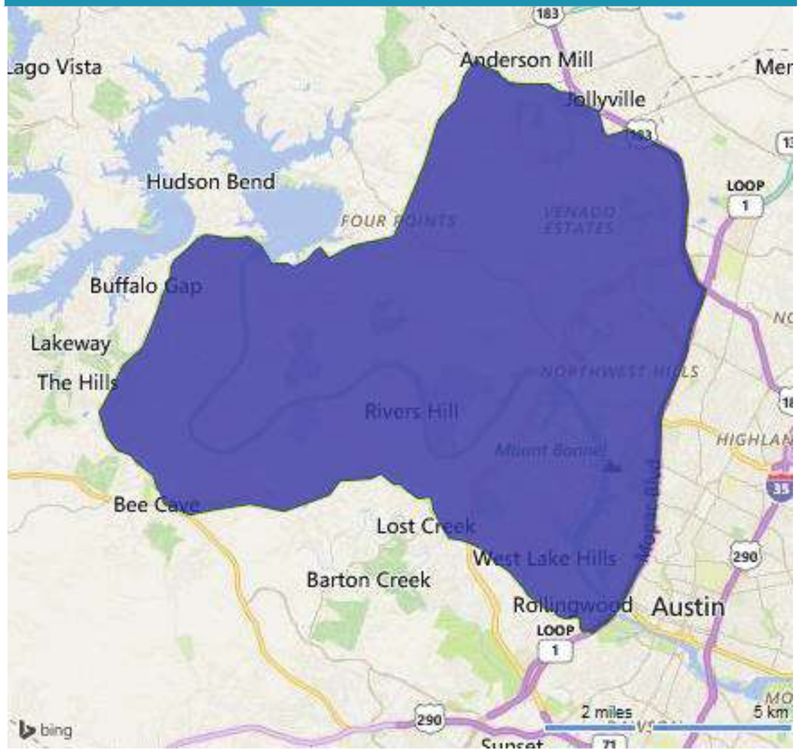
Austin continues to be an attractive destination for growing businesses. The pro-business environment in Texas coupled with access to capital and major markets such as Houston and Dallas along with a highly educated workforce will lead to long-term success for Austin. The strong and relatively diverse local economy is among the leaders in the nation and shows signs of continued growth through 2017 and beyond.

Northwest Submarket

Introduction

Data for the following analysis of the submarket is provided by Reis, Inc. The subject property is located in the Northwest Submarket. It is noted that this sector generally includes the areas of Travis County to the west of Loop 1, south of US Highway 183, and north of Bee Cave Road. A map of the submarket is shown as follows:

NORTHWEST SUBMARKET



As of First Quarter 2017, the Northwest office submarket included 12,524,000 square feet of space in 168 office buildings. This total is 27.4 percent of the inventory in the broader market. The current vacancy in the submarket is 14.9 percent, above the overall vacancy in the Austin metro area of 12.8 percent. Based on location, condition, and quality, the subject should outperform the broader submarket over the mid-term.

Supply

Inventory and Construction Completions

Within the subject submarket, a total of 1,128,000 square feet of space was completed between 2012 and 2016. Over the next five years, Reis projects that an additional 507,000 square feet of new space will be completed within the Northwest submarket.

The following chart shows recent trends in office construction in the Northwest Submarket.

HISTORICAL AND PROJECTED INVENTORY & COMPLETIONS (SF)						
	Northwest					
Year	Class A	Completions	Class B/C	Completions	Total Completions	% of Region
2012	7,504,000	0	3,892,000	0	0	0.0%
2013	7,583,000	79,000	3,892,000	0	79,000	34.5%
2014	7,773,000	190,000	3,892,000	0	190,000	20.8%
2015	8,609,000	836,000	3,892,000	0	836,000	30.1%
2016	8,632,000	23,000	3,892,000	0	23,000	1.7%
1Q17	8,632,000	0	3,892,000	0	0	0.0%
2017	---	---	---	---	148,000	8.2%
2018	---	---	---	---	76,000	13.9%
2019	---	---	---	---	75,000	22.3%
2020	---	---	---	---	102,000	22.4%
2021	---	---	---	---	106,000	22.3%
2012-2016						
Total Completions		**1,128,000**		**0**	**1,128,000**	
Annual Average		**225,600**		**0**	**225,600**	**21.3%**

Source: Reis, Inc.

The submarket has experienced new construction of over 1.1 million square feet since 2013. This represents 21.3 percent of the additions during this period, so the submarket has seen slightly less new construction than its fair share (27.4 percent of the total inventory). It is noted that new construction has occurred in spite of vacancy levels being slightly soft. Further, new construction will continue to be added to the area over the next five years. With a continued downward trend in vacancy anticipated over the same time period, all of this new space is expected to be completely absorbed. These facts underline the desirability of the submarket.

Demand

Between 2012 and 2016, submarket vacancy rates decreased from 16.4 to 14.9 percent. The current vacancy rate for the submarket is 14.9 percent. Over the near term, Reis is projecting a decline in vacancy for the submarket, with vacancy levels ranging from 14.8 percent in 2017 to 11.1 percent in 2021.

The following table shows trends in vacancy in recent years in the Northwest Submarket per Reis, Inc. Additionally, a third-party forecast of future conditions is provided via this source.

HISTORICAL AND PROJECTED VACANCY RATES (%)

	Northwest		
Year	Class A	Class B/C	Total
2012	15.3	18.6	16.4
2013	15.0	18.0	16.0
2014	14.0	15.8	14.6
2015	14.7	13.1	14.2
2016	15.7	13.2	14.9
1Q17	15.7	12.9	14.9
2017	---	---	14.8
2018	---	---	14.2
2019	---	---	13.5
2020	---	---	12.4
2021	---	---	11.1

Source: Reis, Inc.
Note: Reis does not differentiate betw een space that is available directly from the landlord or as a sublease.
Any space that is available immediately for leasing (i.e. w ithin 30 days) is considered vacant by Reis' standards.

As shown, vacancy in the Northwest Submarket has trended downward since 2012. Further, according to Reis, Inc. this trend should continue over the next five years. Having said that, the average vacancy is above a stabilized level and is expected to remain that way over the foreseeable future. The subject property should outperform the broader submarket based on location, quality, and condition.

Absorption Trends

Absorption measures change in the level of occupied space in a geographic region over a specific period of time. Absorption is not a measure of leasing activity. It reflects increasing, stable or decreasing demand for space. If the level of occupied space increases from one period to the next, demand has increased. If no change has occurred, demand is stable. If the level of occupied space is lower, demand has decreased. All things being equal, positive absorption lowers vacancy rates and negative absorption increases vacancy rates. A newly constructed building that enters the marketplace vacant will adversely affect the vacancy rate but have no bearing on absorption since it has not altered the level of occupancy.

Between 2012 and 2016, new construction within the submarket trailed absorption, with an annual average of 225,600 square feet completed and 287,800 square feet absorbed. Over the next five years, Reis projects that new construction will not surpass absorption (new construction will total 507,000 square feet, and 925,000 square feet is expected to be absorbed).

The following table presents historical and projected absorption levels and completions for the region and the subject submarket.

HISTORIC AND PROJECTED NET ABSORPTION (SF)				
	Northwest			
Year	Class A	Class B/C	Total Absorption	Total Completions
2012	368,000	-61,000	308,000	0
2013	89,000	23,000	112,000	79,000
2014	239,000	84,000	323,000	190,000
2015	657,000	107,000	764,000	836,000
2016	-62,000	-6,000	-68,000	23,000
1Q17	-5,000	11,000	6,000	0
2017	---	---	133,000	148,000
2018	---	---	146,000	76,000
2019	---	---	150,000	75,000
2020	---	---	231,000	102,000
2021	---	---	265,000	106,000
2012-2016				
Total Absorption	**1,291,000**	**147,000**	**1,439,000**	**1,128,000**
Annual Average	**258,200**	**29,400**	**287,800**	**225,600**

Source: Reis, Inc.

Rental Rates Trends

As shown in the following chart, average asking rental rates in the Northwest submarket increased from an average of $25.46 per square foot in 2012 to $29.51 per square foot in 2016, demonstrating a CAGR of 3.8 percent. Over the next five years, average asking rents are expected to increase from $30.38 per square foot in 2017 to $33.52 per square foot in 2021. The current average asking rent stands at $29.75 per square foot.

The following chart shows recent trends in office rental rates in the Northwest Submarket.

HISTORICAL AND PROJECTED AVERAGE ASKING RENTAL RATES ($/SF)					
	Northwest				
Year	Class A	Class B/C	Total	% Change	Effective Rent
2012	$27.99	$20.58	$25.46	0.4	$20.62
2013	$28.70	$20.92	$26.06	2.4	$21.07
2014	$29.45	$21.76	$26.88	3.1	$21.76
2015	$30.56	$23.39	$28.33	5.4	$23.01
2016	$31.75	$24.53	$29.51	4.2	$23.95
1Q17	$32.04	$24.72	$29.75	0.8	$24.14
2017	---	---	$30.38	2.9	$24.64
2018	---	---	$31.16	2.6	$25.25
2019	---	---	$32.00	2.7	$25.96
2020	---	---	$32.73	2.3	$26.65
2021	---	---	$33.52	2.4	$27.39
2012-2016 CAGR	**3.20%**	**4.49%**	**3.76%**		

Notes: CAGR stands for Compound Annual Growth Rate. Asking rents cited by Reis reflect the advertised rental rates for actively marketed space. Effective rents net of any rental concessions, expressed over the life of the lease term. Reis quotes Office rents on a Gross basis.

Since 2012, market rents have trended upward in the Northwest Submarket. Between 2012 and 2016, the average quoted gross rent increased 3.76 percent per annum, rising from $25.46 to $29.51 per square foot. Also of note, gross rents for Class A buildings are more than $7.00 per square foot above their Class B counterparts. The effective rent stands at $24.14 per square foot, after considering any concessions, as of first Quarter 2017. Going forward, gross rents are expected to grow from 2.3 to 2.9 percent each year through 2021.

Subject Property – Great Hills Plaza

Location and Description

Great Hills Plaza is located at 9600 Great Hills Trail, Austin, Travis County, Texas. The property is situated in the Northwest submarket of the Austin Office Market, both of which have been analyzed in previous sections.

The subject property consists of a Class B, multi-tenant office building that contains 139,252 square feet of net rentable area. The building is situated on a 365,272 square foot tract of land. The building is 3-stories in height, was completed in 1985, and is in good condition. The property is served by surface parking. The property is currently 89 percent occupied at an average net contract rent of $18.04 per square foot.

The average amount of space expiring annually at the subject property is approximately 18,692 square feet. However, the rollover percentage varies significantly by year, and ranges from a minimal expirations up to roughly 36.52 percent of the space. About half of the space expires during the first 5 years of the analysis. With typical office leases in the range of 3 to 5 years for smaller office tenants, like those at the subject property, the lease expirations are not overly problematic.

Transportation and Connectivity

The local market area has good access by virtue of a traffic system consisting of two limited-access freeways and a more than adequate network of primary and secondary neighborhood roads.

- The primary north/south arteries in this portion of the city include MoPac Expressway (Loop 1) and US Highway 183 (Research Boulevard). These roads are multi-lane, limited-access, bi-directional, median divided freeways. It is noted that Loop 1 has been expanded to an expressway and tolled from Parmer Lane to SH 45 North in the last five years. US Highway 183 extends from Lampasas, through Northwest Austin, and then along the east side of the MSA. This road has also been expanded and tolled in the northwest portion of the Austin MSA (near Leander/Cedar Park) in recent years. Capital of Texas Highway is another major road in the local area. This multi-lane, bi-directional, median-divided road provides access along the west side of the metro area.
- Beyond the freeways, a network of neighborhood roadways and secondary and tertiary streets also provide access to and through the local market area. Major neighborhood roadways include Braker Lane, Parmer Lane, McNeil Drive, Howard Lane, Wells Branch Parkway, Spicewood Springs, and Burnet Road. These roads tend to be multi-lane, asphalt paved, and bi-directional.
- Accessibility in the local market has been enhanced in recent times with the addition of a commuter rail line. Capital MetroRail opened its 32-mile, Red Line in March 2010 that extends from Leander, along the southern edge of the local market, and eventually to the Austin CBD. The network is expected to be expanded to other areas of the Austin MSA in the next decade.

Competitive Market Survey – Micro Market

In order to gain a better understanding of the market conditions specific to the subject property, we conducted a micro-market analysis concentrating on those buildings that would be considered most competitive to the subject. The survey focuses on low to mid-rise, Class A and B, office product along the Capital of Texas Highway corridor (including the subject property in bold).

Micro Market Snapshot

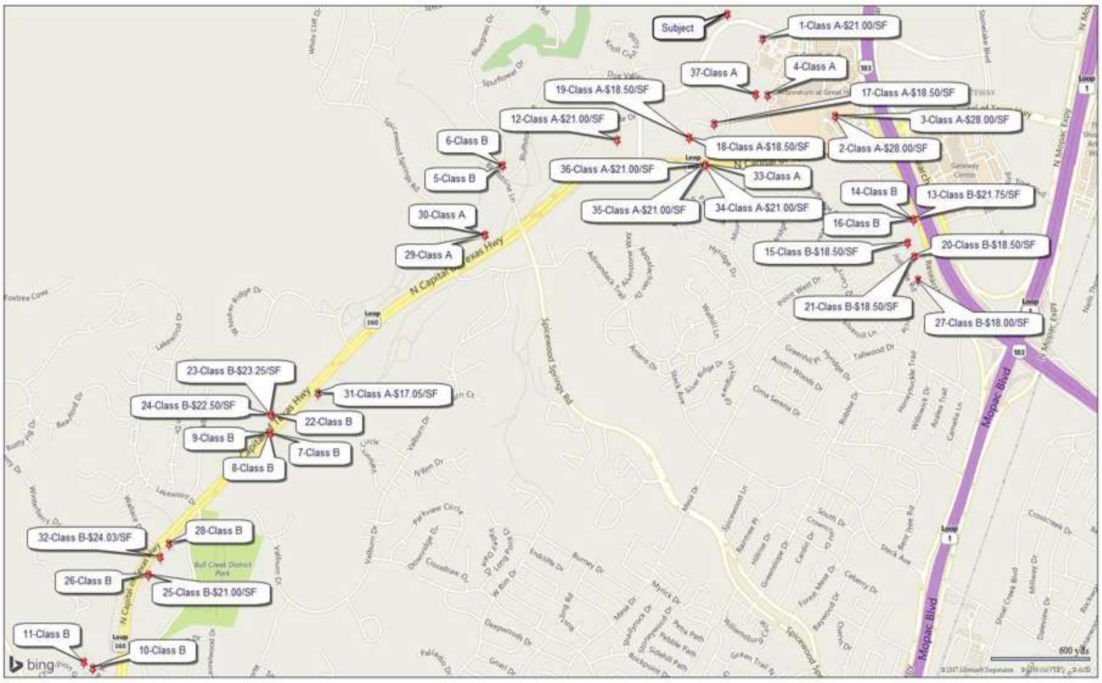
The following table contains the results of a CoStar Group and Cushman & Wakefield survey of existing competitive properties. These buildings are generally similar in terms of location, physical attributes, and access to amenities. It is noted that the subject property is included in the chart (Building 20) and property specific data may vary from more detailed information included herein.

COMPETITIVE MICRO-MARKET

No.	Name	Address	Parking Ratio	Year Built	Stories	Investment Class	RBA (SF)	Direct Vacant SF	% Leased	Ask Rate/SF	Expenses	NNN Equivalent
S	**Great Hills Plaza**	**9600 Great Hills Trl**	**3.50**	**1984**	**3**	**B**	**139,252**	**6,843**	**95.1**	**$21.00**	**Triple Net**	**$21.00**
1	Arboretum Atrium	9737 Great Hills Trl	3.43	1984	3	A	91,083	8,222	91.0	$21.00	Triple Net	**$21.00**
2	Arboretum Plaza I	9442 Capital Of Texas Hwy N	4.22	1984	9	A	127,890	5,029	96.1	$28.00	Triple Net	**$28.00**
3	Arboretum Plaza II	9442 Capital Of Texas Hwy N	4.00	1985	6	A	117,393	0	100.0	$28.00	Triple Net	**$28.00**
4	Arboretum Point	9505 Arboretum Blvd N	7.83	1985	9	A	150,033	0	100.0	-	-	-
5	Bldg A Great Hills Village	8500 Bluffstone Cv	3.52	2001	2	B	25,000	0	100.0	-	-	-
6	Bldg B Great Hills Village	8500 Bluffstone Cv	3.44	2001	2	B	25,000	0	100.0	Withheld	-	**Withheld**
7	9500 Arboretum Blvd	7501 Capital Of Texas Hwy N	3.80	1998	2	B	43,782	2,688	93.9	Withheld	Triple Net	**Withheld**
8	Reserve at Bull Creek Building B	7501 N Capital of Texas Hwy	3.82	1999	2	B	43,713	0	100.0	-	Triple Net	-
9	Reserve at Bull Creek Building C	7501 Capital Of Texas Hwy N	3.82	2000	2	B	43,959	0	100.0	-	Triple Net	-
10	Champion Office I	6433 N Champion Grandview Way	4.00	2014	4	B	116,800	0	100.0	-	-	-
11	Champion Office II	6433 N Champion Grandview Way	4.00	2015	4	B	103,800	0	100.0	-	-	-
12	Colina West	8834 Capital Of Texas Hwy N	3.51	1985	3	A	69,299	1,020	98.5	$21.00	Triple Net	**$21.00**
13	Echelon I	9430 Research Blvd	3.33	1983	4	B	62,982	41,049	34.8	$21.75	Triple Net	**$21.75**
14	Echelon II	9430 Research Blvd	3.33	1984	3	B	38,795	0	100.0	-	Triple Net	-
15	Echelon III	9420 Research Blvd	3.33	1982	4	B	73,260	1,392	98.1	$18.50	Triple Net	**$18.50**
16	Echelon IV	9430 Research Blvd	3.33	1982	4	B	68,942	0	100.0	-	Triple Net	-
17	Great Hills Corporate Center Bldg III	9050 N Capital of Texas Hwy	3.57	1986	3	A	56,422	2,834	95.0	$18.50	Triple Net	**$18.50**
18	Great Hills Corporate Center Building I	9020 N Capital of Texas Hwy	3.60	1985	3	A	59,228	5,820	90.2	$18.50	Triple Net	**$18.50**
19	Great Hills Corporate Center Building II	9020 N Capital of Texas Hwy	3.57	1985	3	A	60,429	8,183	86.5	$18.50	Triple Net	**$18.50**
20	Kaleido I	9390 Research Blvd	3.33	1984	4	B	33,174	2,698	91.9	$18.50	Triple Net	**$18.50**
21	Kaleido II	9390 Research Blvd	3.33	1984	4	B	39,974	8,602	78.5	$18.50	Triple Net	**$18.50**
22	Lakewood A	7600 Capital Of Texas Hwy N	3.33	1998	2	B	31,002	0	100.0	-	-	-
23	Lakewood B	7600 Capital Of Texas Hwy N	3.83	1997	3	B	102,056	29,324	71.3	$23.25	Triple Net	**$23.25**
24	Lakewood C	7600 Capital Of Texas Hwy N	3.83	1997	3	B	78,596	12,808	83.7	$22.50	Triple Net	**$22.50**
25	Lakewood Center I	6801 Capital Of Texas Hwy N	3.80	1999	2	B	92,906	45,620	50.9	$21.00	Triple Net	**$21.00**
26	Lakewood Center II	6801 Capital Of Texas Hwy N	4.50	1999	2	B	44,000	0	100.0	-	-	-
27	Oakpointe Office Bldg	9111 Jollyville Rd	3.20	1985	2	B	66,815	8,934	86.6	$18.00	Triple Net	**$18.00**
28	Presidio	6907 Capital Of Texas Hwy N	3.33	1984	2	B	60,970	0	100.0	-	-	-
29	Prominent Pointe I	8310 N Capital Of Texas Hwy	3.70	1986	4	A	150,376	28,131	88.1	Withheld	Triple Net	**Withheld**
30	Prominent Pointe II	8310 N Capital of Texas Hwy	3.70	2008	3	A	102,567	0	100.0	Withheld	-	**Withheld**
31	StoneCliff	7801 Capital Of Texas Hwy N	3.71	2002	3	A	66,027	13,238	80.0	$17.05	Triple Net	**$17.05**
32	The Citadel	6805 Capital Of Texas Hwy N	4.17	1993	3	B	70,726	5,252	92.6	$24.03	Triple Net	**$24.03**
33	Westech 360 Bldg I	8911 N Capital Of Texas Hwy	3.50	1986	3	A	44,981	0	100.0	-	-	-
34	Westech 360 Bldg II	8911 N Capital Of Texas Hwy	3.50	1986	3	A	44,823	3,689	91.8	$21.00	Triple Net	$21.00
35	Westech 360 Bldg III	8911 N Capital Of Texas Hwy	3.50	1986	3	A	44,736	4,025	91.0	$21.00	Triple Net	$21.00
36	Westech 360 Bldg IV	8911 N Capital Of Texas Hwy	3.60	1986	3	A	43,459	2,200	94.9	$21.00	Triple Net	$21.00
37	9500 Arboretum	9500 Arboretum Blvd	4.00	1987	6	A	182,311	0	100.0	-	-	-
OVERALL STATISTICS INCLUDING SUBJECT												
Low:			3.20	1982	2		25,000	0	34.8	$17.05		$17.05
High:			7.83	2015	9		182,311	45,620	100.0	$28.00		$28.00
Average/Total:			**3.76**	**1991**	**3**		**74,120**	**6,516**	**91.6**	**$20.98**		**$20.98**

NNN - Triple Net (Rental rates reflect averages for all investment classes included in our survey)
Source: CoStar Goup, Inc. and Cushman & Wakefield of Texas, Inc.

COMPETITION MAP



The micro-market includes the Class A and B office buildings located along the Capital of Texas Highway corridor from US 183 on the north to FM 2222 on the south. The survey includes 38 buildings (many reside in larger projects) that range in size from 25,000 to 182,311 square feet. In total, the micro-market contains about 2.8 million square feet of office space. Most of this product was built between 1984 and 2001.

The average occupancy of the buildings included range from 34.8 to 100 percent, with an average of 91.6 percent. Thus, like the submarket, the micro-market is performing just below a stabilized level. Where information was available, the net asking rents range from $17.05 to $28.00 per square foot, with an average of $20.98 per square foot. Again, these are net lease rates in which the tenant is also required to pay a pro rata share of operating expenses.

As for other lease terms on a market agreement, office leases tend to have terms ranging from 3 to 10 years. Free rent concessions have been a factor in recent years in a range from 1 to 4 months. Tenant improvement allowances typically range from $10.00 to $30.00 per square foot for new leases (on second generation space) and $0.00 to $10.00 per square foot for a renewal. Rent escalation clauses vary, with most having annual percentage or per square foot increases ranging from 2.0 percent to $1.00 per square foot.

Subject's Competitive Market Position

The subject is considered a desirable Class B office building by market participants based on its quality and condition. Further, the subject benefits from being located within a desirable micro-market along the Capital of Texas Highway corridor, near The Arboretum and the "Golden Triangle". The subject also benefits from being located near major thoroughfares and public transportation with good accessibility from surrounding submarkets. The subject's immediate market reflects a competitive supply of available office space, albeit slightly soft, with increasing rental rates. New construction has been added in recent years in spite of the vacancy level, which speaks to the high regard of market participants for the area. The subject offers more than adequate amenities that are attractive to prospective tenants. Thus, based on the subject's locational characteristics, project quality, and condition, the subject has a good competitive position in comparison to other comparable buildings within the immediate market. Further, the subject property falls generally in the middle of this set in terms of access to amenities, overall quality/condition, and parking facilities. Thus, it should command rent near the average of the micro-market.

Micro Market Outlook and Conclusions

The subject property is part of a desirable micro-market along the Capital of Texas Highway corridor in North Austin that includes about 2.8 million square feet of Class A and B office buildings. These buildings were developed primarily in the mid-1980s and early 2000s and are 2 to 4 stories in design in most cases. Due to the popularity of the area and the commercial support available in terms of shopping, restaurants, and other services, the outlook for the micro-market is positive. The subject should continue to maintain its competitive position in this locale.

SWOT ANALYSIS

Strengths

- The project is located in Austin, one of the fastest growing metropolitan areas in the US in terms of population.
- The property has a desirable suburban locale in North Austin. This area is a popular office locale along the Capital of Texas Highway corridor, near an area known as "The Golden Triangle" (formed by the confluence of Loop 1/MoPac Expressway, US Highway 183, and Capital of Texas Highway).
- The property's local market area is well-served by supportive commercial uses.
- Access to the local market area is rated good, provided by a number of major roads and freeways.
- The property is a Class B, investment-grade building that is of good quality, in good condition, and well leased.

Weaknesses

- The subject property is 1980s vintage construction with at least some disadvantages versus new, state-of-the-art, office product entering the market/submarket.
- The property has a parking ratio that is just below current zoning/market standards which precludes it from meeting tenant requirements with dense employee levels.
- The property includes only surface parking, and this is deemed to be a negative trait versus structured/covered parking due the extremes that can occur in the Central Texas climate.
- The design of the building lends itself to smaller tenants, and the tenant mix is deemed only average with respect to credit and remaining lease term.

Opportunities

Vacancy in the subject's Northwest Submarket has trended downward since 2012. Further, this trend is expected to continue over the next five years. Thus, market conditions will continue to improve and the subject should outperform the broader submarket.

- With available land for future development relatively limited in the local market area, a surge in office demand will likely result in rental rate increases higher than anticipated (at inflation). The subject's actual leases suggest a $5.00 per square foot increase in rents since 2012. This is without a significant surge in demand.

Threats

- The Austin office market includes just under 45.7 million square feet, and this shallow market can be volatile.
- The current vacancy in the submarket is 14.9%, above the overall vacancy in the Austin metro area of 12.8%.
- In spite of existing vacancy, new office construction has been added to the market and the Northwest submarket, and this is expected to continue over the foreseeable future. This could result in slower rent growth if office absorption slows.

Subject Property – Westech 360

Location and Description

Westech 360 is located at 8911 N Capital of Texas Highway, Austin, Travis County, Texas. The property is situated in the Northwest submarket of the Austin Office Market.

The subject property consists of a 4-building, Class B, multi-tenant office project that contains 175,665 square feet of net rentable area. The buildings are situated on a 441,655 square foot tract of land. Each of the buildings is 3-stories in height and similar in size and design. The improvements were completed in 1986 and are in good condition. Two, free-standing parking garages serve the project. The property is currently 96 percent occupied by 37 tenants at an average contract rent of $18.33 per square foot.

In terms of lease expirations, the average amount of space expiring annually at the subject property is approximately 33,335 square feet. However, the rollover percentage varies significantly by year, and ranges from a minimal expirations up to roughly 45.66 percent of the space. Further, over 90 percent of the leases expire during the first 5 years of the analysis. With typical office leases in the range of 3 to 5 years for smaller office tenants, like those at the subject property, the lease expirations are not surprising, and the turnover risk is considered typical for properties such as the subject.

Transportation and Connectivity

The local market area has good access by virtue of a traffic system consisting of two limited-access freeways and a more than adequate network of primary and secondary neighborhood roads.

- The primary north/south arteries in this portion of the city include MoPac Expressway (Loop 1) and US Highway 183 (Research Boulevard). These roads are multi-lane, limited-access, bi-directional, median divided freeways. It is noted that Loop 1 has been expanded to an expressway and tolled from Parmer Lane to SH 45 North in the last five years. US Highway 183 extends from Lampasas, through Northwest Austin, and then along the east side of the MSA. This road has also been expanded and tolled in the northwest portion of the Austin MSA (near Leander/Cedar Park) in recent years. Capital of Texas Highway is another major road in the local area. This multi-lane, bi-directional, median-divided road provides access along the west side of the metro area.
- Beyond the freeways, a network of neighborhood roadways and secondary and tertiary streets also provide access to and through the local market area. Major neighborhood roadways include Braker Lane, Parmer Lane, McNeil Drive, Howard Lane, Wells Branch Parkway, Spicewood Springs, and Burnet Road. These roads tend to be multi-lane, asphalt paved, and bi-directional.
- Accessibility in the local market has been enhanced in recent times with the addition of a commuter rail line. Capital MetroRail opened its 32-mile, Red Line in March 2010 that extends from Leander, along the southern edge of the local market, and eventually to the Austin CBD. The network is expected to be expanded to other areas of the Austin MSA in the next decade.

Competitive Market Survey – Micro Market

In order to gain a better understanding of the market conditions specific to the subject property, we conducted a micro-market analysis concentrating on those buildings that would be considered most competitive to the subject. The survey focuses on low to mid-rise, Class A and B, office product along the Capital of Texas Highway corridor (including the subject property in bold).

Micro Market Snapshot

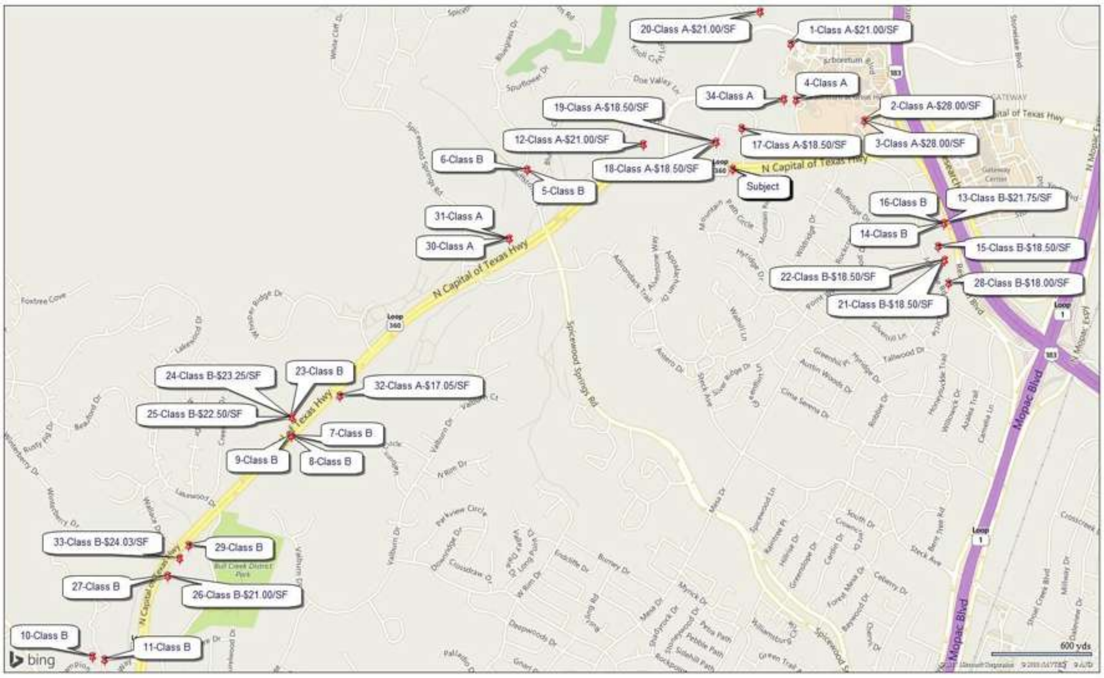
The following table contains the results of a CoStar Group and Cushman & Wakefield survey of existing competitive properties. These buildings are generally similar in terms of location, physical attributes, and access to amenities. It is noted that the subject property is included in the chart (Buildings 34 thru 37) and property specific data may vary from more detailed information included herein.

COMPETITIVE MICRO-MARKET

No.	Name	Address	Parking Ratio	Year Built	Stories	Investment Class	RBA (SF)	Direct Vacant SF	% Leased	Ask Rate/SF	Expenses	NNN Equivalent
S	**Westech 360 Bldg I**	**8911 N Capital Of Texas Hwy**	**3.50**	**1986**	**3**	B	**44,981**	**0**	**100.0**	**-**	**-**	-
S	**Westech 360 Bldg II**	**8911 N Capital Of Texas Hwy**	**3.50**	**1986**	**3**	B	**44,823**	**3,689**	**91.8**	**$21.00**	**Triple Net**	**$21.00**
S	**Westech 360 Bldg III**	**8911 N Capital Of Texas Hwy**	**3.50**	**1986**	**3**	B	**44,736**	**4,025**	**91.0**	**$21.00**	**Triple Net**	**$21.00**
S	**Westech 360 Bldg IV**	**8911 N Capital Of Texas Hwy**	**3.60**	**1986**	**3**	B	**43,459**	**2,200**	**94.9**	**$21.00**	**Triple Net**	**$21.00**
1	Arboretum Atrium	9737 Great Hills Trl	3.43	1984	3	A	91,083	8,222	91.0	$21.00	Triple Net	**$21.00**
2	Arboretum Plaza I	9442 Capital Of Texas Hwy N	4.22	1984	9	A	127,890	5,029	96.1	$28.00	Triple Net	**$28.00**
3	Arboretum Plaza II	9442 Capital Of Texas Hwy N	4.00	1985	6	A	117,393	0	100.0	$28.00	Triple Net	**$28.00**
4	Arboretum Point	9505 Arboretum Blvd N	7.83	1985	9	A	150,033	0	100.0	-	-	**-**
5	Bldg A Great Hills Village	8500 Bluffstone Cv	3.52	2001	2	B	25,000	0	100.0	-	-	**-**
6	Bldg B Great Hills Village	8500 Bluffstone Cv	3.44	2001	2	B	25,000	0	100.0	Withheld	-	**Withheld**
7	9500 Arboretum Blvd	7501 Capital Of Texas Hwy N	3.80	1998	2	B	43,782	2,688	93.9	Withheld	Triple Net	**Withheld**
8	Reserve at Bull Creek Building B	7501 N Capital of Texas Hwy	3.82	1999	2	B	43,713	0	100.0	-	Triple Net	**-**
9	Reserve at Bull Creek Building C	7501 Capital Of Texas Hwy N	3.82	2000	2	B	43,959	0	100.0	-	Triple Net	**-**
10	Champion Office I	6433 N Champion Grandview Way	4.00	2014	4	B	116,800	0	100.0	-	-	**-**
11	Champion Office II	6433 N Champion Grandview Way	4.00	2015	4	B	103,800	0	100.0	-	-	**-**
12	Colina West	8834 Capital Of Texas Hwy N	3.51	1985	3	A	69,299	1,020	98.5	$21.00	Triple Net	**$21.00**
13	Echelon I	9430 Research Blvd	3.33	1983	4	B	62,982	41,049	34.8	$21.75	Triple Net	**$21.75**
14	Echelon II	9430 Research Blvd	3.33	1984	3	B	38,795	0	100.0	-	Triple Net	**-**
15	Echelon III	9420 Research Blvd	3.33	1982	4	B	73,260	1,392	98.1	$18.50	Triple Net	**$18.50**
16	Echelon IV	9430 Research Blvd	3.33	1982	4	B	68,942	0	100.0	-	Triple Net	**-**
17	Great Hills Corporate Center Bldg III	9050 N Capital of Texas Hwy	3.57	1986	3	A	56,422	2,834	95.0	$18.50	Triple Net	**$18.50**
18	Great Hills Corporate Center Building I	9020 N Capital of Texas Hwy	3.60	1985	3	A	59,228	5,820	90.2	$18.50	Triple Net	**$18.50**
19	Great Hills Corporate Center Building II	9020 N Capital of Texas Hwy	3.57	1985	3	A	60,429	8,183	86.5	$18.50	Triple Net	**$18.50**
20	Great Hills Plaza	9600 Great Hills Trl	3.50	1984	3	A	139,252	6,843	95.1	$21.00	Triple Net	**$21.00**
21	Kaleido I	9390 Research Blvd	3.33	1984	4	B	33,174	2,698	91.9	$18.50	Triple Net	**$18.50**
22	Kaleido II	9390 Research Blvd	3.33	1984	4	B	39,974	8,602	78.5	$18.50	Triple Net	**$18.50**
23	Lakewood A	7600 Capital Of Texas Hwy N	3.33	1998	2	B	31,002	0	100.0	-	-	**-**
24	Lakewood B	7600 Capital Of Texas Hwy N	3.83	1997	3	B	102,056	29,324	71.3	$23.25	Triple Net	**$23.25**
25	Lakewood C	7600 Capital Of Texas Hwy N	3.83	1997	3	B	78,596	12,808	83.7	$22.50	Triple Net	**$22.50**
26	Lakewood Center I	6801 Capital Of Texas Hwy N	3.80	1999	2	B	92,906	45,620	50.9	$21.00	Triple Net	**$21.00**
27	Lakewood Center II	6801 Capital Of Texas Hwy N	4.50	1999	2	B	44,000	0	100.0	-	-	**-**
28	Oakpointe Office Bldg	9111 Jollyville Rd	3.20	1985	2	B	66,815	8,934	86.6	$18.00	Triple Net	**$18.00**
29	Presidio	6907 Capital Of Texas Hwy N	3.33	1984	2	B	60,970	0	100.0	-	-	**-**
30	Prominent Pointe I	8310 N Capital Of Texas Hwy	3.70	1986	4	A	150,376	28,131	88.1	Withheld	Triple Net	**Withheld**
31	Prominent Pointe II	8310 N Capital of Texas Hwy	3.70	2008	3	A	102,567	0	100.0	Withheld	-	**Withheld**
32	StoneCliff	7801 Capital Of Texas Hwy N	3.71	2002	3	A	66,027	13,238	80.0	$17.05	Triple Net	**$17.05**
33	The Citadel	6805 Capital Of Texas Hwy N	4.17	1993	3	B	70,726	5,252	92.6	$24.03	Triple Net	**$24.03**
34	9500 Arboretum	9500 Arboretum Blvd	4.00	1987	6	A	182,311	0	100.0	-	-	**-**
OVERALL STATISTICS INCLUDING SUBJECT												
Low:			3.20	1982	2		25,000	0	34.8	$17.05		$17.05
High:			7.83	2015	9		182,311	45,620	100.0	$28.00		$28.00
Average/Total/All Classes:			**3.76**	**1991**	**3**		**74,120**	**6,516**	**91.6**	**$20.98**		**$20.98**

NNN - Triple Net (Rental rates reflect averages for all investment classes included in our survey)
Source: CoStar Goup, Inc. and Cushman & Wakefield of Texas, Inc.

COMPETITION MAP



The micro-market includes the Class A and B office buildings located along the Capital of Texas Highway corridor from US 183 on the north to FM 2222 on the south. The survey includes 38 buildings (many reside in larger projects) that range in size from 25,000 to 182,311 square feet. In total, the micro-market contains about 2.8 million square feet of office space. Most of this product was built between 1984 and 2001.

The average occupancy of the buildings included range from 34.8 to 100 percent, with an average of 91.6 percent. Thus, like the submarket, the micro-market is performing just below a stabilized level. Where information was available, the net asking rents range from $17.05 to $28.00 per square foot, with an average of $20.98 per square foot. Again, these are net lease rates in which the tenant is also required to pay a pro rata share of operating expenses.

As for other lease terms on a market agreement, office leases tend to have terms ranging from 3 to 10 years. Free rent concessions have been a factor in recent years in a range from 1 to 4 months. Tenant improvement allowances typically range from $10.00 to $30.00 per square foot for new leases (on second generation space) and $0.00 to $10.00 per square foot for a renewal. Rent escalation clauses vary, with most having annual percentage or per square foot increases ranging from 2.0 percent to $1.00 per square foot.

Subject's Competitive Market Position

The subject is considered a desirable Class B office building by market participants based on its quality and condition. Further, the subject benefits from being located within a desirable micro-market along the Capital of Texas Highway corridor, near The Arboretum and the "Golden Triangle". The subject also benefits from being located near major thoroughfares and public transportation with good accessibility from surrounding submarkets. The subject's immediate market reflects a competitive supply of available office space, albeit slightly soft, with increasing rental rates. New construction has been added in recent years in spite of the vacancy level, which speaks to the high regard of market participants for the area. The subject offers more than adequate amenities that are attractive to prospective tenants. Thus, based on the subject's locational characteristics, project quality, and condition, the subject has a good competitive position in comparison to other comparable buildings within the immediate market. Further, the subject property falls generally in the middle of this set in terms of access to amenities, overall quality/condition, and parking facilities. Thus, it should command rent near the average of the micro-market.

Micro Market Outlook

The subject property is part of a desirable micro-market along the Capital of Texas Highway corridor in North Austin that includes about 2.8 million square feet of Class A and B office buildings. These buildings were developed primarily in the mid-1980s and early 2000s and are 2 to 4 stories in design in most cases. Due to the popularity of the area and the commercial support available in terms of shopping, restaurants, and other services, the outlook for the micro-market is positive. The subject should continue to maintain its competitive position in this locale.

SWOT ANALYSIS

Strengths

- The project is located in Austin, one of the fastest growing metropolitan areas in the US in terms of population.
- The property has a desirable suburban locale in North Austin. This area is a popular office locale, especially the Capital of Texas Highway corridor, near an area known as “The Golden Triangle” (formed by the confluence of Loop 1, US Highway 183, and Capital of Texas Highway).
- The property’s local market area is well-served by supportive commercial uses.
- Access to the local market area is rated good, provided by a number of major roads and freeways.
- The property is a Class B, investment-grade project that is of good quality, in good condition, and well leased.

Weaknesses

- The subject property is 1980s vintage construction with at least some disadvantages versus new, state-of-the-art, office product entering the market/submarket.
- The property has a parking ratio that is just below current zoning/market standards which precludes it from meeting tenant requirements with dense employee levels.
- The design of the building lends itself to smaller tenants, and the tenant mix is deemed only average with respect to credit and remaining lease term.

Opportunities

- Vacancy in the subject’s Northwest Submarket has trended downward since 2012. Further, this trend is expected to continue over the next five years. Thus, market conditions will continue to improve and the subject should outperform the broader submarket.
- With available land for future development relatively limited in the local market area, a surge in office demand will likely result in rental rate increases higher than anticipated (at inflation). The subject’s actual leases suggest a $5.00 per square foot increase in rents since 2012. This is without a significant surge in demand.

Threats

- The Austin office market includes just under 45.7 million square feet, and this shallow market can be volatile.
- The current vacancy in the submarket is 14.9%, above the overall vacancy in the Austin metro area of 12.8%.
- In spite of existing vacancy, new office construction has been added to the market and the Northwest submarket, and this is expected to continue over the foreseeable future. This could result in slower rent growth if absorption slows.

Houston, Texas

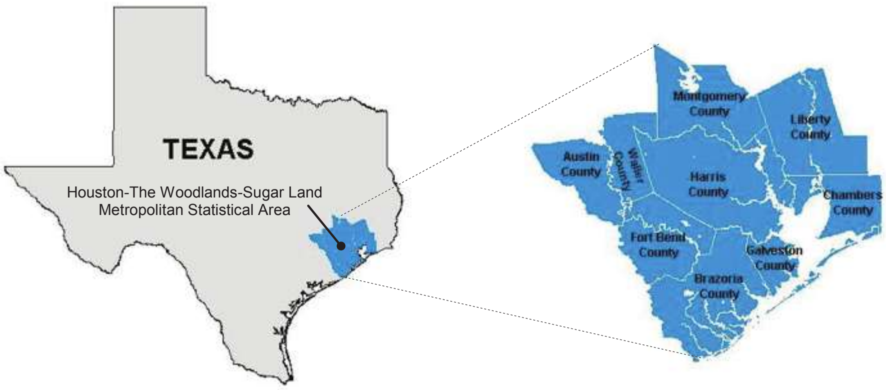
Houston Regional Market Analysis

Market Definition

The Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (Houston MSA) consists of nine counties in southeast Texas with a projected 2017 population in excess of 6.9 million, according to Moody's Analytics. The metro area's population of nearly 4.7 million is concentrated in Harris County. People continue to migrate to Houston because of the low cost of living as well as the energy industry, the petrochemical industry and the esteemed medical centers. As a result, Houston is ranked the fifth largest metropolitan statistical area in the United States. A substantial recovery will likely not be seen until oil prices and rig counts rise, layoffs cease, and continuous elevated construction activity occur not just in the upcoming months but in the next few years.

The following shows the relative location of the Houston-Woodlands-Sugar Land MSA within the state of Texas:

HOUSTON-THE WOODLANDS-SUGAR LAND, TX METROPOLITAN STATISTICAL AREA (MSA)



Source: Cushman & Wakefield Valuation & Advisory

Current Trends

The Houston economy has been at risk over the past 24 months in response to the decline in the energy industry. Projections show that Houston is finally entering the recovery stage, but that it will be a slow process.

At the beginning of 2017, a deal between the Organization of Petroleum Exporting Countries (OPEC) and some non-OPEC producers agreed to reduce output by 1.8 million barrels in the first half of 2017. U.S. shale oil producers have been adding rigs, boosting the country's weekly oil production to about 9.1 million barrels per day (bpd) from the beginning of March 2017, compared to an average of 8.9 million bpd for 2016. The U.S. bank said the market was undersupplied this first quarter and if OPEC extends cuts into the second half, inventories would draw down and prices would recover above $60 in fourth quarter 2017.

According to the U.S. Energy Information Administration, West Texas Intermediate (WTI) oil prices have shown increasing signs of recovery since reaching a low of $26.19 per barrel in February of 2016, the lowest point since 2003 and significantly lower than the $108.00 peak in June 2014. In February 2017, oil prices were $54.06 per barrel before falling back down to $47.34 per barrel in March 2017. This fall is a result of the increase in supply created by US producers' production in accordance to the OPEC agreement. The impact of growing US production on the price of oil is yet to be seen but could mean more price drops if supply outgrows demand. The Greater Houston Partnership is forecasting job growth of 29,700 jobs for 2017, up from 2016's forecast of 21,900. Recovery in the area is clearly underway, but job losses through consolidations are still on the horizon as the economy continues to stabilize.

Demographic Trends

Demographic Characteristics

Houston is a magnet for young professionals throughout Texas and the nation, resulting in the metro area having a comparatively young and well-educated workforce. Overall, the demographic traits of the Houston MSA are positive, and should continue to fuel migration and business growth into the future. Over the past three years, net migration to Houston has steadily increased due to a wide variety of job opportunities.

The following table represents the demographics of the Houston MSA and the United States:

Demographic Characteristics
Houston MSA vs. United States
2016 Estimates

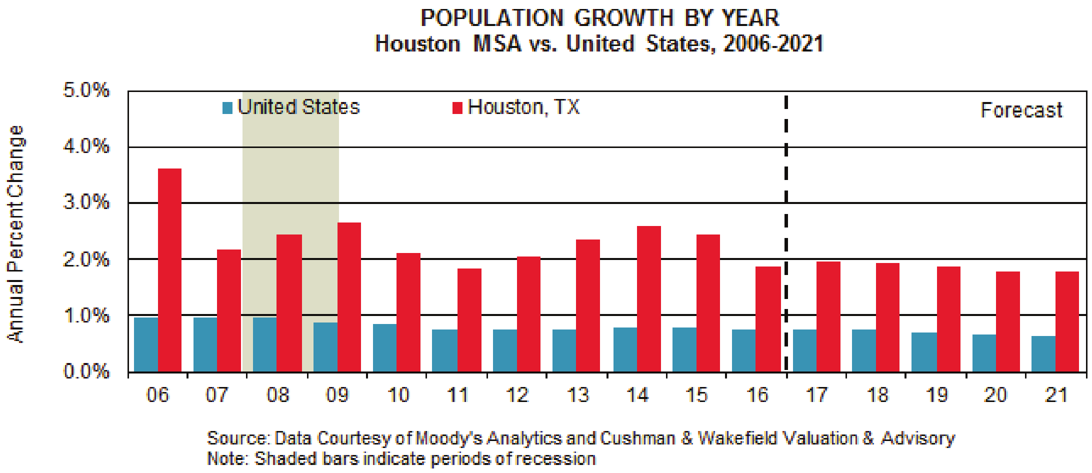
Characteristic	Houston MSA	United States
Median Age (years)	34.0	38.0
Average Annual Household Income	$88,661	$78,425
Median Annual Household Income	$59,651	$54,505
Households by Annual Income Level:		
<$25,000	20.5%	23.0%
$25,000 to $49,999	22.2%	23.4%
$50,000 to $74,999	17.3%	18.3%
$75,000 to $99,999	12.2%	12.4%
$100,000 plus	27.9%	23.0%
Education Breakdown:		
< High School	18.6%	13.9%
High School Graduate	23.6%	28.1%
College < Bachelor Degree	28.2%	29.0%
Bachelor Degree	19.3%	18.2%
Advanced Degree	10.4%	10.9%

Source: © 2016 Experian Marketing Solutions, Inc. •All rights reserved•
Cushman & Wakefield Valuation & Advisory

Population

The Houston MSA's estimated current total population is in excess of 6.9 million and has outpaced national averages in population growth over the past 30 years. The latest analysis of the 2000 and 2010 U.S. Census by Rice University's Kinder Institute for Urban Research revealed Houston added more people during the last decade than any of the nation's other 365 metropolitan areas. Although New York, Los Angeles, and Chicago continue to top the nation's most populous cities, Houston's growth exceeded that of these larger areas. In fact, Houston grew by 1.3 million people from 2006 to 2016. Houston ranked second among U.S. cities in population growth from July 2015 to July 2016 adding 125,000 people. The Houston MSA has continued to experience population growth despite the downturn in the oil and energy sector since the 2014 recession. Longer term, a turnaround in the energy industry will contribute to extended growth in Houston.

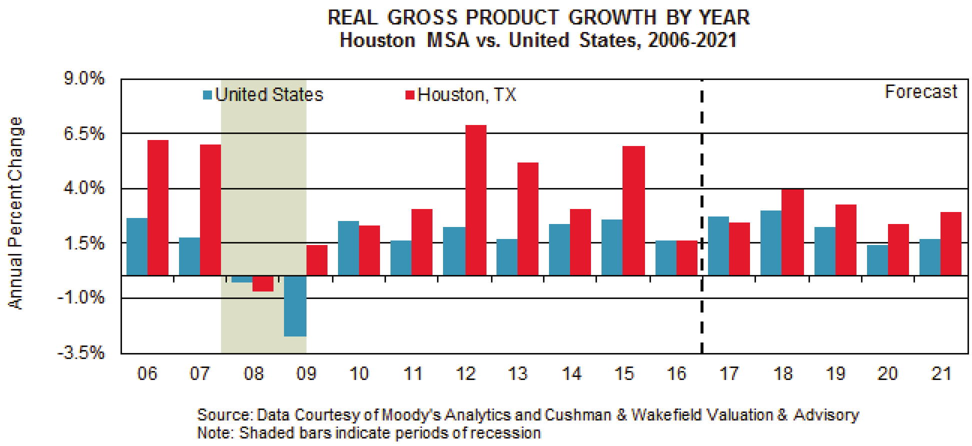
The following graph compares population growth within the Houston MSA and the United States:



Economic Trends

Gross Metro Product

The Gross Metro Product (GMP) is defined as the market value of all final goods and services produced within a metropolitan area. Given Houston's heavy concentration and reliance on the oil and gas industry, it is no surprise that the economy correlates directly with oil prices. Historically, the local economy was dependent on the success of oil prices and production but recently has started to rely on other industries, such as transportation and business services. A graph of Houston's GMP growth from 2006 through a forecasted 2021 is as follows:



Oil Prices

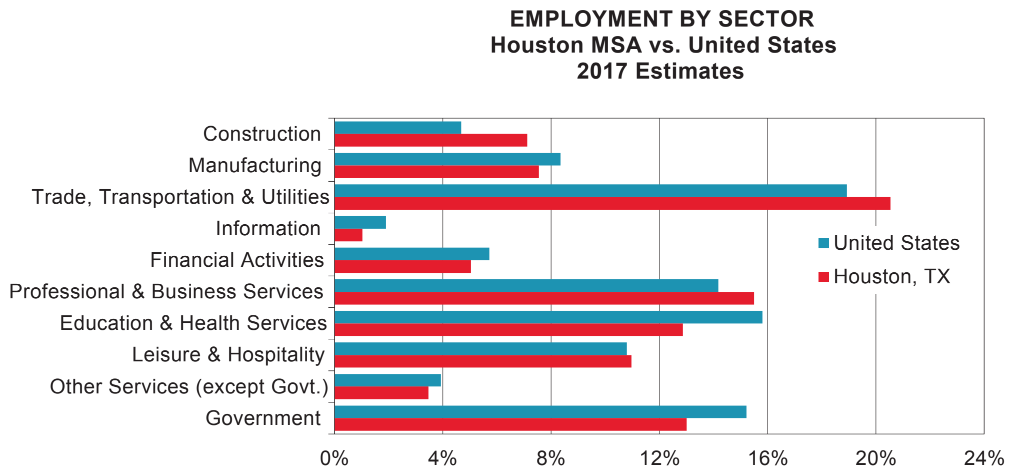
West Texas Intermediate Oil prices (referred to herein as WTI crude prices per barrel) increased temporarily to over $100 per barrel in a couple of different instances, but have generally been in the $40 to $80 per barrel range during much of the past 15 years. A historical graph of WTI prices is as follows:

In conclusion, most market participants believe that there will be some price support in the $45 to $55 pbl range through the balance of 2017 with some 2018 and 2019 increases as high as $55 to $65 pbl, although all recognize the difficulty of forecasting oil prices given the complex social, political and economic global forces that impact such pricing. Nonetheless, most energy companies have already “right sized” with no major layoffs projected. Further, with increased activity in the Permian Basin (as seen in the 2017 EOG land acquisition) and elsewhere (to include both Eagle Ford, Bakken, Marcellus and Utica), rig counts have risen and surviving companies in this industry report profitability at $40 to $50 pbl with expansion and increased capital budgets (which is needed for strong local economic growth within this industry) to occur in the $60 pbl range. Based on the foregoing, as well as other economic factors, most economists are projecting increased job growth in 2018 and beyond. Further, many brokers are reporting increased market interest (debt and equity) in Houston real estate (owner/user and investor) in 2017 and many believe that the Houston real estate market cycle bottom has been reached.

Employment Distribution

The downturn in the energy and related industries has been offset by job growth in non-energy industries that have provided some support during the recent lag. Between December 2015 and December 2016, the leisure and hospitality, education and health services and government sectors saw the largest percentage employment growth, totaling, 4.2, 3.7 and 2.3 percent respectively. Through December 2016, the mining and logging, construction, manufacturing, information, professional and business services, and other services sectors have all shown annual declines in employment growth over the past year.

The following graph shows Houston's employment by sector compared to the U.S.:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advis

Major Employers

The area's largest employers include energy industry giants, as well as a diverse group of multi-national corporations, spanning a multitude of industries including healthcare, aviation, and technology. Currently, Houston ranks second among MSAs in the number of Fortune 500 headquarters. Houston is home to twenty-four Fortune 500 companies. Detailed as follows is a list of the Houston MSA largest employers:

Largest Private Employers Houston-The Woodlands-Sugar Land, TX		
Company	No. of Employees	Business Type
Wal-Mart Stores Inc.	28,780	Warehouse Clubs & Superstores
University of Texas	22,441	Colleges & Univesities
Insperity	20,816	Professional Employer Organization
H-E-B	17,000	Grocery Stores & Supermarkets
National Oilw ell Varco	14,581	Oil & Gas Equipment Manufacturing
Memorial Hermann Healthcare System	13,847	Hospitals
Exxon Mobile Corp.	13,200	Petroleum Refining
Camerona International	11,000	Oil & Gas Equipment Manufacturing
The Methodist Hospital	10,150	Hospitals
Halliburton Co.	8,600	Oil & Gas Equipment Manufacturing

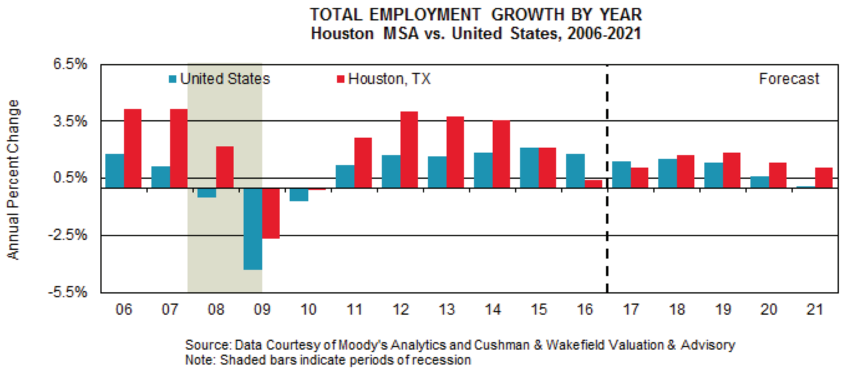
Source: Book of Lists and Cushman & Wakefield Valuation & Advisory

*Note: The University of Texas is the state umbrella for all University of Texas entities

Employment Growth

The steadiness of Houston's economic expansion was unraveled with the oil industry price crash in early 2015. Many of Houston's industries that rely heavily on the transport, manufacturing and trade of oil-based products benefit from the current low input cost which translates to an improved local economic stimulus. Nonresidential construction has been a key support to the economy with an increase in factory production, providing jobs for construction workers. However, this growth is temporary as these facilities are capital intensive and require few workers after completion. Improved job growth occurred in 2016 in Houston adding 18,700 jobs compared to the 200 jobs added in 2015. Strong growth has continued in 2017, adding 18,700 jobs as of February

The following graph compares employment growth per year for the Houston MSA and the United States:



Outlook – Houston MSA

The Houston economy is one of the leading economies in the United States, despite entering its second year of below-average performance. Houston leverages its core strengths in energy, housing, medical research, healthcare, life sciences, and its strong international ties through its ports to propel its economy forward. Non-energy employment sectors have helped support the economy but are reliant on the energy industry bouncing back. Though Houston faces some challenges in the short-term, the long-term outlook is bright with a projected return to steady, healthy growth in the area. In the near-term, Houston will still be recovering from the downturn in the energy industry. Non-energy related industries, such as healthcare and local government, will continue to support the economy as oil prices and production begin to increase.

Houston Office Market Analysis

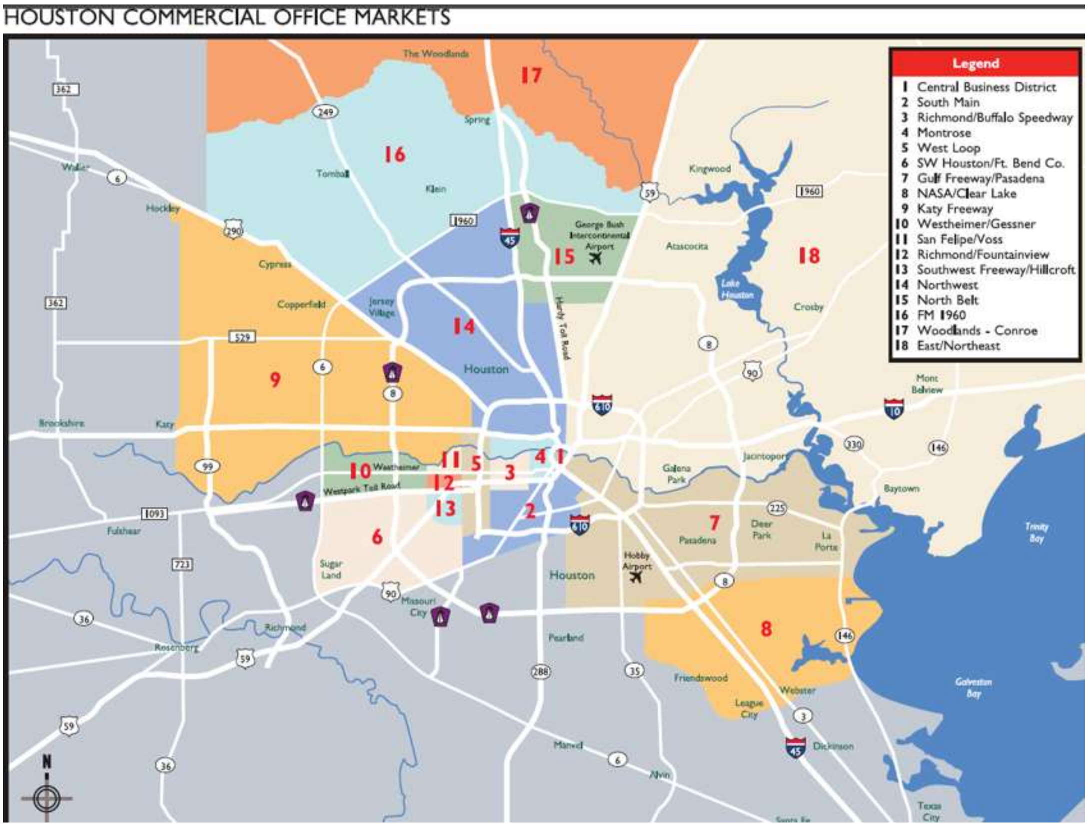
Current Trends

Houston's economy is in recovery after a few unstable years due to the struggling energy sector. The Houston office market reflected the performance of the overall economy, with almost entirely positive readings between 2013 and third quarter 2014, followed by declines through 2016. The office market is showing slow but steady improvements through first quarter 2017 and is expected to continue to recover but is contingent upon a rebound in oil and gas prices.

Market Characteristics

The Houston metropolitan area contains more than 185.1 million square feet of office space, which ranks it among the top 10 nationally in total office inventory. The largest concentrations of office space are in the CBD, West Loop/Galleria, Katy Freeway, and Westheimer/Gessner submarkets. Houston's office inventory is geographically segmented into 18 submarkets. Houston's Central Business District (CBD) contains the largest concentration of office space within the region, with 37.3 million square feet.

The following map of Houston provides approximate boundaries for each of the region's major office markets:



Supply Analysis

Vacancy

Overall vacancy in the Houston Office market stood at 20.1 percent at the end of the first quarter 2017, which was a year-over-year increase of 3.3 percentage points compared to the first quarter 2016. This was the highest rate in more than 10 years, and vacant sublease space citywide has more than doubled since the end of 2014. Although Houston's economy saw some positive signs in fourth quarter 2016, such as falling vacancy rates and falling sublease space, the collapse in oil prices that began two years ago continues to weigh heavy on the city and continues to have a negative impact on office using employment. The office market continued to sag beneath the burden of large amounts of sublease space. Vacant sublease space citywide was at 2.8 percent, up 30 basis points from the previous quarter and up 70 basis points year-over-year. Overall vacancy rates citywide were up 1.0 percent from the previous quarter and up 3.3 percent year-over-year. Following are submarket statistics for Houston's office market:

Office Market Statistics By Submarket
Houston Metro Area
First Quarter 2017

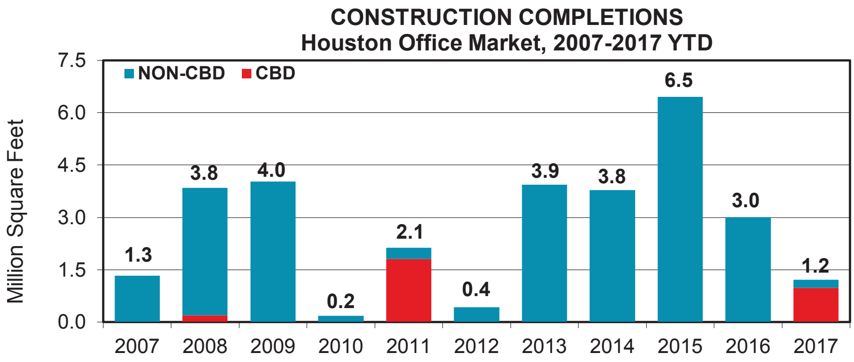
Market/Submarket	Inventory	Overall Vacancy	Direct Vacancy	YTD Construction Completions	YTD Overall Net Absorption	Under Construction	Overall Wtd Avg Asking Rent	Direct Wtd Avg Class A Rent
CBD	**37,342,720**	**18.4%**	**13.4%**	**976,124**	**154,202**	**0**	**$41.07**	**$46.20**
South Main	2,515,187	24.3%	24.2%	0	(16,346)	0	$27.35	$39.00
Richmond/Buffalo Speedw ay	10,236,403	16.0%	14.7%	0	(22,691)	0	$34.59	$41.00
Montrose	3,209,533	7.5%	6.6%	0	7,508	0	$32.91	$33.78
West Loop/Galleria	25,074,161	15.4%	14.2%	0	(290,682)	0	$33.50	$40.34
SW Houston/Fort Bend County	10,275,001	11.3%	11.0%	0	(9,680)	0	$21.98	$29.92
Gulf Freew ay/Pasadena	1,538,293	10.2%	10.2%	0	18,724	0	$19.73	$35.00
NASA/Clear Lake	5,132,260	22.0%	21.0%	0	(47,096)	0	$18.58	$24.34
Katy Freew ay	29,616,501	21.9%	18.4%	240,000	175,219	136,255	$31.39	$38.14
Westheimer/Gessner	15,321,234	22.1%	17.1%	0	(119,635)	186,000	$28.40	$40.86
San Felipe/Voss	5,090,941	17.5%	17.1%	0	(33,040)	0	$29.87	$36.76
Richmond/Fountainview	1,237,207	18.5%	18.5%	0	1,992	0	$17.69	N/A
Southw est Freew ay/Hillcroft	3,015,914	16.7%	16.7%	0	(16,639)	0	$15.63	N/A
Northw est	8,947,326	21.8%	20.7%	0	(84,682)	0	$22.48	$28.37
North Belt	11,174,355	45.1%	39.4%	0	(9,423)	0	$21.32	$28.54
FM 1960	6,685,718	18.3%	16.4%	0	17,063	0	$20.31	$30.70
Woodlands/Conroe	7,602,713	20.2%	19.3%	0	55,787	303,630	$31.71	$37.44
East/Northeast	1,073,170	18.4%	17.6%	0	(8,527)	71,023	$16.86	$20.00
NON-CBD TOTAL	**147,745,917**	**20.5%**	**18.2%**	**240,000**	**(382,148)**	**696,908**	**$26.77**	**$35.98**
HOUSTON TOTAL	**185,088,637**	**20.1%**	**17.3%**	**1,216,124**	**(227,946)**	**696,908**	**$29.29**	**$39.14**

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

Construction

In the years since the Great Recession, Houston's construction activity was resurrected and millions of square feet were delivered between 2013 and 2016. Specifically, roughly 7.7 million square feet were added in 2013 and 2014. From the beginning of 2015 through the end of 2016, 9.5 million square feet of new space have been completed (including build to suit). As of first quarter 2017, 1.2 million square feet of new space has been delivered to the market. Currently, 696,908 square feet remain under construction. Commercial construction is expected to stall after the current round of new projects with little new construction on the horizon until 2018 or 2019. Although, construction in health care is expected to be strong with almost $2.0 billion in announced developments.

Construction completions for the Houston office market are shown as follows:



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

Asking Rents

Although achieved rental rates have deteriorated slightly in some submarkets, quoted rental rates held fairly steady market-wide through 2016. Yet, the market has yet to respond to increasing vacancy in a significant manner through first quarter 2017, as owners seek to preserve face rates. The general expectation is that free rent concessions and increased TI allowances as well as a growing gap between asking and taking rates will precede changes to asking rates as landlords attempt to position themselves for an inevitable uptick in energy-related business growth over the next few years.

Overall rental rates averaged $29.29 per square foot at first quarter 2017, across all classes, which is a decrease of $0.92 per square foot from first quarter 2016. Overall class A rental rates increased $0.78 from the end of first quarter 2016 levels to a current overall rate of $38.36 per square foot. The slow market forces and anemic economic growth in first quarter 2017, coupled with continued concessions in the market as space was absorbed at a slower rate contributed to a slow rise in rental rates. The following graphs are a comparison of Houston's overall vacancy rate and direct average asking rent since 2007 for both the CBD and Non-CBD office properties:

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

Demand Analysis

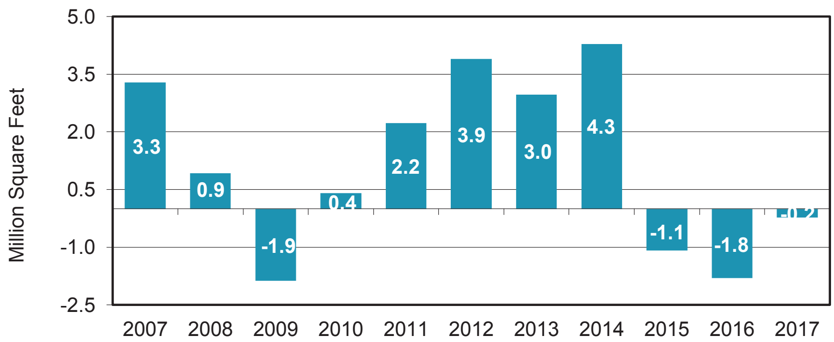
Leasing Activity

In fourth quarter 2016 leasing activity reached 2.5 million square feet bringing the 2016 year-end total to 8.6 million square feet, a year-over-year increase of 9.2 percent from the 7.9 million square feet at year-end 2015. The year end 2015 leasing activity was well below the 10.9 million square feet leased in 2014. Leasing activity was down across all markets, as the likelihood of space consolidation due to budget cuts and mergers grow among energy companies. In fact, leasing activity in 2015 and 2016 were among the lowest in 20 years. The office market was characterized by significant defensive leasing (such as blend and extend wherein future rent spikes are being avoided) in 2014. However, in 2015 this fell off, as the market perceived a lack of upward pressure on rents. In fact, in 2016 many tenants delayed their space decisions as long as possible as they anticipated downward rent pressure. In first quarter 2017 leasing activity reached 1.2 million square feet, 10,512 square feet less than the leasing activity total of first quarter 2016.

Historical Net Absorption

Driven by extremely strong employment gains, absorption reached 4.3 million square feet in 2014, most of which was due to occupancies in newly completed projects. However, net absorption in 2015 was negative for both 2015 and 2016, as well as the first quarter of 2017. Oilfield service and exploration firms are still in the process of reducing staff worldwide and future struggles are expected as companies such as Linn Energy and Chesapeake struggle with their balance sheets. While Houston overall may be turning a corner economically, when coupled with the backlog of sublease space on the market it will take several quarters for the office market to catch up and start absorbing space at a substantial rate. Houston's overall net absorption from 2007 to current is presented as follows:

OVERALL NET ABSORPTION
Houston Office Market, 2007-2017 YTD



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

Supply and Demand Forecast

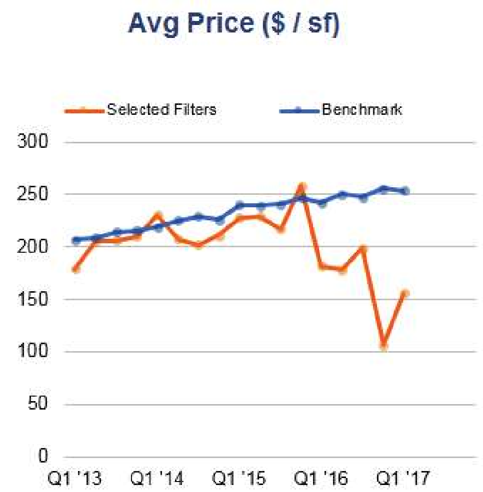
The following office market forecast is based on data supplied by Reis, Inc.and reflects their base-line forecasts for the local office market. It is noted that the historical and forecast data points may vary from those presented previously in our analysis, which were based on data compiled by Cushman & Wakefield Research.

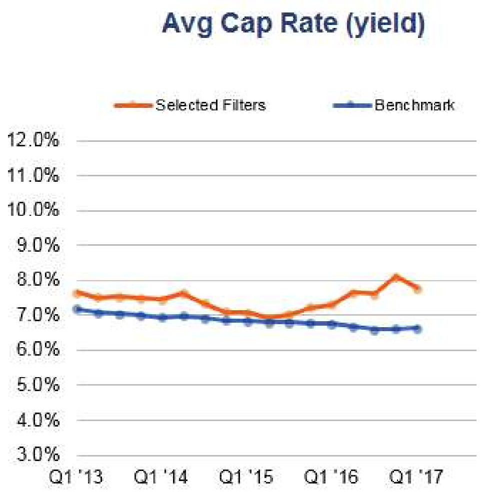
	2014	2015	2016	2017	2018	2019	2020	2021
Employment								
Total Office-using Employment	896,928	900,118	908,385	927,061	948,852	966,017	976,225	991,370
Growth Rate	3.40%	0.36%	0.92%	2.06%	2.35%	1.81%	1.06%	1.55%
Net New Office-using Jobs	29,519	3,190	8,267	18,676	21,791	17,165	10,208	15,145
Total Market								
Inventory (Sq. Ft.)	171,772,000	176,112,000	181,022,000	182,555,000	183,905,000	185,136,000	185,946,000	186,922,000
Completions (Sq. Ft.)	4,235,000	4,689,000	4,985,000	2,158,000	1,350,000	1,231,000	810,000	976,000
Occupied Space (Sq. Ft.)	146,980,000	148,710,000	146,400,000	146,617,000	147,403,000	148,521,000	149,184,000	149,525,000
Vacant Space (Sq. Ft.)	24,792,000	27,402,000	34,622,000	35,938,000	36,502,000	36,615,000	36,762,000	37,397,000
Vacancy Rate	14.4%	15.6%	19.1%	19.7%	19.8%	19.8%	19.8%	20.0%
Net Absorption (Sq. Ft.)	3,593,000	1,730,000	(2,310,000)	217,000	786,000	1,118,000	663,000	341,000
Year-End Asking Rent	$27.26	$27.89	$28.16	$28.47	$28.81	$29.25	$29.60	$29.93
Growth Rate	5.1%	2.3%	1.0%	1.1%	1.2%	1.5%	1.2%	1.1%

Source: Reis, Inc.

Houston Office Investment Sales Market

According to Real Capital Analytics, 93 office sale transactions closed in the 12 months ending March 2017, with a total volume of $2.11 billion, averaging a price of approximately $156 per square foot. The 93 buildings total 12.0 million square feet. Cap rates for this period averaged 7.8 percent, with an average of 6.8 percent reported for the first quarter of 2017. As shown in the following graphic, prices generally declined in 2016 and have remained below the benchmark (United States) averages since that time, after trending near national averages previously. Capitalization rates depicted a similar trend, increasing throughout 2016, with an increasing spread over national averages. These trends generally coincide with the recent declines in oil prices.





Source: *Real Capital Analytics*

Outlook – Houston Office Market

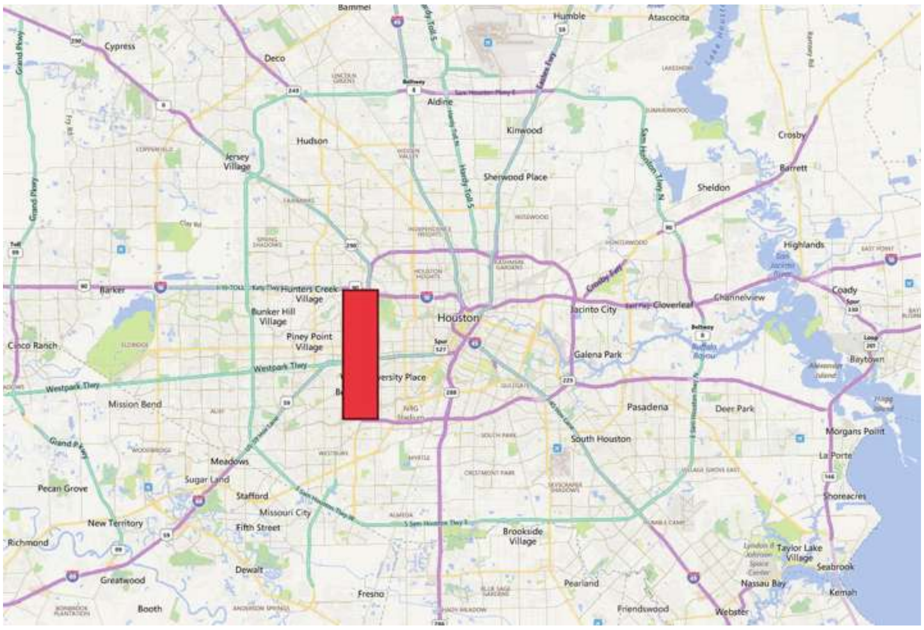
The outlook for Houston's office market will closely follow the path of job creation in the city as well as growth in housing, and construction both residential and non-residential. However, with the oil and gas industry currently recovering, growth forecasts have slowed but still are growing at a minimal pace. This has been (and is expected to continue to be) most impactful in lower quality assets (relative to location, physical characteristics, vacancy, credit and term). The outlook for Houston's office market remains tied to energy markets. Many hold onto the expectations that economic conditions will continue to improve through 2017, and a few key indicators, including oil prices and the Houston Purchasing Manager Index (PMI), are pointing towards continued growth. The Greater Houston Partnership projects that job gains in Houston will likely double the 2016 total by year-end 2017. While a long road remains ahead to reach optimal growth levels of only a few years ago, there is a general sense that Houston has turned a corner and the worst has already happened. Coupled with strong activity through the Port of Houston, rising oil production and a still-health housing market, there is cautious optimism for the remainder of 2017 and 2018.

West Loop/Galleria Submarket

Introduction

This is Houston's largest suburban (non-CBD) office submarkets and it stretches along the West Loop (610) from IH-10 to Meyerland/Bellaire. The office inventory of 25.07 million square feet in 112 buildings, includes over 50 class B properties (10.9 msf), as well as 25 class A properties with 10.3 msf. There are also 33 class C buildings which are highly inferior to the class A and B space.

WEST LOOP/GALLERIA SUBMARKET



Supply and Demand

Direct vacancy for all classes combined fell to 13 percent at year-end 2006 from 17.1 percent twelve months earlier. By year-end 2007, the rate dropped to 9.4 percent. This was consistent with the 2007 market strength reported overall. As of the year end 2008, the submarket continued to have improving occupancy as the overall vacancy rate of 8.3 percent was the lowest rate recorded in the +20 years of recorded statistics. During the first quarter of 2009, the vacancy rate ticked up slightly to 9.9 percent followed by a further uptick in the second quarter to 11.8 percent where it ended the year. In 2010, as the local economy gained traction and began to crawl out of the recession, there was positive job growth, no addition to inventory and a resulting slight drop in vacancy to 11.5 percent. However, in 2011 the loss of BG Group (who moved to the CBD) in conjunction with limited absorption, yielded a year-end vacancy level of 12 percent.

West Loop/Galleria	Inventory				Direct Vacancy Rate			
	Class A	Class B	Class C	All Classes	Class A	Class B	Class C	All Classes
Year-End 2000	8,907,831	9,638,944	4,828,706	23,375,481	11.8%	13.9%	16.5%	13.6%
Year-End 2001	8,907,831	9,638,944	4,508,680	23,055,455	9.4%	17.9%	18.3%	14.7%
Year-End 2002	9,095,211	9,645,714	4,519,039	23,259,964	14.3%	20.1%	23.1%	18.4%
Year-End 2003	9,009,688	10,326,870	4,472,019	23,808,577	17.4%	20.4%	20.1%	19.2%
Year-End 2004	8,584,489	11,037,394	4,064,071	23,685,954	22.2%	19.2%	19.8%	20.4%
Year-End 2005	8,780,706	10,813,910	3,917,389	23,512,005	18.8%	14.3%	20.9%	17.1%
Year-End 2006	8,780,706	10,813,910	3,914,234	23,508,850	11.4%	10.7%	22.8%	13.0%
Year-End 2007	8,780,706	10,829,910	4,239,817	23,850,433	8.0%	7.4%	17.6%	9.4%
Year-End 2008	8,780,706	10,829,910	4,236,561	23,847,177	6.0%	8.6%	12.5%	8.3%
Year-End 2009	8,780,706	10,706,625	4,246,005	23,733,336	9.2%	10.8%	19.5%	11.8%
Year-End 2010	8,780,706	10,721,190	4,246,005	23,747,901	7.2%	12.2%	18.5%	11.5%
Year-End 2011	8,780,706	10,721,190	4,246,005	23,747,901	9.7%	10.2%	21.4%	12.0%
Year-End 2012	8,780,706	10,626,693	4,246,005	23,653,404	6.7%	16.0%	9.9%	11.5%
Year-End 2013	9,492,375	10,653,760	4,246,005	24,392,140	8.3%	13.6%	7.5%	10.5%
Year-End 2014	9,492,375	10,653,760	4,215,405	24,361,540	5.2%	11.4%	7.8%	8.4%
Year-End 2015	9,560,878	10,876,998	3,997,372	24,435,248	6.4%	15.7%	7.7%	10.7%
Decade Avg. (thru 2015)					**7.8%**	**11.7%**	**14.5%**	**10.7%**
Year-End 2016	10,320,024	10,916,998	3,837,139	25,074,161	9.2%	17.5%	11.5%	13.2%
1Q 2017	10,320,024	10,916,998	3,837,139	25,074,161	11.6%	17.8%	10.9%	14.2%

The Class A vacancy rate of 9.7 percent at year-end 2011 fell to 6.7 percent as of the year-end 2012 and further to 5.2 percent at year end 2014 before rising slightly to 6.4 percent in year-end 2015, which approximates a stabilized level. The class B market vacancy has increased from 10.2 percent at year-end 2011 to 16 percent as of year-end 2012, and although it began to moderate at 15.7 percent by year-end 2015, it has spiked again to 17.8 percent as of the end of 1Q2017. The class B segment needs significant absorption (roughly 820,000 sf) to reach a stabilized level. Class C vacancy rebounded considerably from the 21.4 percent year-end 2011 level to the year-end 2012 level of 9.9 percent, decreasing even more to 7.7 percent as of year-end 2015, which was at or above a stabilized level for this space class. As of 1Q2017 however, Class C vacancy has decreased to 10.9 percent. Overall, the class B market as of 1Q2017 is the softest component at 17.8 percent vacancy (class A is 11.6 percent and class C remains at 10.9 percent).

The submarket lost its luster in the late 1990's and early 2000 due to the massive freeway construction projects in the area (most notably the Loop 610 reconstruction and the addition of the West Park Tollway). However, in late 2004 as these projects approached completion many tenants returned to this very attractive submarket. In fact, absorption for 2005 through 2007 was strong, and continued at a positive rate through 2008, albeit at a much slower rate. In the first half of 2009, as companies pulled back during the recession, the submarket experienced negative absorption. Given the static supply/inventory, this negative absorption was the result of dropping demand. Overall this was seen citywide and led to rental rate pressure through 2010. Absorption returned to positive ground from 2011-2014 and rents rose considerably, although the oil price volatility (see discussion throughout report) has caused a retrenchment in 2015 through 2017 (negative absorption).

Direct rental rates had increased across all building classes to an average $23.67 psf at year end 2007 compared to $19.88 psf one year earlier yielding a 19.1 percent spike across all classes. The trend continued through 2008 with an additional 14 percent rent increase to $26.78 psf. Even in 2009 we saw that quoted rates continued to increase. Class A space had seen massive rental rate increases of over 35 percent from the year-end 2006 rate of $19.88 psf to the 2009 rate of $27.26 psf. However during 2009 many buildings were holding quoted rents but signing leases well below the quoted levels. Further, in 2009 and early 2010, some buildings began to offer a couple months of free rent as a concession to leasing. In 2010 many buildings began to lower their quoted rents to be more consistent with where they were willing to do leases. However, as seen, the leasing activity rose in 2011 and many landlords improved their quoted and achieved rents and concessions through the end of 2011 and into 2012. During 2012 and 2013, the submarket was characterized by significant strength and steady absorption, yielding the bottoming of rents and the resulting recovery that is seen in the following chart from year-end 2010 through the recent overall high of $34.88 psf as of year-end 2015 and then dropping to $34.01 by 1Q2017. Note however, that achieved rents have fallen further, concessions have risen and effective rents are down materially throughout the submarket. This is more significant in buildings geared towards larger users and/or energy facing companies.

Absorption and Rental Rate Trends

West Loop/Galleria	Direct Net Absorption				Direct Gross Asking Rental Rate			
	Class A	Class B	Class C	All Classes	Class A	Class B	Class C	All Classes
Year-End 2000	(493,408)	(8,972)	120,287	(382,093)	$23.48	$20.89	$16.34	$21.04
Year-End 2001	255,582	(82,088)	(132,886)	40,608	$23.23	$20.60	$16.50	$20.37
Year-End 2002	(276,783)	(211,902)	(216,135)	(704,820)	$22.33	$19.60	$16.30	$19.70
Year-End 2003	(270,795)	(314,498)	17,891	(567,402)	$20.46	$18.49	$15.60	$18.66
Year-End 2004	(456,179)	129,487	57,313	(269,379)	$20.20	$17.71	$15.27	$18.33
Year-End 2005	310,939	482,546	(15,176)	778,309	$20.15	$17.94	$16.25	$18.54
Year-End 2006	619,002	368,172	(108,633)	878,541	$22.85	$19.35	$17.27	$19.88
Year-End 2007	169,691	291,751	136,791	598,233	$29.94	$20.49	$21.21	$23.67
Year-End 2008	168,171	(132,583)	206,163	241,751	$34.70	$25.91	$20.44	$26.78
Year-End 2009	(223,511)	(465,869)	(243,444)	(932,824)	$31.49	$27.51	$22.65	$27.26
Year-End 2010	73,617	(106,807)	22,988	(10,202)	$30.21	$25.56	$18.01	$25.37
Year-End 2011	(78,684)	126,547	25,218	73,081	$31.36	$25.56	$18.67	$25.68
Year-End 2012	138,413	(464,130)	434,679	108,962	$33.33	$27.90	$20.06	$27.93
Year-End 2013	428,246	318,999	86,103	833,348	$36.48	$29.57	$21.99	$30.40
Year-End 2014	376,842	151,779	(7,548)	521,073	$40.92	$31.83	$23.35	$32.68
Year-End 2015	(20,798)	(408,327)	(63,688)	(492,813)	$42.07	$34.57	$22.16	$34.88
Decade Avg. (thru 2015)					**$33.44**	**$27.66**	**$20.95**	**$28.29**
Year-End 2016	(176,901)	23,091	(186,837)	(340,647)	$39.90	$32.00	$24.08	$33.19
1Q 2017	(238,897)	(41,020)	(2,122)	(282,039)	$40.34	$32.29	$23.92	$34.01

Note that many large leases in class A and A+ buildings are quoted and structured as NNN leases while class A-, B and C buildings are quoting and achieving BY (base year) leases. Note that all of the rental rates set forth in this section of the report are gross (BY) equivalents. This is due to the historical structure as BY for all suburban buildings. However, during the past 5-7 years, many buildings have migrated to NNN structures.

There are several known tenant losses within the West Loop submarket and specifically the Galleria/Uptown micro market, some of the largest of which are summarized as follows.

- Five Post Oak Place- Midstates (lease through June 2018) had some space on the sublease market after the oil price declines and as of 2Q2015 announced and then in late 2015 actually moved back to Tulsa, and they put their entire 47,024 sf on the sublease market. In addition, at Five Post Oak Place, the primary tenant was Amegy Bank with 174,378 sf through February 2017, who has completed construction of their new Houston headquarters (in late 2016) along Loop 610 (north of San Felipe) and has vacated Five Post Oak Place as of March 2017.
- Park Towers- Net IQ vacated 106,000 sf in August 2014 and relocated to 515 Post Oak (backfilling space that Weatherford vacated). Also, in 2Q2015, GE vacated roughly 155,000 sf at Park Towers as they continued their expansion into the central location at Clay Road and Beltway 8 in West Houston. The building subsequently underwent a $30+ million renovation and is in lease up.
- Capital One vacated 167,000 sf at lease expiration in June, 2016, at the Capitol One building (5718 Westheimer) and relocated into 5444 Westheimer, leaving a significant block of vacant space at 5718 Westheimer.
- BHP Billiton, as a result of their consolidation and subsequent build to suit construction of "Tower 5" in Four Oaks Place, will be vacating roughly 20 floors at the adjacent 1360 Post Oak. As of mid-2017, this space is on the sublease market.
- There has not been any material leasing/pre-leasing at these 4 alternatives resulting in the addition of roughly 800,000 sf of vacant space in this submarket in 2016/2017. In fact, we expect that all 4 offer alternatives to tenants over the coming 1-3 years, contributing to moderate softness and downward pressure on overall occupancy and rental rate performance.

In terms of new construction, there has been some notable office developments in the submarket in 2011 through 2015. Specifically, BHP and Amegy completed new headquarters buildings and relocated to them in 2017, leaving behind some space as discussed previously. Note that most of the new construction activity has occurred in the Galleria/Uptown micro-market which is in the central and northern portion of the West Loop submarket.

Historical construction trends are as follows.

West Loop/Galleria	Under Construction				Proposed			
	Class A	Class B	Class C	All Classes	Class A	Class B	Class C	All Classes
Year-End 2000	0	0	0	0	500,000	0	0	500,000
Year-End 2001	0	0	0	0	350,000	0	0	350,000
Year-End 2002	0	0	0	0	0	0	0	0
Year-End 2003	0	0	0	0	0	0	0	0
Year-End 2004	0	0	0	0	0	0	0	0
Year-End 2005	0	0	0	0	50,000	0	0	50,000
Year-End 2006	0	0	0	0	0	0	0	0
Year-End 2007	0	0	0	0	0	0	0	0
Year-End 2008	0	78,000	0	78,000	895,000	0	0	895,000
Year-End 2009	0	78,000	0	78,000	895,000	0	0	895,000
Year-End 2010	0	0	0	0	300,000	0	0	300,000
Year-End 2011	620,189	0	0	620,189	144,000	0	0	144,000
Year-End 2012	711,669	0	0	711,669	919,000	0	0	919,000
Year-End 2013	691,649	0	0	691,649	300,000	0	0	300,000
Year-End 2014	822,146	0	0	822,146	350,000	0	0	350,000
Year-End 2015	759,146	0	0	759,146	1,166,000	0	0	1,166,000
Year-End 2016	0	0	0	0	575,000	0	0	575,000
1Q 2017	0	0	0	0	225,000	0	0	225,000

There are limited other developments planned or under construction, and in fact, the only current construction is the roughly 105,000 sf component of the 30+ story mixed use development under way, known as The Post Oak.

Outlook – West Loop/Galleria Submarket

The property is in a high profile submarket. Overall, both the local office market and the subject's submarket rose with the post-recession economic expansion and pulled back with the late 2014-2017 energy weakness.

Note that there have been some large blocks of space entering the market, as previously discussed, most of which are located in the Galleria/Uptown micro-market. That said, Stage Stores has leased the majority of the Blue Cross/Blue Shield building (which was nearly vacant at the time), resulting in a large positive influx into the market in January 2016 when the lease commenced. However, 100,000 sf to 200,000 sf remained vacant from the time Blue Cross/Blue Shield vacated roughly 2016, until this Stage Stores lease commenced, resulting in an 8-10 year period to absorb this space. Note that this is partially due to the building owner's motivations and strategy.

In conclusion, given the general office market recovery through 2007/8, decline in 2009/2010 and recovery in 2011-3Q2014, the market peaked. Thereafter, the oil price declines in late 2014-1H2017 resulted in market decline and pull back by energy facing companies. However, employment growth, although muted, was projected to be (and was) positive in 2015 and 2016. Therefore, we expect the subject submarket rents to stagnate in the coming two years, followed by a market rise thereafter. Further we expect a 2-5 year absorption period for the market and submarket to regain equilibrium, given the supply and demand characteristics. However, the subject is not stabilized and therefore we have concluded to a 3 year lease up/absorption is needed.

Subject Property – 1800 West Loop South Office Building

Location and Description

The subject property is located at corner of West Loop South and San Felipe Street roughly 5 miles west of the Houston CBD. Generally speaking, the local area/neighborhood is considered to be bounded by the railroad tracts to the east, Woodway Drive to the north, Fountain View Drive to the west, and US Highway 59 (Southwest Freeway) to the south.

This area, known as Uptown Houston, is among the largest suburban business districts in the United States. The area is a diversified economic center, densely developed with office, retail, hotel, restaurant, and residential use, and is regarded as Houston's second central business district.

The subject property consists of a 21-story, class A, multi-tenant, office property that contains 400,101 square feet of rentable area with a parking garage, which sits on 1.88 acres. The improvements were completed in 1982 and are in good condition.

Transportation and Connectivity

As described previously, two of the four neighborhood boundaries are formed by major freeways. Interstate Highway 610 (West Loop) is a multi-lane, limited access expressway and is a major traffic carrier that encircles the city of Houston at a radius of roughly 6 miles. US Highway 59 is a multi-lane, limited access, median divided freeway, and it extends from South Texas (the Valley), through Houston, and continues northward through the easterly portion of the state. US 59 is expected to eventually become an interstate highway to enhance trade between Texas and Mexico. IH-10, which extends across the US from the East to the West Coast, is positioned within a mile to the north of the defined neighborhood, further enhancing the accessibility of the Uptown district.

As for other major neighborhood roadways, Westheimer Road is the major east/west traffic carrier in the area, and is Houston's most heavily developed commercial thoroughfare. Commercial uses located along Westheimer include predominantly office buildings, hotels, retail centers, and restaurants. In addition, Richmond Avenue, San Felipe, and Woodway Drive are also major east/west carriers. A mix of retail, office, multi-family, and single-family residential development is located along these thoroughfares. Other than Loop 610, north/south access is supplied by Post Oak Boulevard, Chimney Rock Drive, and Fountain View Drive.

Although access is rated as good on an overall basis, many local area thoroughfares experience heavy traffic during peak travel hours. Within the past ten years three major road projects were completed in the area: the West Loop Project, the Westpark Tollway Project, and the Uptown Local Street Improvement Project.

The West Loop improvements revamped freeway ramps, expanded frontage roads, and provided U-turns along Loop 610. The new Westpark Tollway extends approximately 12 miles from the intersection of Post Oak Boulevard and Richmond in Uptown Houston west to Highway 6 and continues on to the Katy area (with plans to extend into the Fulshear area). This limited-access toll way is restricted to EZ TAG users only. Finally, the Uptown Local Street Improvement Program added streets to the existing network, improving traffic flow. The following includes recent roadway construction completions in the Galleria area based on information provided by Uptown Houston:

- Ambassador Way - reconstructed and improved the street surfaces and drainage making it a fully functional four-lane street, two lanes in each direction.
- Post Oak Lane / Skylark - New road dubbed the “missing link,” runs north and south connecting San Felipe to Ambassador Way. This new street allows commuters to get from the Galleria / Westheimer to Woodway without driving on Westheimer, Post Oak Boulevard or San Felipe.

- West Alabama - Reconstructed the roadway between Post Oak Boulevard and the Southbound IH 610-West Loop southbound frontage road to serve as one of the entrances to the West Loop.
- McCue - Reconstructed 40 feet of pavement from Westheimer to Chevy Chase.
- Post Oak Boulevard - Widened the intersection at Richmond to better align Post Oak Boulevard for the entrance to the new Westpark Tollway. Further, with the proposed BRT (bus rapid transit as opposed to light rail) to be located down the center of Post Oak Boulevard and the current characteristics of this roadway, this has truly become a prestigious address in the Houston market, as one of the main "Boulevards". Note that the Uptown association is spending $40 million (separate from Metro's expenditure to build the line) in enhancements to the Galleria/Uptown line. Post Oak Boulevard will have 3 lanes on each side of the BRT. Further, the BRT construction along Post Oak Boulevard will be phased in order to reduce any property specific construction related burden.
- Sage - Widened from a four-lane divided roadway to a six-lane divided roadway between Hidalgo and West Alabama; installed a 48-inch storm sewer line to provide additional safeguard against local flooding.
- Sage and Rice - Reconstructed and improved the intersections of Sage Road and Rice at US 59 to create better access to the new Westpark Tollway.
- San Felipe- from Yorktown to Sage Road reconstructed the pavement, installed a major water distribution line and replaced water and sewer lines. From Sage to Loop 610, widened San Felipe to 6 lanes (3 each direction). Note that this major residential connector (connecting River Oaks, Tanglewood and Memorial) is now capable of enhanced traffic flow.
- Uptown Park Boulevard - Widened the intersection at Post Oak Boulevard to four lanes; added a right-turn lane from Post Oak Boulevard to northbound Uptown Park Boulevard.

The City of Houston has also implemented wastewater collection improvements within Uptown Houston, including the expansion of sewer systems along Post Oak Boulevard, which provide capacity allowing a doubling of development in Uptown. In addition, Harris County Improvement District No. 1 has a number of on-going projects, including the planting of trees, area-wide landscape improvements, improved pedestrian amenities, and enhanced lighting.

Competitive Market Survey – Micro Market

In order to gain a better understanding of the market conditions specific to the subject property, we conducted a micro-market analysis concentrating on those buildings that would be considered most competitive to the subject.

Micro Market Snapshot

We have identified office buildings with the following characteristics as the being directly competitive with the subject.

- Mid-rise to high-rise office product in the immediate vicinity
- Class A/B+ product
- Multi-tenant office properties with similar physical attributes and amenities.

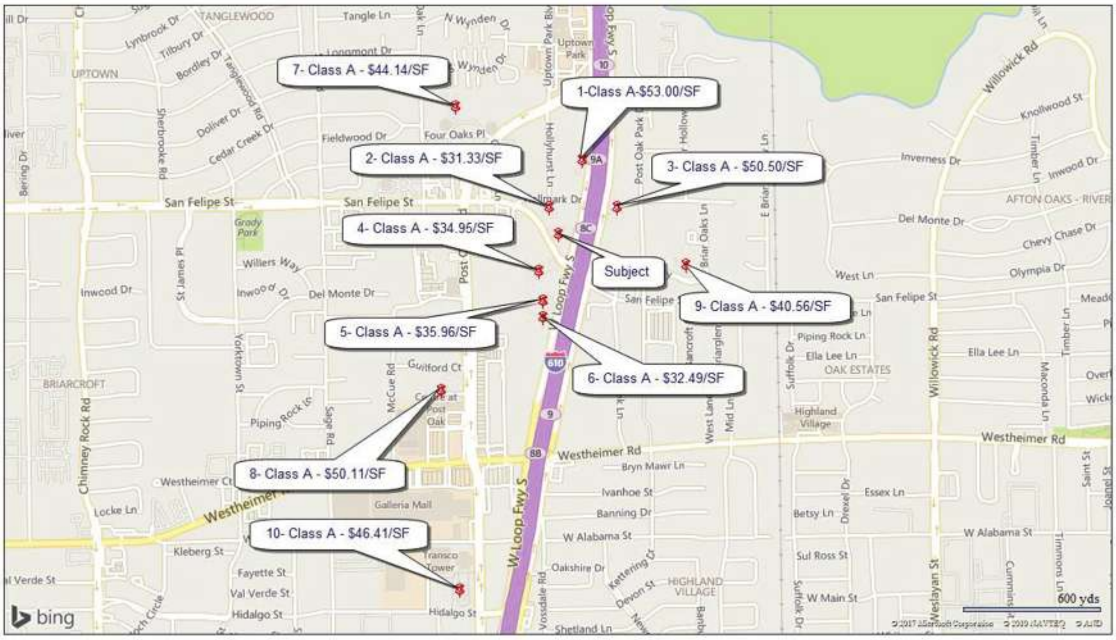
The following table contains the existing competitive properties.

COMPETITIVE MICRO MARKET

No.	Name	Address	Parking Ratio	Year Built	Stories	Investment Class	RBA (SF)	Direct Vacant SF	% Leased	Ask Rate/SF	Expenses	FS Equivalent
S	**1800 West Loop South Building**	**1800 West Loop South**	**2.56**	**1982**	**21**	**A**	**400,101**	**58,641**	**85.3**	**$20.00**	**NNN**	**$32.31**
1	The Post Oak	1600 West Loop South	2.50	2017	36	A	104,579	104,579	0.0	$35.00	NNN	**$53.00**
2	Burn & McDonnell Plaza	1700 West Loop South	3.00	1976	15	A	272,941	44,255	83.0	$19.00	NNN	**$31.33**
3	Amegy Bank Building	1717 West Loop South	3.00	2017	22	A	380,000	37,227	90.0	$32.50	NNN	**$50.50**
4	1900 West Loop South Building	1900 West Loop South	3.50	1978	21	A	411,243	40,358	94.0	$21.50	NNN	**$34.95**
5	2000 West Loop South Building	2000 West Loop South	3.50	1970	22	A	356,750	20,054	94.0	$21.50	NNN	**$35.96**
6	2100 West Loop South Building	2100 West Loop South	3.00	1974	16	A	162,504	33,991	89.0	$19.50	NNN	**$32.49**
7	Four & Five Oaks Office Complex	1300-1500 Post Oak Boulevard	3.00	1991	12-30	A	2,333,321	385,490	87.0	$27.00	NNN	**$44.14**
8	BBVA Plaza	2200 Post Oak Boulevard	3.00	2016	22	A	326,201	42,047	87.0	$31.00	NNN	**$50.11**
9	Five Post Oak Park	4400 Post Oak Parkway	3.70	1982	28	A	567,264	257,725	56.0	$25.00	NNN	**$40.56**
10	Williams Tower	2800 Post Oak Boulevard	2.50	1983	64	A	1,476,973	113,020	94.0	$30.00	NNN	**$46.41**
OVERALL STATISTICS INCLUDING SUBJECT												
Low:			2.50	1970	15		104,579	20,054	0.0	$19.00		$31.33
High:			3.70	2017	64		2,333,321	385,490	94.0	$35.00		$53.00
Average/Total/All Classes:			**3.02**	**1990**	**27**		**617,443**	**103,399**	**85.3**	**$25.64**		**$41.07**

FS- 'Full Service Gross' (Rental rates reflected averages for all investment classes included in our survey)
Source: CoStar Goup, Inc. and Cushman & Wakefield of Texas, Inc.

COMPETITION MAP



We surveyed 10 competitive office buildings within the submarket, including the subject property, containing approximately 6.4 million square feet. The average vacancy of the comparables is approximately 35.9 percent, which is under the metro-area average of 17.3 percent as of 1Q2017.

The range of asking rates for competitive office spaces are $19.00 to $35.00 per square foot, with an average of $25.64 per square foot on a NNN basis. A NNN lease structure is defined whereby the tenant pays all property expenses based on their pro rata share of occupied space to the net rentable area. Lease rates include a tenant improvement package ranging from $3.00 to $10.00 per square foot per year of the lease term for new leases, and none (As Is) to $3.00 per square foot per year of the lease term for renewal leases. Lease terms typically reflect annual escalations $.50 increases with the exception of comparable 8 which annual escalations are 3 percent. 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.

Based on these comparables, we would expect a subject rent in the $19.00 - $21.50 psf range with $.50 psf annual escalations and 3-5 months free rent yielding an initial effective rental rate roughly $17.40 psf to $19.70 psf on a 5 year lease with TI allowances of $25 psf on a new lease and $15 psf on renewals.

Note that these comparables report actual achieved rents that are roughly $.50 psf to $2 psf below quoted levels at various points in time. Given the continued rent pressures we expect to be towards the middle range as deals are more aggressively negotiated.

Subject's Competitive Market Position

The subject is considered a Class A office property by market participants based on its quality, condition and tenancy. The subject benefits from being located within a well-established submarket west of the CBD, proximate to primary demand generators and local area amenities. In addition the subject is located within the Uptown area which has a significant household base to the north (Tanglewood) that is one of the wealthiest neighborhoods in the Houston area. The subject also benefits from being located near major thoroughfares and public transportation with good accessibility from surrounding markets. The subject's immediate market reflects a competitive supply of available office space with competitive rental rates. The subject offers adequate amenities that are attractive to prospective tenants as evidence by its current tenancy. Thus based on the subject's locational characteristics, project quality and current tenancy, the subject has good competitive position in comparison to other comparable buildings within the immediate market.

Micro Market Outlook and Conclusions

As an attractive, urban infill submarket, the subject area and specific subject micro-market are expected to remain stable and competitive as attractive locations, particularly given the significant area amenity base.

SWOT ANALYSIS

Strengths

- The subject largely benefits from its location in an attractive portion of the West Loop submarket.
- Economic growth, although muted, has been positive and is expected to accelerate in 2018-2019.
- The subject has great visibility along 610 Loop, as well as good access from the Loop 610 feeder road.

Weaknesses

- One of the weaknesses is that the subject property is competing with some of the best class A/A+ properties within the submarket, many of which have material vacancy and some of which have recently renovated.
- Another weakness is market uncertainty. Some market participants believe that the bottom has been reached while others are unsure if the Houston market has hit the bottom.

Opportunities

- The subject has the opportunity to compete for multi-tenant occupants as an attractive quality option through prudent management and aggressive leasing strategy.

Threats

- Severe global economic slowdown
- Significantly rising interest rates
- Bullets one and two are not currently expected and therefore, the subject will not be threatened by these macro elements
- Challenged energy market, although oil appears to have bottomed and stabilized for the time being.

Subject Property – West Loop I & II

Location and Description

The subject property is located southeast of West Loop 610 and Beech Street, roughly 6 miles west of the Houston CBD. In the western portion of the Houston MSA and Harris County, Texas. Generally, the boundaries of the local area are Southwest Freeway to the north, Beechnut Street to the south, Weslayan Street to the east, and Chimney Rock Road to the west. These defined neighborhood boundaries have been designated because properties within this area are comparable with respect to characteristics such as density, land use, desirability, and general price range.

The subject property consists of a 7 & 8-story, class A, multi-tenant, office property that contains 313,873 square feet of rentable area plus a parking garage. The improvements were completed 1981 and are in good condition.

Transportation and Connectivity

Local area accessibility is good, relying on the following transportation arteries:

Local: The primary east-west roads within the local area include Westpark Drive, Bellaire Boulevard, Bissonnet Street, and Beechnut Street which transitions to Brasewood Boulevard inside the Loop 610. The primary north-south roads within the local area include Chimney Rock Road, South Rice Avenue, Weslayan Street which transitions into Stella Link Road after Bellaire Boulevard intersection. Accessibility within the local area is good.

Regional: The local area has good regional access via Interstate Highway 610, Westpark Tollway, and U.S. Highway 59.

Interstate Highway 610 (West Loop) is a multi-lane, limited access expressway and is a major traffic carrier that encircles the city of Houston at a radius of roughly 6 miles.

US Highway 59 is a multi-lane, limited access, median divided freeway, and it extends from South Texas (the Valley), through Houston, and continues northward through the easterly portion of the state. US 59 is expected to eventually become an interstate highway to enhance trade between Texas and Mexico.

The Westpark Tollway is a four-lane highway providing access to US-59 and Loop 610 to the east and Grand Parkway to the west. Westpark Tollway, together with the Fort County Westpark Tollway, is a 20 mile limited access and EZ Tag only toll road. The Westpark Tollway provides a direct link from the western portion of the Houston area to Loop 610 West and Houston's Galleria Area. The completion of the Westpark Tollway has improved the accessibility of the local area for those commuting to and from the city of Houston and to and from the far western portion of the area.

Mass Transit: The Metropolitan Transit Authority of Harris County (METRO) offers several local and commuter bus routes providing transportation within the local area and from the local area into various locations in the Houston Central Business District.

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 most competitive to the subject.

Micro Market Snapshot

We have identified office buildings with the following characteristics as the being directly competitive with the subject.

- Mid-rise to high-rise office product in the immediate Bellaire vicinity
- Class A-/B product

The following table contains the results of a CoStar Group and Cushman & Wakefield survey of existing competitive properties. These buildings 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	Expenses	FS Equivalent
S	**West Loop I & II Office Buildings**	**6565-6575 West Loop South**	**3.00**	**1981**	**6-7**	**A**	**313,873**	**60,780**	**90.6**	**$28.50**	**BY**	**$28.50**
1	The Offices at Pin Oak Park	4747 Bellaire Boulevard	3.00	1979	5	B	76,222	12,473	90.0	$25.50	BY	**$25.50**
2	Bellaire Atrium I & II	5909 & 5959 West Loop South	3.60	1975	6	B	157,031	5,384	93.0	$23.00	BY	**$23.00**
3	6300 West Loop South Building	6300 West Loop South	3.52	1972	6	B	100,558	7,982	92.0	$23.00	BY	**$23.00**
4	6330 West Loop South Building	6330 West Loop South	4.00	1976	14	A	279,333	40,054	86.0	$29.40	BY	**$29.40**
5	The Offices at Pin Oak Park	6700 West Loop South	3.00	1974	5	B	76,662	3,823	95.0	$28.50	BY	**$28.50**
6	The Offices at Pin Oak Park	6750 West Loop South	3.00	1977	10	A	201,932	19,678	94.0	$28.00	BY	**$28.00**
7	The Offices at Pin Oak Park	6800 West Loop South	3.00	1979	5	B	76,972	5,886	95.0	$25.50	BY	**$25.50**
OVERALL STATISTICS INCLUDING SUBJECT												
Low:			3.00	1972	5		76,222	3,823	86.0	$23.00		$23.00
High:			4.00	1981	14		313,873	60,780	95.0	$29.40		$29.40
Average/Total/All Classes:			**3.27**	**1977**	**7**		**160,323**	**19,508**	**91.0**	**$26.43**		**$26.43**

FS- 'Full Service Gross' (Rental rates reflected averages for all investment classes included in our survey)
Source: CoStar Goup, Inc. and Cushman & Wakefield of Texas, Inc.

COMPETITION MAP

We surveyed 7 competitive office buildings within the submarket, including the subject property, containing approximately 889,500 square feet. The average vacancy is approximately 9 percent, which is under the metro-area average of 17.3 percent as of 1Q2017.

Average asking rates for competitive office space range from $23 - $29.40 per square foot, with an average of $26.43 per square foot on Base Year (BY) basis. A "Base Year" lease structure is defined by market participants as tenants responsible for any increases in operating expenses over the base year level including real estate taxes, insurance, utilities and other recoverable operating expenses. Lease rates include a tenant improvement package ranging from $2-$4 per square foot per year of the lease term for new leases, and $0 (As Is) to $2 per square foot per year of the lease term for renewal leases. Lease terms typically reflect annual steps of $.50 psf. 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. Note that these comparables report actual achieved rents that are roughly $.50 psf to $2 psf below quoted levels at various points in time. Given the continued rent pressures we expect to be towards the middle range as deals are more aggressively negotiated.

Based on these comparables, we would expect a subject rent in the $25 to $27 psf range with $.50 psf annual steps and 5 months free rent yielding an initial effective rental rate roughly $23.92 psf to $25.75 psf on a 5 year lease with TI allowances of $25 psf on new leases and $12.50 psf on renewals.

Subject's Competitive Market Position

The subject is considered a Class A office complex by market participants based on its quality, condition and tenancy. The subject benefits from being located within a well-established submarket just west of the CBD, proximate to primary demand generators and local area amenities. In addition the subject is located within the Bellaire area which has a significant household base. The subject also benefits from being located near major thoroughfares and public transportation with good accessibility from surrounding markets. The subject's immediate market reflects a competitive supply of available office space with competitive rental rates. The subject offers adequate amenities that are attractive to prospective tenants as evidence by its current tenancy. Thus based on the subject's locational characteristics, project quality and current tenancy, the subject has good competitive position in comparison to other comparable buildings within the immediate market.

Micro Market Outlook and Conclusions

As an attractive, urban infill submarket, the subject area and specific subject micro-market are expected to remain stable and competitive as attractive locations.

SWOT ANALYSIS

Strengths

- Subject has multiple healthcare tenants within their properties signing long term leases. The healthcare industry is one of the major and stable industries in Houston.
- Economic growth, although muted, has been positive and is expected to accelerate in 2018-2019.
- The subject has great visibility along 610 Loop, as well as good access from the Loop 610 feeder road.

Weaknesses

- There are top tier (superior) office buildings north of the subject in the Galleria/Uptown micro-market that are class A/A+ properties and will continue to put pressure on lower quality assets, especially during softer economic periods.
- Another weakness is market uncertainty. Some market participants believe that the bottom has been reached while others are unsure if the Houston market has hit the bottom.

Opportunities

- The subject has the opportunity to compete for multi-tenant occupants as an attractive value option through prudent management and aggressive leasing strategy.

Threats

- Severe global economic slowdown
- Significantly rising interest rates
- Bullets one and two are not currently expected and therefore, the subject will not be threatened by these macro elements
- Challenged energy market, although oil appears to have bottomed and stabilized for the time being.

Atlanta, Georgia

Atlanta Regional Analysis

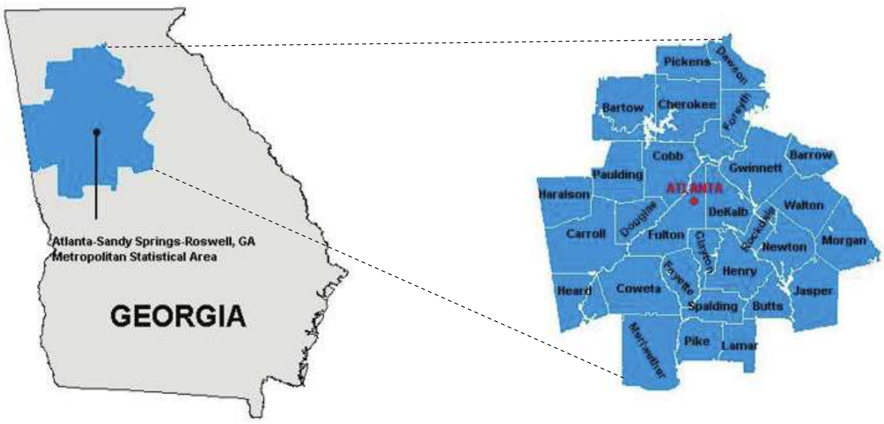
Market Definition

The Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area (Atlanta MSA) is the ninth largest region in the United States, consisting of 28 counties in northwest Georgia. The City of Atlanta is the largest incorporated area within the MSA encompassing most of Fulton County and a portion extending into neighboring DeKalb County.

Atlanta is the state capital and the most populous city in the state of Georgia. Atlanta's urban core is one of the fastest growing metropolitan areas in the country. Atlanta has the country's third largest concentration of Fortune 500 companies and seventy-five percent of Fortune 1000 companies have a presence in the metropolitan area. Atlanta's core strengths and assets include rapid population growth, superb logistics infrastructure, business-friendly environment, world-class airport, tourism amenities and higher education infrastructure. Additionally, Atlanta's location offers businesses direct access to over 170 U.S. cities and 80 destinations around the world.

The following map portrays the Atlanta MSA within the state of Georgia.

ATLANTA-SANDY SPRINGS-ROSWELL, GA
METROPOLITAN STATISTICAL AREA (MSA)



Source: Cushman & Wakefield Valuation & Advisory

Current Trends

Accelerated job growth has become a trend, as the Atlanta MSA continues to calculate month-over-month increases. As of February 2017, the region added 95,400 new jobs over the year pushing total non-farm employment to over 2.7 million. According to the Bureau of Labor Statistics, the Atlanta MSA had the fastest rate of job growth among the 12 largest metropolitan areas in the nation, measuring 3.6 percent. Atlanta gained the third-most jobs in the nation, behind New York (145,800 jobs) and Dallas (119,300 jobs). The growing list of relocation and expansion announcements continue to result in hundreds of millions in investments and the creation of tens of thousands of new jobs. Atlanta is attracting more and more Fortune 500 innovation centers and IT hubs, lured by the region's abundant and relatively inexpensive tech workforce. The new jobs coming to the region will continue supporting strong population growth, as many are attracted to the vast array of opportunities. According to recent estimates published by the U.S. Census Bureau, the Atlanta MSA added 95,400 new residents between

July 2015 and July 2016. With the surge in population growth, the housing market has become vastly undersupplied which is triggering more construction activity as developers try to keep pace with demand.

Demographic Trends

Demographic Characteristics

With a median age of 36.0 years, Atlanta is two years younger than the national median age of 38.0 years. Atlanta is also more educated compared to the national average with approximately 35.0 percent of its adult population having a Bachelor degree or better. Atlanta is highly competitive, with 57 colleges and universities producing a skilled talent pool ready for the workforce. According to the Metro Atlanta Chamber of Commerce, Atlanta leads the nation in attracting highly educated 25 to 34 year olds, which is one of the most coveted demographic cohorts in the country. The chart below provides some demographic comparisons between the Atlanta MSA and the nation:

Demographic Characteristics
Atlanta MSA vs. United States
2016 Estimates

Characteristic	Atlanta MSA	United States
Median Age (years)	36.0	38.0
Average Annual Household Income	$83,723	$78,425
Median Annual Household Income	$58,509	$54,505
Households by Annual Income Level:		
<$25,000	20.0%	23.0%
$25,000 to $49,999	23.0%	23.4%
$50,000 to $74,999	18.7%	18.3%
$75,000 to $99,999	13.0%	12.4%
$100,000 plus	25.3%	23.0%
Education Breakdown:		
< High School	12.2%	13.9%
High School Graduate	25.0%	28.1%
College < Bachelor Degree	27.9%	29.0%
Bachelor Degree	22.7%	18.2%
Advanced Degree	12.3%	10.9%

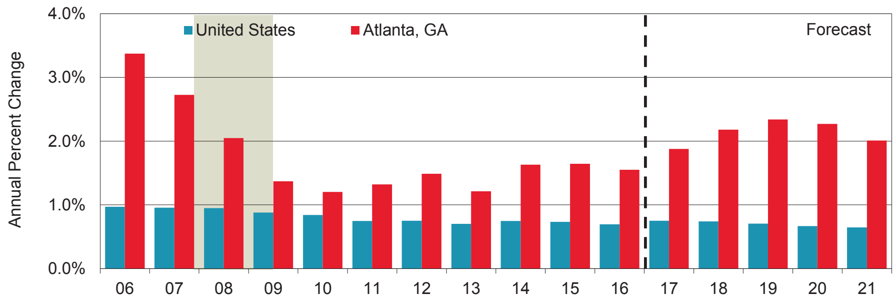
Source: © 2016 Experian Marketing Solutions, Inc. •All rights reserved•
Cushman & Wakefield Valuation & Advisory

Population

Between July 1, 2015 and July 1, 2016, Georgia's population increased by 110,973 to 10.3 million residents. Georgia remains the eighth largest state in the country. The 28-county Atlanta MSA increased 1.6 percent (or 90,650 residents) to 5.8 million residents during the 12-month period ending July 1, 2016. The Atlanta MSA is the third largest in the southeast and the ninth most populous metropolitan area in the U.S.

The following graph depicts population growth trends in the Atlanta MSA vs. the Top 100 metros. In the following exhibit and all subsequent time-series graphs, the gray shaded bars indicate periods of nationwide economic recessions.

POPULATION GROWTH BY YEAR
Atlanta MSA vs. United States, 2006-2021



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

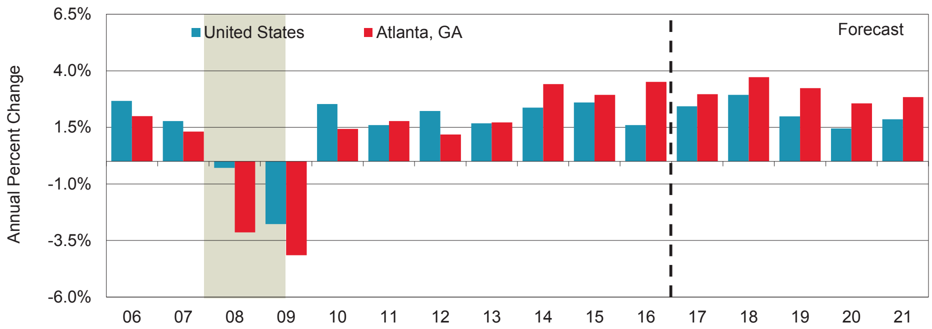
The general direction of the metro area's growth has been north-northeast and primarily concentrated along the GA-400 corridor. The more established core counties of Fulton, DeKalb, Cobb, Gwinnett and Clayton account for the majority of the MSA's population. However, outlying counties, such as Forsyth, Henry, and Cherokee, have experienced higher overall rates of population growth than the MSA over the past 10 years. Further, Forsyth, and Henry Counties ranked among the nation's fastest growing counties. According to the 2010 Census, Forsyth added over 77,000 people over the last decade, growing by 78.4 percent; and Henry County grew by 70.9 percent, adding nearly 85,000 people. New residents are attracted by the internationally recognized school system and lower taxes.

Economic Trends

Gross Metro Product

Atlanta's economy is back on track, with gross metro product measuring $339.2 billion in 2015, increasing about 5.3 percent according to data by the U.S. Bureau of Economic Analysis (2016 estimates due mid- year 2017). Growth, in terms of economic output, returned after retrenching by 4.6 percent in 2009. More industries are expanding and creating jobs, which is translating into solid growth for the region. According to the U.S. Conference of Mayors U.S. Economies report, GMP is projected to have increased to 353.3 billion in 2016.

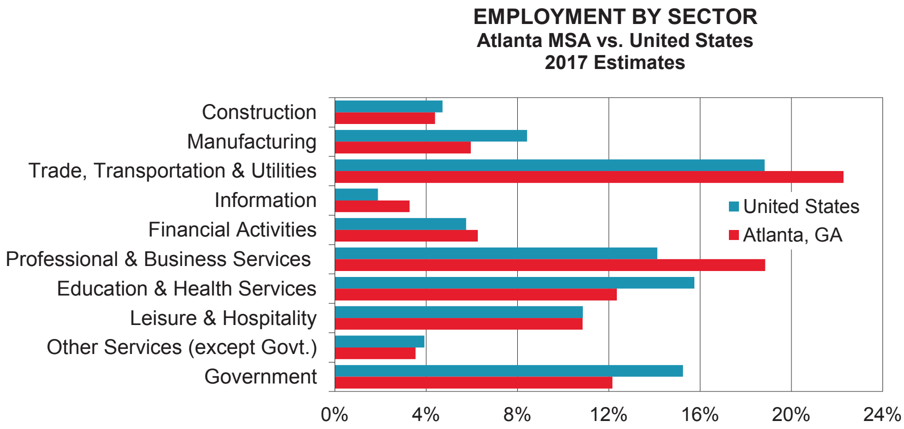
REAL GROSS PRODUCT GROWTH BY YEAR
Atlanta MSA vs. United States, 2006-2021



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Employment Distribution

Atlanta's employment base is one of the most diverse in the nation, with the services and trade sectors accounting for the bulk of total employment. Although Atlanta has some critical growth engines, no one sector dominates economic growth. The graph below depicts Atlanta's employment base.



Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Valuation & Advisory

Major Employers

The Atlanta metropolitan area is home to four *Global 500* corporations, thirteen *Fortune 500* corporations and twenty-four *Fortune 1000* corporations. Atlanta ranks third in the number of Fortune 500 companies headquartered within city boundaries, behind New York and Houston (tying with Dallas). Several major national and international companies are headquartered in Atlanta and its nearby suburbs. The following table lists the Atlanta MSA's largest employers:

Largest Private Employers
Atlanta-Sandy Springs-Roswell, GA

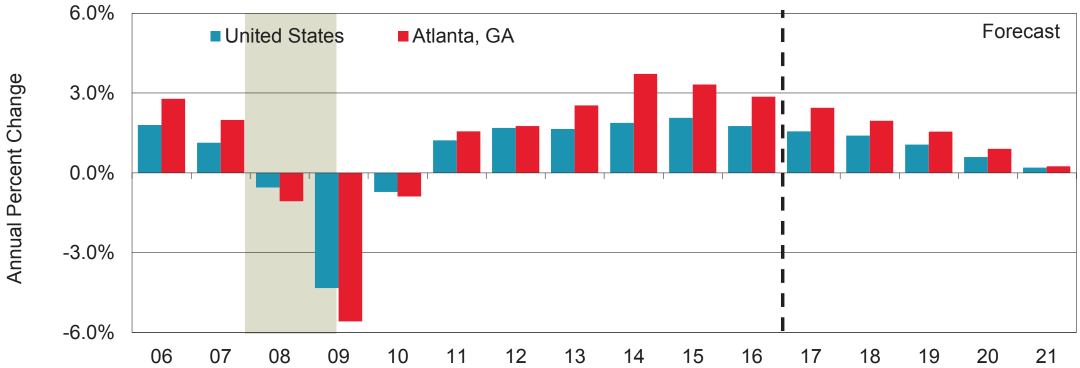
Company	No. of Employees	Business Type
Delta Air Lines	31,700	Transportation
Emory University/Emory Healthcare	26,000	Education/Healthcare
The Home Depot	25,000	Retail
WellStar Health System	20,000	Healthcare
AT&T	17,000	Communications
UPS	16,200	Distribution
Northside Hospital	14,600	Healthcare
Piedmont Healthcare	12,900	Healthcare
Marriott International	12,000	Leisure/Hospitality
Publix Super Markets	9,800	Retail

Source: Data Courtesy of Metro Atlanta Chamber;
Cushman & Wakefield Valuation & Advisory

Employment Growth

The Atlanta MSA has recorded over-the-year job growth each month for over five consecutive years. According to preliminary data from the U.S. Bureau of Labor Statistics, the Atlanta MSA gained 95,400 jobs during the 12-month period ending February 2017, growing by 3.6 percent to over 2.7 million jobs. Growth remains evident across all sectors with strong gains in professional and business services (adding 22,100 jobs leisure and hospitality (adding 17,600 jobs year-over-year), trade, transportation and utilities (adding 13,400 new jobs), education and health services (adding 12,700 jobs) and. In terms of percent growth, construction led the charge increasing nearly 6.9 percent over the 12-month period, as a significant amount of work is underway including the high-profile $6.0 billion expansion of Hartsfield-Jackson Atlanta International Airport, the Mercedes-Benz Stadium and SunTrust Park.

TOTAL EMPLOYMENT GROWTH BY YEAR
Atlanta MSA vs. United States, 2006-2021



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Outlook – Atlanta MSA

Job growth continues advancing at a fast pace in the Atlanta MSA, with every key industry showing strong growth on a year-over-year basis. Local economists project that the region will continue to gain jobs, as companies expand and add to their headcount. High profile corporate relocations and expansions are the main source of growth, allowing the region to emerge from the recession much stronger with a more resilient and diverse economy. Viewed as the hub of the Southeast, Atlanta is now drawing attention from national and international investors. Over the past few years, many major employers moved to, or expanded in the metro area bringing along tens of thousands of new jobs. Atlanta's ability to lure companies remains strong, supported by a well-educated workforce, diverse industrial structure, strong population growth, tremendous logistics improvements, and tax and other business incentives.

The outlook for the remainder of 2017 is very strong with the Atlanta MSA employment performance continuing to lead the state's recovery. Atlanta is projected to add 55,700 new jobs in 2017, accounting for 59.0 percent of the state's net job growth. Key growth clusters for 2017 include cybersecurity logistics technology, transaction processing, data processing and software/mobile apps, as well as healthcare information technology. Local forecasters foresee stronger, faster growth propelled by Hartsfield-Jackson Atlanta International Airport, as it is a major draw for storage facilities and manufacturers, logistics operators and corporate headquarters.

Atlanta Office Market Analysis

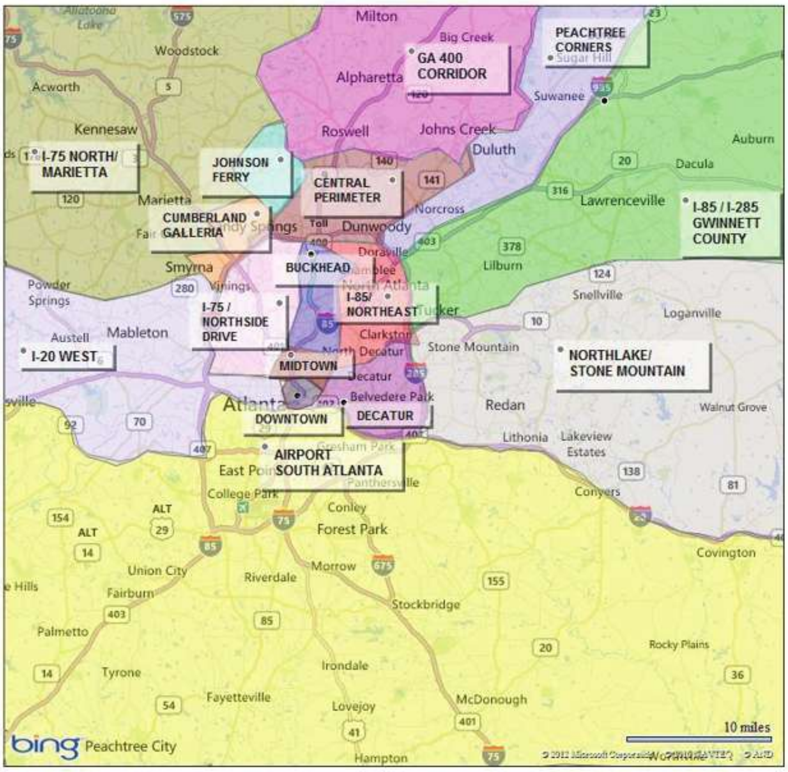
Current Trends

In the first quarter of 2017, strong occupancy gains pushed vacancy down to its lowest level since 2008, while tight market conditions pushed asking rental rates to a record high. Relocations and expansions have resulted in robust hiring, with the MSA adding 103,100 new jobs year-over-year (March 2017), with 34.0 of the jobs fueling the office market. The region's ability to attract large corporate relocations and expansions remain among the primary reasons the state of Georgia was selected as the No. 1 state in the nation in which to do business by Site Selections magazine, for the fourth consecutive year. Heightened demand for office space is creating an increasingly competitive environment, especially among tenants seeking larger space. In response to demand, developers have become overwhelmingly confident as a significant amount of speculative construction activity is underway. In fact, the 4.4 million square feet currently under construction is the most since the beginning of 2008 (when 4.9 million square feet was under construction).

Market Characteristics

The Atlanta metropolitan area contains 139.5 million square feet of office space and is one of the largest office markets in the nation. The Atlanta office market is geographically segmented into nine submarkets, concentrated primarily in its central core counties of Fulton, DeKalb, Cobb, Gwinnett, and Clayton. The following map of Atlanta provides approximate locations for each of the region's major office markets:

ATLANTA OFFICE SUBMARKET MAP



Source: Microsoft Virtual Earth

Supply Analysis

Vacancy

Overall availabilities in the Atlanta MSA measured 22.3 million square feet at the end of the first quarter, equating to a vacancy rate of 16.0 percent. The robust pace of employment growth, particularly office-using employment, and the subsequent need for office space will continue driving down vacancy. The table below denotes the current statistics of the Atlanta office market by submarket:

Office Statistics By Submarket
Atlanta MSA
First Quarter 2017

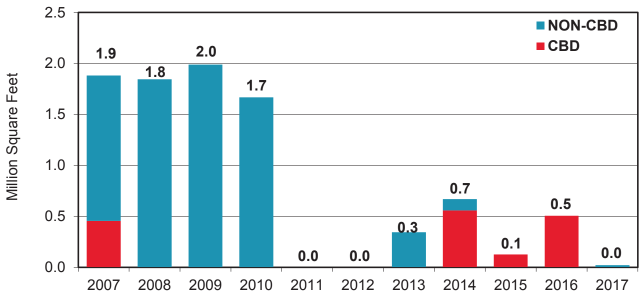
Market/Submarket	Inventory	Overall Vacancy	Direct Vacancy	YTD Constr. Compl.	YTD Overall Absorption	Under Const.	Direct Wtd Avg Class A Rent	Overall Avg Asking Rent
CBD								
Dow ntow n	15,119,952	21.1%	20.0%	0	117,260	61,000	$24.37	$23.17
Midtow n	17,556,475	14.0%	13.6%	0	78,283	1,838,000	$33.17	$28.74
Buckhead	16,664,822	12.2%	11.2%	0	69,123	719,866	$32.84	$32.19
CBD TOTALS	**49,341,249**	**15.5%**	**14.8%**	**0**	**264,666**	**2,618,866**	**$29.09**	**$27.49**
NON-CBD								
Central Perimeter	22,327,080	14.4%	12.3%	0	(34,183)	355,000	$28.20	$25.55
Georgia 400 Corridor	17,710,799	15.0%	14.9%	0	(65,313)	335,643	$24.25	$21.70
Northw est Atlanta	22,459,924	16.8%	15.5%	0	(314,190)	1,054,906	$26.14	$22.88
Northeast Atlanta	19,864,874	17.6%	17.2%	0	14,180	50,000	$21.18	$17.70
Northlake/Decatur	4,216,739	22.0%	15.5%	0	(57,491)	0	$23.33	$19.21
Airport/South Atlanta	3,545,753	15.2%	15.2%	20,000	87,078	20,000	$20.71	$16.78
NON-CBD TOTALS	**90,125,169**	**16.2%**	**15.0%**	**20,000**	**(369,919)**	**1,815,549**	**$25.40**	**$21.53**
ATLANTA TOTALS	**139,466,418**	**16.0%**	**14.9%**	**20,000**	**(105,253)**	**4,434,415**	**$27.01**	**$23.51**

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

Construction

With regard to demand, construction activity has been severely limited in the Atlanta office market, allowing tenants to absorb the existing inventory. However, diminishing availability has served to new development, with over 3.7 million square feet of new speculative office product under construction, of which 26.0 percent is pre-leased. The following exhibit summarizes construction completions in the Atlanta office market from 2007 through the first quarter of 2017:

CONSTRUCTION COMPLETIONS
Atlanta Office Market, 2007-2017 YTD



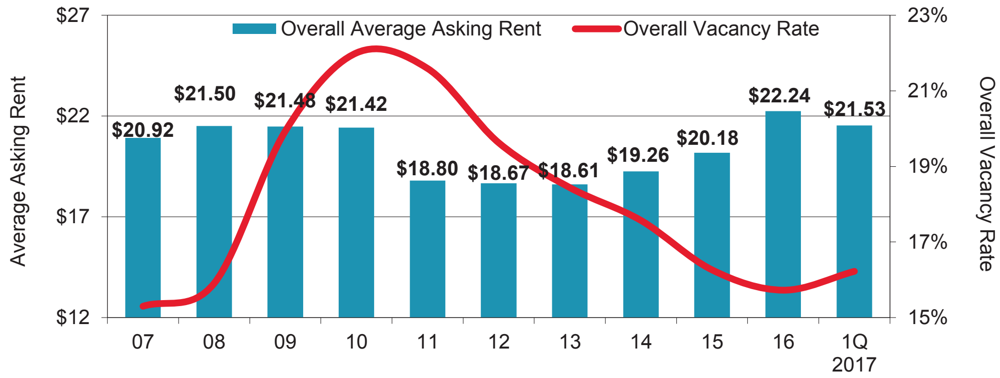
Source: Cushman & Wakefield Research; compiled by C&W V&A

Asking Rents

As previously mentioned, overall, average rents increased 4.8 percent year-over-year, or $1.07 per square foot to $23.51 per square foot, reaching a new record. Heightened demand for Class A space in premier locations, coupled with tight market conditions, pushed overall direct asking rents up to $27.01 per square foot. Nevertheless, the 22.3 million square feet of vacant inventory continues to weigh on rental rates, particularly in the Non-CBD submarkets, where rents averaged $21.53 per square foot. However, as availabilities diminish, rental rates continue rising at an accelerated pace. Average rents in the Non-CBD increased $0.85 year-over-year.

The graph below highlights the relationship between the overall vacancy rate and overall average asking rents for the Atlanta Non-CBD submarkets since 2007:

ATLANTA NON-CBD, 2007-1Q 2017



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

Demand Analysis

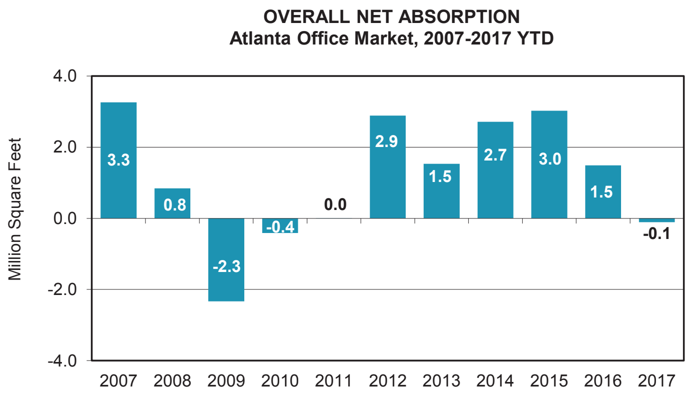
Leasing Activity

Leasing activity measured 2.3 million square feet year-to-date, about 10.0 percent more than the amount recorded in the first quarter of 2016. The healthy pace of leasing activity continues, particularly in the premiere submarkets like Downtown, Buckhead, NW/Cumberland/Galleria, and Central Perimeter. Additionally, Class A space continues to be a major driver of demand as the “flight to quality” trend persists. Class A product accounted for 70.0 percent of all space leased.

Absorption

Prior to the first quarter of 2017, the Atlanta office market has experienced twenty-one consecutive quarters of positive net absorption. Tenant movement within the market continues to be the overriding trend as competition for larger space continues in earnest. Companies continue to look for more efficient space and cost-cutting measures resulting in consolidation, thus returning space to the market.

The following chart highlights overall net absorption by year:



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

Demand Drivers

Atlanta is a diverse market with very strong fundamentals. The office market is fueled by the area's strong population growth, advantageous demographic trends, talented workforce and low cost of doing business. Atlanta is home to 5.7 million people and nearly 150,000 businesses, according to the Metro Atlanta Chamber of Commerce. Ranking third in the nation among cities with the most Fortune 500 company headquarters, Atlanta is considered one of the world's top business centers.

The Atlanta office market is heavily influenced by the professional and business services and financial activities sectors (the Buckhead submarket is dominated by banks and financial institutions). During the economic recession, both sectors were severely impacted and experienced substantial losses in employment. Fortunately, the employment growth in the office-using sector has been fully restored. According to local economists, the professional and business services sector recovered the tens of thousands of jobs lost during the recession, due to the surge in the technology sector, which is quickly becoming a driver in the market.

Supply and Demand Forecast

Cushman & Wakefield's office market forecasts are derived using a regression model developed by our Research staff. The model is based on trends in historical occupancy and rental rate movements as well as factors such as employment growth, new construction and absorption tendencies. The following table and subsequent graph outline details of the demand analysis for the Atlanta office markets

Office Market Forecast

Atlanta, GA

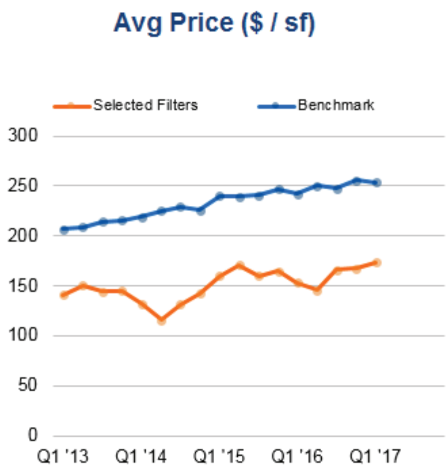
CUSHMAN & WAKEFIELD

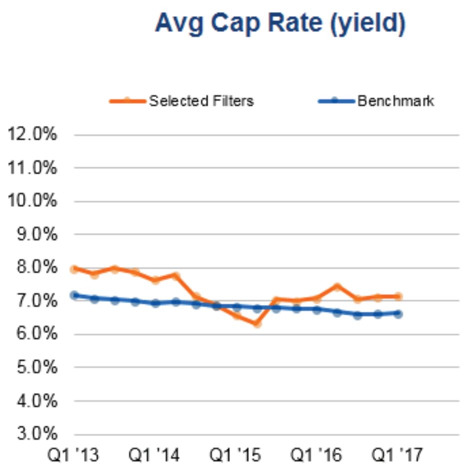
	2014	2015	2016	2017F	2018F	2019F	2020F	2021F
Employment								
Total Office-using Employment*	2,502,000	2,585,100	2,656,900	2,714,500	2,774,700	2,821,000	2,843,900	2,849,600
Growth Rate	3.7%	3.3%	2.8%	2.2%	2.2%	1.7%	0.8%	0.2%
Net New Office-using Jobs*	89,800	83,100	71,800	57,600	60,200	46,300	22,900	5,700
CBD								
New Supply CBD (Sq. Ft)	557,000	125,000	683,300	1,202,900	1,614,800	1,565,000	382,000	382,000
Occupied Space (Sq. Ft.)**	39,697,200	40,772,500	40,950,400	42,063,100	43,048,500	43,784,200	43,938,500	44,489,200
Vacant/Available (Sq. Ft.)**	8,832,400	7,882,100	8,387,400	8,477,700	9,107,000	9,936,300	10,164,000	9,995,300
Overall Vacancy Rate	18.2%	16.2%	17.0%	16.8%	17.5%	18.5%	18.8%	18.3%
Forecast Net Absorption (Sq. Ft.)	1,585,600	1,075,300	177,900	1,112,700	985,400	735,700	154,300	550,700
Asking Rents*	$24.88	$26.12	$26.88	$27.14	$27.37	$27.61	$27.72	$27.72
Growth Rate	1.6%	5.0%	2.9%	1.0%	0.8%	0.9%	0.4%	0.0%
Asking Rents**	$25.33	$26.19	$27.05	$27.18	$27.73	$28.28	$28.70	$29.13
Growth Rate	3.2%	3.4%	3.3%	0.5%	2.0%	2.0%	1.5%	1.5%
Non-CBD								
New Supply Non-CBD (Sq. Ft.)	-	-	69,800	1,815,900	447,000	666,000	364,000	364,000
Occupied Space (Sq. Ft.)**	74,269,100	75,440,900	73,334,500	73,904,700	74,509,600	74,831,500	74,816,300	74,713,900
Vacant/Available (Sq. Ft.)**	15,863,400	14,691,600	16,867,800	18,113,500	17,955,600	18,299,700	18,678,900	19,145,300
Overall Vacancy Rate	17.6%	16.3%	18.7%	19.7%	19.4%	19.6%	20.0%	20.4%
Forecast Net Absorption (Sq. Ft.)	756,600	1,171,800	(2,106,400)	570,200	604,900	321,900	(15,200)	(102,400)
Asking Rents*	$19.08	$20.01	$21.13	$21.77	$22.13	$22.43	$22.64	$22.75
Growth Rate	1.8%	4.8%	5.6%	3.1%	1.6%	1.4%	0.9%	0.5%
Asking Rents**	$19.29	$20.18	$21.48	$22.25	$22.80	$23.22	$23.51	$23.73
Growth Rate	3.7%	4.6%	6.4%	3.6%	2.5%	1.8%	1.3%	0.9%
Total Market								
Inventory (Sq. Ft.)**	138,662,000	138,787,000	139,540,100	142,559,000	144,620,700	146,851,700	147,597,700	148,343,700
New Supply (Sq. Ft.)	557,000	125,000	753,100	3,018,800	2,061,800	2,231,000	746,000	746,000
Occupied Space (Sq. Ft.)**	113,966,300	116,213,400	114,284,900	115,967,800	117,558,100	118,615,700	118,754,700	119,203,100
Vacant/Available (Sq. Ft.)**	24,695,700	22,573,600	25,255,200	26,591,200	27,062,600	28,236,000	28,843,000	29,140,600
Overall Vacancy Rate	17.8%	16.3%	18.1%	18.7%	18.7%	19.2%	19.5%	19.6%
Net Absorption (Sq. Ft.)	2,342,200	2,247,100	(1,928,500)	1,682,900	1,590,300	1,057,600	139,000	448,400
Asking Rents*	$21.20	$22.14	$23.06	$23.54	$23.94	$24.29	$24.44	$24.47
Growth Rate	1.5%	4.4%	4.2%	2.1%	1.7%	1.4%	0.6%	0.1%
Asking Rents**	$21.45	$22.28	$23.33	$23.82	$24.46	$25.00	$25.34	$25.59
Growth Rate	3.0%	3.9%	4.7%	2.1%	2.7%	2.2%	1.4%	1.0%

Note: Numbers in the table may not add to totals due to rounding.
Source: Economic Data courtesy of Moody's Analytics, Cushman & Wakefield Research * denotes an annual average ** denotes year-end

Atlanta Office Investment Sales Market

According to Real Capital Analytics, 162 office sale transactions closed in the 12 months ending March 2017, with a total volume of $4.32 billion, averaging a price of approximately $173 per square foot. The 162 buildings total 25.6 million square feet. Cap rates for this period averaged 7.1 percent, with an average of 7.0 percent reported for the first quarter of 2017. As shown in the following graphic, prices have generally trended upward since early 2014 and have consistently fallen below the benchmark (United States) averages. Capitalization rates have trended downward during this period and have generally remained above national averages.





Source: *Real Capital Analytics*

Outlook – Atlanta Office Market

As a premier location, Atlanta has enjoyed a steady stream of announcements of businesses relocating and expanding in the region. These announcements translate to high demand for office space which has been scarce. Fortunately, 3.0 million square feet new speculative Class A product is scheduled to come online this year, providing much relief to the tight market conditions. According to local real estate professionals, significant pre-leasing as already occurred in these coming buildings.

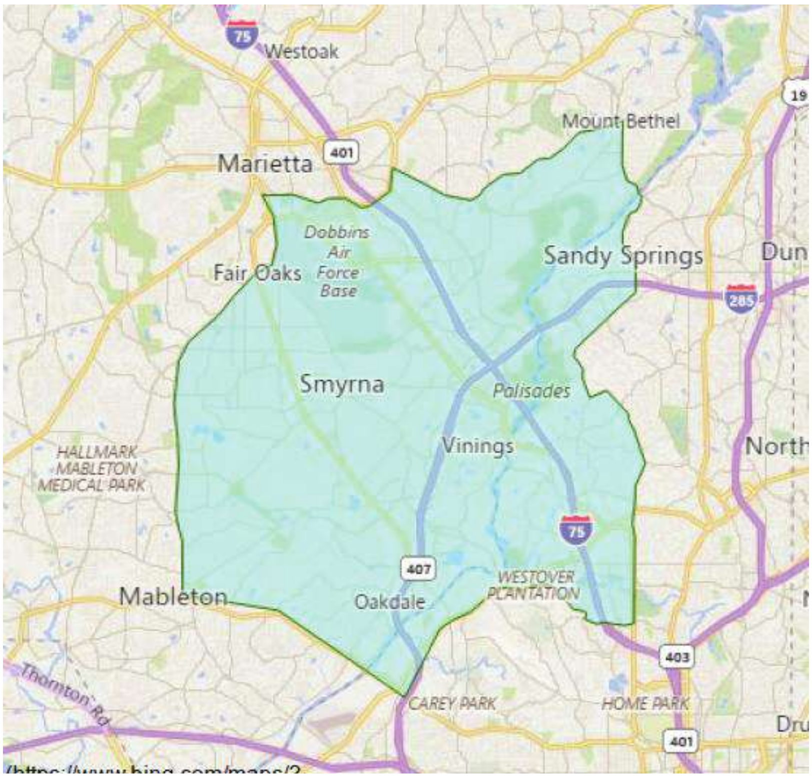
Despite the negative absorption experienced in the first quarter, the Atlanta office market is forecast to net between 2.0 million square feet and 2.5 million square feet this year. The market is on track for another solid year as job growth remains robust, which is the main catalyst for overall activity, including reducing overall vacancy. Tight market conditions continue to support strong rent growth as overall average asking rents continue to accelerate and surpass historical records. Additionally, new construction is gaining momentum to meet demand; however, office projects coming online in the coming months are still below demand trends.

Cumberland/I-75 Submarket

Introduction

Data for the following analysis of the submarket is provided by Reis, Inc. The subject lies within the Cumberland/I-75 submarket (also known as Cumberland/Galleria) of Atlanta. The subject submarket contains 19,907,000 square feet, or 13.8 percent of the region's inventory. The submarket's major developments are largely concentrated around the I-75 and I-285 interchange.

CUMBERLAND/I-75 SUBMARKET



Supply

Inventory and Construction Completions

Within the subject submarket, no space was completed between 2012 and 2016. Over the next five years, Reis projects that an additional 1,350,000 square feet of new space will be completed within the Cumberland/I-75 submarket.

The following table presents historical inventory and projected completions for the subject submarket.

HISTORICAL AND PROJECTED INVENTORY & COMPLETIONS (SF)

	Cumberland/I-75					
Year	**Class A**	**Completions**	**Class B/C**	**Completions**	**Total Completions**	**% of Region**
2012	12,953,000	0	7,476,000	0	0	0.0%
2013	12,678,000	0	7,352,000	0	0	0.0%
2014	12,555,000	0	7,352,000	0	0	0.0%
2015	12,555,000	0	7,352,000	0	0	0.0%
2016	12,555,000	0	7,352,000	0	0	0.0%
1Q17	12,555,000	0	7,352,000	0	0	0.0%
2017	---	---	---	---	734,000	32.9%
2018	---	---	---	---	106,000	8.3%
2019	---	---	---	---	135,000	8.1%
2020	---	---	---	---	186,000	13.3%
2021	---	---	---	---	189,000	13.4%
2012-2016						
Total Completions		**0**		**0**	**0**	
Annual Average		**0**		**0**	**0**	**0.0%**

Source: Reis, Inc.

There has recently been both speculative and build-to-suit development within the submarket. Currently, HD Supply is building their headquarters within the submarket and Comcast's headquarters adjacent to the new SunTrust Park MLB stadium will be completed later in 2017. Two speculative office buildings totaling approximately 450,000 square feet were significantly pre-leased.

Demand

Between 2012 and 2016, submarket vacancy rates decreased from 17.8 to 16.8 percent. The current vacancy rate for the submarket is 17.6 percent. Over the near term, Reis is projecting a decline in vacancy for the Cumberland/I-75 submarket, with vacancy levels ranging from 18.4 percent in 2017 to 18.1 percent in 2021.

The following table presents historical and projected vacancy rates for the subject submarket.

HISTORICAL AND PROJECTED VACANCY RATES (%)

	Cumberland/I-75		
Year	**Class A**	**Class B/C**	**Total**
2012	15.5	21.7	17.8
2013	15.7	19.5	17.1
2014	17.0	19.7	18.0
2015	18.6	20.5	19.3
2016	16.3	17.7	16.8
1Q17	17.1	18.4	17.6
2017	---	---	18.4
2018	---	---	18.7
2019	---	---	18.9
2020	---	---	18.6
2021	---	---	18.1

Note: Reis does not differentiate between space that is available directly from the landlord or as a sublease.
Any space that is available immediately for leasing (i.e. within 30 days) is considered vacant by Reis'

As shown, Class A buildings are exhibiting lower vacancies than Class B/C buildings (17.1 percent versus 18.4 percent).

Absorption Trends

Absorption measures change in the level of occupied space in a geographic region over a specific period of time. Absorption is not a measure of leasing activity. It reflects increasing, stable or decreasing demand for space. If the level of occupied space increases from one period to the next, demand has increased. If no change has occurred, demand is stable. If the level of occupied space is lower, demand has decreased. All things being equal, positive absorption lowers vacancy rates and negative absorption increases vacancy rates. A newly constructed building that enters the marketplace vacant will adversely affect the vacancy rate but have no bearing on absorption since it has not altered the level of occupancy.

Between 2012 and 2016, new construction within the Cumberland/I-75 submarket trailed absorption, with an annual average of 0 square feet completed and 35,800 square feet absorbed. Over the next five years, Reis projects that new construction will surpass absorption (new construction will total 1,350,000 square feet, and 855,000 square feet is expected to be absorbed).

The following table presents historical and projected absorption levels and completions for the subject submarket.

HISTORIC AND PROJECTED NET ABSORPTION (SF)

	Cumberland/I-75			
Year	**Class A**	**Class B/C**	**Total Absorption**	**Total Completions**
2012	293,000	115,000	409,000	0
2013	-255,000	67,000	-188,000	0
2014	-267,000	-15,000	-281,000	0
2015	-200,000	-58,000	-259,000	0
2016	290,000	207,000	498,000	0
1Q17	-98,000	-52,000	-150,000	0
2017	---	---	288,000	734,000
2018	---	---	12,000	106,000
2019	---	---	70,000	135,000
2020	---	---	221,000	186,000
2021	---	---	264,000	189,000
2012-2016				
Total Absorption	**-139,000**	**316,000**	**179,000**	**0**
Annual Average	**-27,800**	**63,200**	**35,800**	**0**

Source: Reis, Inc.

Rental Rates Trends

As shown in the following chart, average asking rental rates in the Cumberland/I-75 submarket increased from an average of $21.46 per square foot in 2012 to $24.03 per square foot in 2016, demonstrating a CAGR of 2.9 percent. Over the next five years, average asking rents are expected to increase from $24.57 per square foot in 2017 to $26.41 per square foot in 2021. The current average asking rent stands at $24.18 per square foot.

The following table presents historical and projected average asking rental rates for the subject submarket.

Historical and Projected Average Asking Rental Rates ($/SF)					
	Cumberland/I-75				
Year	Class A	Class B/C	Total	% Change	Effective Rent
2012	$23.78	$17.45	$21.46	1.4	$16.80
2013	$24.16	$17.65	$21.77	1.4	$17.05
2014	$24.65	$17.88	$22.15	1.7	$17.34
2015	$25.35	$18.29	$22.74	2.7	$17.77
2016	$26.70	$19.48	$24.03	5.7	$18.87
1Q17	$26.90	$19.54	$24.18	0.6	$18.98
2017	---	---	$24.57	2.2	$19.27
2018	---	---	$25.06	2.0	$19.60
2019	---	---	$25.55	2.0	$19.97
2020	---	---	$25.97	1.6	$20.32
2021	---	---	$26.41	1.7	$20.72
2012-2016 CAGR	**2.94%**	**2.79%**	**2.87%**		

Notes: CAGR stands for Compound Annual Growth Rate. Asking rents cited by Reis reflect the advertised rental rates for actively marketed space. Effective rents net of any rental concessions, expressed over the life of the lease term. Reis quotes Office rents on a Gross

Within the subject submarket, Class A buildings have higher average asking rents than Class B/C buildings ($26.90 per square foot versus $19.54 per square foot).

Cumberland/I-75 Office Submarket Outlook

Vacancy levels for the Cumberland/I-75 Office Submarket have decreased since 2012 and are expected to decline from 18.4 percent in 2017 to 18.1 percent in 2021. Over the near term, new construction activity should surpass absorption, and average asking rates are forecasted to range from $24.57 per square foot in 2017 to $26.41 per square foot in 2021. The submarket has been outperforming the greater Atlanta market with regard to vacancy rate, and with the recent development of the SunTrust Park MLB stadium and adjacent mixed-use development known as The Battery, the submarket's amenity base has grown, and office landlords have generally reported a positive impact as a result.

Subject Property – Powers Ferry Landing East

Location and Description

Powers Ferry Landing East is located at 6190 Powers Ferry Road NW, Sandy Springs, Fulton County, GA. The property is situated in the Cumberland/I-75 submarket of the Atlanta Office Market, both of which have been analyzed in previous sections. The subject is well located just south of I-285, but outside of the core development of the submarket, which is located around the I-75 and I-285 interchange, several miles southwest of the subject.

The subject is a 6-story, Class B, multi-tenant office building that contains 149,324 square feet of rentable area situated on a 420,946 square foot site. The improvements were completed in 1985 and are in good condition. The building has had recent renovations and presents well for the submarket.

The property is currently 95 percent occupied by 22 tenants at an average contract rent of $17.30 per square foot. Major tenants include LL Global/LOMA (17.64 percent), Georgia Banking Company (11.32 percent), and Penton Business Media (8.0 percent). The subject does not have significant lease expiration exposure in the near future (in year four 37 percent will expire) and the occupancy level is outperforming the greater submarket.

Transportation and Connectivity

Local area accessibility is generally good, relying on the following transportation arteries:

Local:	Major roadways through the local area include: Powers Ferry Road, Northside Drive, Mt. Vernon Highway, Heards Ferry Road, and Riverside Drive.
Regional:	Interstate 75 links Atlanta with Chattanooga, Tennessee to the north and Florida to the south, and is located approximately two miles southwest of the subject via Interstate 285. I-75 is a heavily traveled route by commuters to and from the northern suburbs.
	The Interstate 285 perimeter highway is located just north of the subject and is accessible via New Northside Drive to the west. Interstates 20 and 85 are accessible via I-285. Interstate 85 is the primary route from Atlanta to Montgomery, Alabama to the southwest and Charlotte, North Carolina to the northeast. Interstate 20 is the primary route from Atlanta to Birmingham, Alabama to the west and Augusta, Georgia and Columbia, South Carolina to the east.

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 most competitive to the subject.

Micro Market Snapshot

We have identified office buildings with the following characteristics as the being directly competitive with the subject.

- Low-rise to mid-rise office product in the immediate vicinity (two-mile radius).
- Class B / A- product

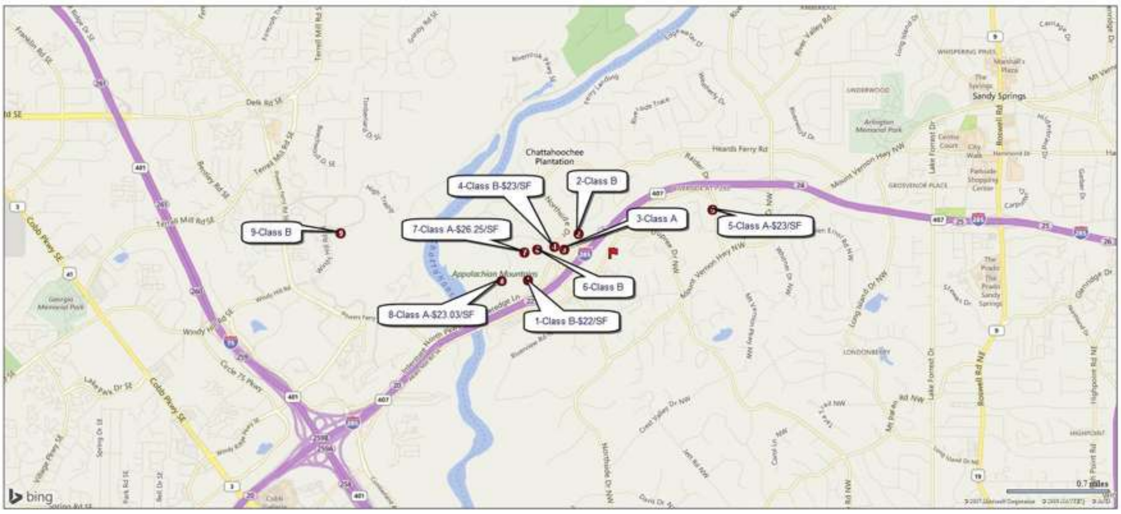
The following table contains the results of a CoStar Group and Cushman & Wakefield survey of existing competitive properties. These buildings are similar in terms of location, physical attributes, and access to amenities:

COMPETITIVE MICRO MARKET

No.	Name	Address	Parking Ratio	Year Built	Stories	Investment Class	RBA (SF)	Direct Vacant SF	% Leased	Ask Rate/SF	Expenses	FS Equivalent
S	**Powers Ferry Landing East**	**6190 Powers Ferry Road NW**	**3.57**	**1985**	**6**	**B**	**149,324**	**7,602**	**94.9**	**$22.50**	**Full Service Gross**	**$22.50**
1	RiverEdge One	5500 Interstate N Pky NW	3.30	1981	6	B	135,025	22,398	85.0	$22.00	Full Service Gross	**$22.00**
2	ADP Bldg	5680 New Northside Dr	2.45	1981	2	B	122,000	0	100.0	-	-	-
3		5660 New Northside Dr NW	3.40	1989	14	A	272,650	0	100.0	-	-	-
4	Powers Pointe Office Park	5665 New Northside Dr NW	3.50	1982	5	B	122,023	1,709	98.6	$23.00	Full Service Gross	**$23.00**
5	The Pavilion Building	5770 Powers Ferry Rd NW	5.00	1985	5	A	128,311	128,311	0.0	$23.00	Full Service Gross	**$23.00**
6	Riveredge Center - MEAG	1470 Riveredge Pky NW	2.02	1981	1	B	124,000	0	100.0	-	-	-
7	Riveredge Summit	1500-1600 Riveredge Pky NW	4.00	1983	9	A	457,131	45,251	90.1	$26.25	Full Service Gross	**$26.25**
8	Riveredge Place	2000 Riveredge Pky NW	3.60	1984	12	A	231,751	41,434	85.3	$23.03	Full Service Gross	**$23.03**
9	NSD Bldg	3100 Windy Hill Rd SE	3.30	1984	4	B	188,000	0	100.0	-	-	-
OVERALL STATISTICS INCLUDING SUBJECT												
Low:			2.02	1981	1		122,000	0	0.0	$22.00		$22.00
High:			5.00	1989	14		457,131	128,311	100.0	$26.25		$26.25
Average/Total/All Classes:			**3.41**	**1984**	**6**		**193,022**	**24,671**	**87.7**	**$23.30**		**$23.30**

FS- 'Full Service Gross' (Rental rates reflect averages for all investment classes included in our survey)
Source: CoStar Goup, Inc. and Cushman & Wakefield of Georgia, Inc.

COMPETITION MAP



We surveyed 10.0 competitive office buildings within the submarket, including the subject property, containing approximately 1.9 million square feet. The average vacancy is approximately 12.3 percent, which is slightly below the MSA-wide average of 13.1 percent (Class B Office).

Average asking rates for competitive office space range from $22.00 to $26.25 per square foot (Riveredge Summit is a larger asset and may be considered an outlier with regard to being a direct competitor), with an average of $23.30 per square foot on an equivalent full service (FS) rental basis. A "full service" lease structure is defined by market participants as tenants responsible for any increases in operating expenses over base year occupancy including real estate taxes, insurance, common area maintenance and utilities. Lease rates include a tenant improvement package ranging from $4.00 to $5.00 per square foot per year of the lease term for new leases, and none (As Is) to $3.00 per square foot per year of the lease term for renewal leases. Lease terms typically reflect annual escalations 2.5 to 3.0 percent for full service leases. 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.

Subject's Competitive Market Position

The subject is considered a Class B office property by market participants based on its quality, condition and tenancy. The subject benefits from being located within a well-established submarket that is easily accessible via Interstates 285 and 75, proximate to primary demand generators and local area amenities. One significant amenity to the area is SunTrust Park, a newly constructed stadium where the Atlanta Braves MLB baseball team now play, as well as the surrounding mixed-use development known as The Battery. In addition, the subject is located within the city of Sandy Springs, which has a significant household base that supports professional and financial services and healthcare-related office tenancy. The subject also benefits from being located near major thoroughfares and public transportation with good accessibility from surrounding markets. The subject's immediate market reflects a competitive supply of available office space with stable rental rates. The subject offers adequate amenities that are attractive to prospective tenants as evidenced by its current tenancy. Thus, based on the subject's locational characteristics, project quality and current tenancy, the subject has a good competitive position in comparison to other comparable buildings within the immediate market.

Micro Market Outlook and Conclusions

We believe that the near-term outlook for the micro-market to be positive, as there has been continued improvement with regard to decreasing vacancy rate and increasing rental rate. Additionally, the development of SunTrust Park and the surrounding mixed-use development known as The Battery, has brought a new amenity base to the local area and can be a benefit to tenants in the area seeking entertainment, retail, housing, and other unique opportunities. Moreover, we do not believe that new development in the Cumberland/Galleria submarket will have a negative impact on leasing activity within the micro-market.

SWOT ANALYSIS

Strengths

- The subject is located within the Cumberland/Galleria submarket, which has an expanding amenity base with the new SunTrust Park MLB stadium.
- The subject has had recent renovations to enhance its position within the submarket.
- The subject's vacancy rate is outperforming the greater Class B Cumberland/Galleria office submarket.

Weaknesses

- The subject is not located within the core of the submarket, which is located to the southwest at the interchange of I-75 and I-285, which may hinder marketability to some future tenants, as well as potential rental rate.

Opportunities

- Potential to increase contract rent to market rate as leases expire.

Threats

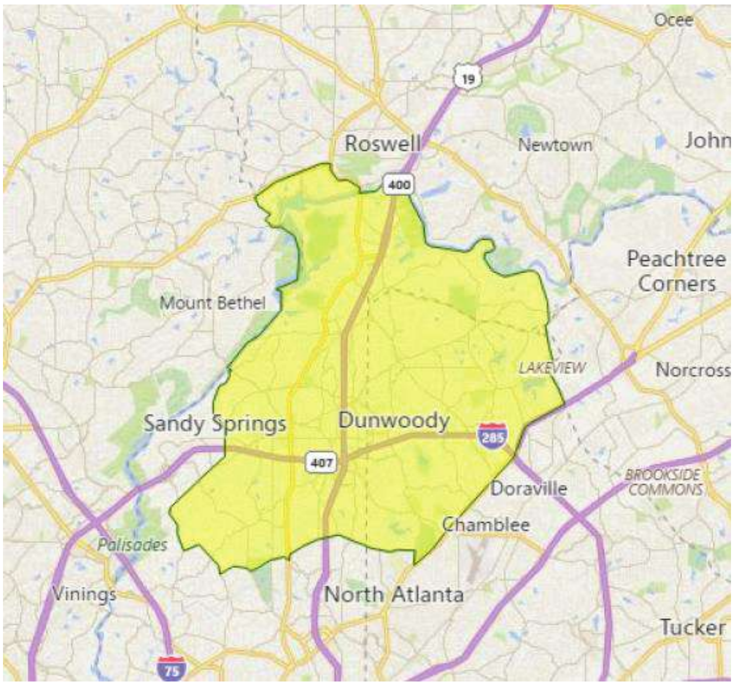
- Potential additional traffic congestion in the submarket resulting from activity at SunTrust Park.

North Central/I-285/GA 400 Submarket

Introduction

Data for the following analysis of the submarket is provided by Reis, Inc. The subject lies within the North Central/I-285/GA 400 submarket of Atlanta. The subject submarket contains 23,831,000 square feet, or 16.6 percent of the region's inventory. The submarket is generally split by Georgia Highway 400, a significant highway that provides access from the Buckhead submarket to the south to the northern Georgia communities. There are significant concentrations of office developments located within a mile on either side of Georgia Highway 400 and Interstate 285, which is Atlanta's circumferential highway.

NORTH CENTRAL/I-285/GA 400 SUBMARKET



Supply

Inventory and Construction Completions

Within the subject submarket, a total of 585,000 square feet of space was completed between 2012 and 2016. Over the next five years, Reis projects that an additional 1,267,000 square feet of new space will be completed within the North Central/I-285/GA 400 submarket.

The following table presents historical inventory and projected completions for the subject submarket.

HISTORICAL AND PROJECTED INVENTORY & COMPLETIONS (SF)						
	North Central/I-285/GA 400					
Year	Class A	Completions	Class B/C	Completions	Total Completions	% of Region
2012	16,325,000	0	7,364,000	0	0	0.0%
2013	16,325,000	0	7,364,000	0	0	0.0%
2014	16,325,000	0	7,113,000	0	0	0.0%
2015	16,325,000	0	7,014,000	0	0	0.0%
2016	16,288,000	0	7,513,000	585,000	585,000	92.4%
1Q17	16,318,000	30,000	7,513,000	0	30,000	21.9%
2017	---	---	---	---	399,000	17.9%
2018	---	---	---	---	303,000	23.9%
2019	---	---	---	---	150,000	8.9%
2020	---	---	---	---	207,000	14.8%
2021	---	---	---	---	208,000	14.7%
2012-2016						
Total Completions		**0**		**585,000**	**585,000**	
Annual Average		**0**		**117,000**	**117,000**	**33.7%**

Source: Reis, Inc.

Recent development in the submarket has generally been limited to build-to-suit developments, particularly for State Farm and Mercedes-Benz, with one significant office development, known as 4004 Perimeter Summit (355,000 square feet) currently under construction and anticipated to deliver late 2017.

Demand

Between 2012 and 2016, submarket vacancy rates decreased from 21.7 to 19.1 percent. The current vacancy rate for the submarket is 19.4 percent. Over the near term, Reis is projecting a rise in vacancy for the North Central/I-285/GA 400 submarket, with vacancy levels ranging from 20.0 percent in 2017 to 22.9 percent in 2021.

The following table presents historical and projected vacancy rates for the subject submarket.

HISTORICAL AND PROJECTED VACANCY RATES (%)			
	North Central/I-285/GA 400		
Year	Class A	Class B/C	Total
2012	19.5	26.6	21.7
2013	17.5	25.8	20.1
2014	16.6	24.1	18.9
2015	15.4	25.6	18.5
2016	17.9	21.8	19.1
1Q17	17.9	22.7	19.4
2017	---	---	20.0
2018	---	---	20.8
2019	---	---	21.3
2020	---	---	22.1
2021	---	---	22.9

Note: Reis does not differentiate between space that is available directly from the landlord or as a sublease.
Any space that is available immediately for leasing (i.e. within 30 days) is considered vacant by Reis'

As shown, Class A buildings are exhibiting lower vacancies than Class B/C buildings (17.9 percent versus 22.7 percent).

Absorption Trends

Absorption measures change in the level of occupied space in a geographic region over a specific period of time. Absorption is not a measure of leasing activity. It reflects increasing, stable or decreasing demand for space. If the level of occupied space increases from one period to the next, demand has increased. If no change has occurred, demand is stable. If the level of occupied space is lower, demand has decreased. All things being equal, positive absorption lowers vacancy rates and negative absorption increases vacancy rates. A newly constructed building that enters the marketplace vacant will adversely affect the vacancy rate but have no bearing on absorption since it has not altered the level of occupancy.

Between 2012 and 2016, new construction within the North Central/I-285/GA 400 submarket outpaced absorption, with an annual average of 117,000 square feet completed and 89,200 square feet absorbed. Over the next five years, Reis projects that new construction will surpass absorption (new construction will total 1,267,000 square feet, and 72,000 square feet is expected to be absorbed).

The following table presents historical and projected absorption levels and completions for the subject submarket.

HISTORIC AND PROJECTED NET ABSORPTION (SF)

	North Central/I-285/GA 400			
Year	Class A	Class B/C	Total Absorption	Total Completions
2012	-94,000	-166,000	-261,000	0
2013	324,000	56,000	380,000	0
2014	142,000	-63,000	80,000	0
2015	197,000	-182,000	13,000	0
2016	-425,000	658,000	234,000	585,000
1Q17	18,000	-65,000	-47,000	30,000
2017	---	---	95,000	399,000
2018	---	---	64,000	303,000
2019	---	---	-17,000	150,000
2020	---	---	-21,000	207,000
2021	---	---	-49,000	208,000
2012-2016				
Total Absorption	**144,000**	**303,000**	**446,000**	**585,000**
Annual Average	**28,800**	**60,600**	**89,200**	**117,000**

Source: Reis, Inc.

Rental Rates Trends

As shown in the following chart, average asking rental rates in the North Central/I-285/GA 400 submarket increased from an average of $22.58 per square foot in 2012 to $25.07 per square foot in 2016, demonstrating a CAGR of 2.6 percent. Over the next five years, average asking rents are expected to increase from $25.61 per square foot in 2017 to $28.12 per square foot in 2021. The current average asking rent stands at $25.34 per square foot.

The following table presents historical and projected average asking rental rates for the subject submarket.

Historical and Projected Average Asking Rental Rates ($/SF)					
	North Central/I-285/GA 400				
Year	Class A	Class B/C	Total	% Change	Effective Rent
2012	$24.48	$18.37	$22.58	2.3	$18.20
2013	$24.78	$18.57	$22.85	1.2	$18.43
2014	$25.59	$18.89	$23.55	3.1	$19.04
2015	$26.35	$19.98	$24.43	3.7	$19.78
2016	$27.12	$20.62	$25.07	2.6	$20.27
1Q17	$27.41	$20.75	$25.34	1.1	$20.46
2017	---	---	$25.61	2.2	$20.66
2018	---	---	$26.17	2.2	$21.08
2019	---	---	$26.80	2.4	$21.63
2020	---	---	$27.45	2.4	$22.20
2021	---	---	$28.12	2.4	$22.78
2012-2016 CAGR	**2.59%**	**2.93%**	**2.65%**		

Notes: CAGR stands for Compound Annual Growth Rate. Asking rents cited by Reis reflect the advertised rental rates for actively marketed space. Effective rents net of any rental concessions, expressed over the life of the lease term. Reis quotes Office rents on a Gross

Within the subject submarket, Class A buildings have higher average asking rents than Class B/C buildings ($27.41 per square foot versus $20.75 per square foot).

North Central/I-285/GA 400 Office Submarket Outlook

Vacancy levels for the North Central/I-285/GA 400 Office Submarket have decreased since 2012 and are expected to rise from 20.0 percent in 2017 to 22.9 percent in 2021. Over the near term, new construction activity should surpass absorption, and average asking rates are forecasted to range from $25.61 per square foot in 2017 to $28.12 per square foot in 2021. As the submarket has been home to numerous Fortune 500 companies, with State Farm and Mercedes-Benz having relocated their headquarters to the area in the past few years, we believe this helps to solidify the positive attributes of this location and ultimately believe the submarket should perform at least as well, if not outperform, the greater Atlanta market.

Subject Property – Northridge Center I & II

Location and Description

Northridge Center I & II is located at 365 & 375 Northridge Road, Sandy Springs, Fulton County, GA. The property is situated in the North Central/I-285/GA 400 submarket (also known as Central Perimeter) of the Atlanta Office Market, which have been analyzed in previous sections. The submarket is one of the largest in Atlanta and has continued to be a prestigious location for corporations due to its proximity to housing, medical facilities, and interstate access.

The subject is a 4 & 6-story, Class B, multi-tenant office park that contains 188,944 square feet of rentable area situated on a 498,675 square foot site. The improvements were completed in 1985 & 1989 and are in average condition. The buildings present well for the submarket and have had recent renovations.

The property is currently 92 percent occupied by 28 tenants. Major tenants include Nolan Transportation (7.15 percent), Kuck Immigration Partners (7.40 percent), Allstar Financial (11.10), and Mercury Insurance Services (12.27 percent). The subject does not have significant lease expiration exposure in the near future and the occupancy level is outperforming the greater submarket.

Transportation and Connectivity

Local area accessibility is generally good, relying on the following transportation arteries:

Local: Roswell Road traverses the area in a north-south direction and provides access into the Buckhead neighborhood to the south. Spalding Drive traverses the area in a northeast-southwest direction and provides access to Dunwoody to the east. Other significant local roadways include Spalding Drive, Riverside Road, and Roberts Drive.

Regional: **Georgia Highway 400** is an eight-lane, limited access highway that runs generally north/south through the Atlanta communities of Sandy Springs, Dunwoody, Roswell and Alpharetta. The highway was extended southward in 1993 to link with I-85 just to the north of Atlanta's Central Business District. The completion of this final stage dramatically improved access to the Central Perimeter area from Downtown, Midtown and Buckhead. More importantly, it created a more direct route to the Atlanta Hartsfield International Airport. Georgia 400 is located immediately east of the subject and is accessible via Northridge Road.

Interstate 285 (I-285) is also known as Atlanta's Perimeter Highway, as it forms a 60-mile loop around metropolitan Atlanta. It is accessible via Georgia Highway 400 five miles south of the subject.

MARTA has three train stations within the submarket. These stations are Dunwoody Station, Sandy Springs Station at Abernathy Road, and North Springs, which is closest to the subject (3.5 miles to the south). These mass transit stops provide excellent access to nearby properties for those employees and visitors who do not want to drive to the area.

Traffic congestion is a problem in the area during rush hour as the northern portion of I-285 is the premier route when traveling between the northern suburbs. Furthermore, the subject's local area is a major regional employment destination. Surface streets are often crowded during rush hour periods with drivers seeking less congested routes to their destinations.

The Interstate 285 and Georgia Highway 400 interchange is due for a major redevelopment. According to the Georgia Department of Transportation (GDOT), the proposed improvements are designed to aid in reducing traffic congestion and to improve safety in the area surrounding the I-285/Georgia Highway 400 interchange. New flyover ramps, new collector-distributor lanes, and other facilities to aid east-west travel on along I-285 and north-south travel along Georgia Highway 400 will be constructed. The improvements are achieved in two projects: the I-285/SR 400 Interchange Reconstruction (P.I. # 0000784) and the SR 400 Collector-Distributor (CD) Lanes (P.I. # 721850). The total project cost is estimated at $1.056 billion. Construction is expected to begin in late 2016/early 2017 and completed by the spring of 2020.

I-285 AND GA 400 INTERCHANGE RECONSTRUCTION RENDERING

Courtesy of the GDOT

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 most competitive to the subject.

Micro Market Snapshot

We have identified office buildings with the following characteristics as the being directly competitive with the subject.

- Low-rise to mid-rise office product in the immediate vicinity (two-mile radius)
- Class B / A- product

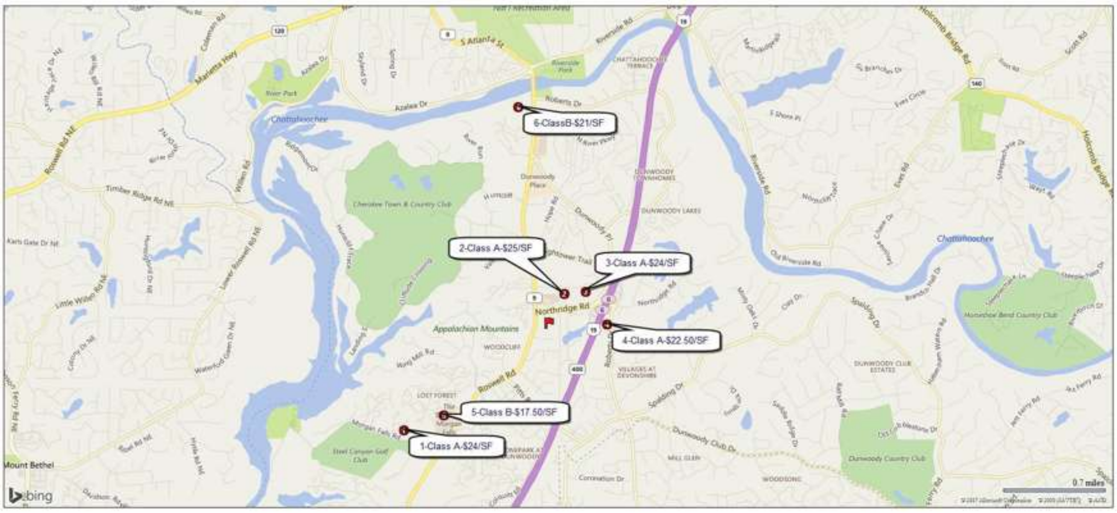
The following table contains the results of a CoStar Group and Cushman & Wakefield survey of existing competitive properties. These buildings are similar in terms of location, physical attributes, and access to amenities:

COMPETITIVE MICRO MARKET

No.	Name	Address	Parking Ratio	Year Built	Investment Class	Stories	RBA (SF)	Direct Vacant SF	% Leased	Ask Rate/SF	Expenses	FS Equivalent
S	**Northridge Center I & II**	**365 & 375 Northridge Road**	**3.89**	**1985 & 1989**	**B**	**4 & 6**	**188,944**	**15,888**	**91.6**	**$21 & 22**	**Full Service Gross**	**$21 & 22**
1	Falls Pointe	620 Morgan Falls Rd	7.31	1990	A	4	109,454	105,717	3.4	$24.00	Full Service Gross	**$24.00**
2	The Pointe - Bldg 400	400 Northridge Rd	4.00	1985	A	12	272,914	76,834	71.9	$25.00	Full Service Gross	**$25.00**
3	The Pointe - Bldg 500	500 Northridge Rd	4.00	1981	A	8	155,175	25,616	83.5	$24.00	Full Service Gross	**$24.00**
4	Northridge Plaza	8200 Roberts Dr	4.00	2000	A	6	128,055	17,731	86.2	$22.50	Full Service Gross	**$22.50**
5	Bldg 100	7840 Roswell Rd	4.00	1986	B	3	65,293	35,240	46.0	$17.50	Full Service Gross	**$17.50**
6	River Ridge	9040 Roswell Rd	3.30	1985	B	8	177,845	18,298	89.7	$21.00	Full Service Gross	**$21.00**
OVERALL STATISTICS INCLUDING SUBJECT												
Low:			3.30	1981		3	65,293	15,888	3.4	$17.50		$17.50
High:			7.31	2000		12	272,914	105,717	91.6	$25.00		$25.00
Average/Total/All Classes:			**4.36**	**1988**		**7**	**156,811**	**42,189**	**73.1**	**$22.33**		**$22.33**

FS- 'Full Service Gross' (Rental rates reflect averages for all investment classes included in our survey)
Source: CoStar Goup, Inc. and Cushman & Wakefield of Georgia, Inc.

COMPETITION MAP



We surveyed 7.0 competitive office buildings within the submarket, including the subject property, containing approximately 1.1 million square feet. The average vacancy is approximately 26.9 percent, which is well above the MSA-wide average of 13.1 percent (Class B Office).

Average asking rates for competitive office space range from $17.50 to $25.00 per square foot, with an average of $22.33 per square foot on an equivalent full service (FS) rental basis. A “full service” lease structure is defined by market participants as tenants responsible for any increases in operating expenses over base year occupancy including real estate taxes, insurance, common area maintenance and utilities. Lease rates include a tenant improvement package ranging from $4.00 to $5.00 per square foot per year of the lease term for new leases, and none (As Is) to $3.00 per square foot per year of the lease term for renewal leases. Lease terms typically reflect annual escalations 2.5 to 3.0 percent for full service leases. 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.

Subject’s Competitive Market Position

The subject is considered a Class B office complex by market participants based on its quality, condition and tenancy. The subject benefits from being located within a well-established submarket that is easily accessible via Interstate 285 and Georgia Highway 400, proximate to primary demand generators and local area amenities. In addition, the subject is located within the city of Sandy Springs, which has a significant household base that supports professional and financial services and healthcare-related office tenancy. The subject also benefits from being located near major thoroughfares and public transportation with good accessibility from surrounding markets. The subject’s immediate market reflects a competitive supply of available office space with stable rental rates that have continued to grow. The subject offers adequate amenities that are attractive to prospective tenants as evidenced by its current tenancy. Thus, based on the subject’s locational characteristics, project quality and current tenancy, the subject has a good competitive position in comparison to other comparable buildings within the immediate market.

Micro Market Outlook and Conclusions

We believe that the near-term outlook for the micro-market to be positive, as there has been continued improvement with regard to increasing rental rate even though there have been significant fluctuations in vacancy rate. The Central Perimeter submarket is home to numerous Fortune 500 corporations and over the past few years, State Farm and Mercedes-Benz have relocated their headquarters to the area, helping to solidify the positive attributes of this location. Moreover, we do not believe that new development in the Central Perimeter submarket will have a negative impact on leasing activity within the micro-market.

SWOT ANALYSIS

Strengths

- The subject is located within the Central Perimeter submarket, which has historically been an attractive submarket for major corporations and has access to numerous amenities, transportation arteries, and the MARTA public transit system.
- The subject has had recent renovations to enhance its position within the submarket.
- The subject’s vacancy rate is outperforming the greater Class B Central Perimeter office submarket.
- The subject has a parking deck, which is a free amenity to the tenants.

Weaknesses

- The subject is not located within the core of the submarket, which is located further south, more proximate to I-285, which may hinder marketability to some future tenants, as well as potential rental rate.

Opportunities

- Potential to increase contract rent to market rate as leases expire.

Threats

- Traffic congestion in the area continues to be an issue, with some long-term solutions for the area being implemented, but may be a deterrent for some prospective tenants relocating to the area.

Orlando, Florida

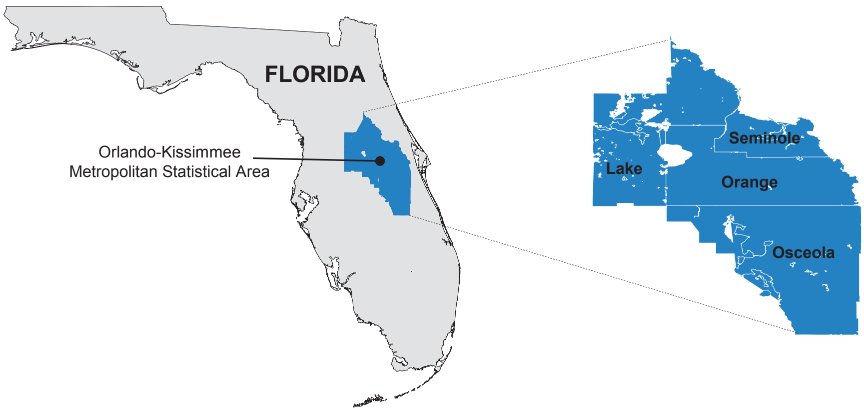
Orlando Regional Analysis

Market Definition

The Orlando-Kissimmee Metropolitan Statistical Area (Orlando MSA), located in central Florida, consists of Lake, Orange, Osceola, and Seminole Counties. The City of Orlando, located in central Orange County, is the largest incorporated area within the MSA. The metropolitan area lies primarily at the intersection of two of the state's major highways, the east-west Interstate 4 (I-4) and the north-south Florida Turnpike.

The following map portrays the Orlando within the state of Florida.

ORLANDO-KISSIMMEE, FL
METROPOLITAN STATISTICAL AREA (MSA)



Source: Cushman & Wakefield Valuation & Advisory

Current Trends

Orlando's economy continues to thrive, as the abundant of job opportunities boosts in-migration and support the housing market recovery. Jobs are plentiful and paying more, which is a strong indicator of the economic progress. Year-over-year, 50,900 new jobs were created in the region (as of February 2017), the most of all metros in the state for the 59th consecutive month. In terms of percent increase, the Orlando MSA had the largest year-over-year gain in employment of all metropolitan areas in the country at 4.3 percent (February 2017), according to the U.S. Bureau of Labor Statistics. Tourism continues to fuel growth, accounting for roughly 37.0 percent of the jobs created over the last year. Additionally, retail, technology and healthcare industries are all capitalizing on the growing economy. Following the leisure and hospitality sector, which added 15,100 new jobs over the year, the professional and business services sector added 8,700 new jobs. Construction jobs increased 9.2 percent (6,000 new jobs) year-over-year as theme park expansions, the airport expansion, SunRail, Lake Nona Medical City and other infrastructure improvements currently in development continue to fuel increases in payrolls.

The robust pace of job growth continues to serve as the major catalyst for population growth. Orlando remains among the fastest growing metros with a population of more than 1.0 million. The influx of new residents are lured by the many advantages, namely jobs, offered in Orlando. According to the most current estimates by the Census

Bureau, the Orlando region added 59,100 new residents between July 1, 2015 and July 1, 2016, bringing the population to over 2.4 million. Strong in-migration is translating to high demand for housing in the region. According to the Orlando Association of Realtors, Orlando's median price increased 11.3 percent year-over-year (as of March 2017).

Demographic Trends

Demographic Characteristics

While Florida has long been a popular retirement destination, Orlando is much less retirement-oriented than other metropolitan areas in the state. Metro Orlando is comparable to other metropolitan areas in the country and is considered a young, vibrant and diverse community.

The following chart presents the demographic characteristics of the Orlando MSA as compared to the national average (the most current data available):

Demographic Characteristics
Orlando MSA vs. United States
2016 Estimates

Characteristic	Orlando MSA	United States
Median Age (years)	37.0	38.0
Average Annual Household Income	$69,741	$78,425
Median Annual Household Income	$49,593	$54,505
Households by Annual Income Level:		
<$25,000	23.1%	23.0%
$25,000 to $49,999	27.2%	23.4%
$50,000 to $74,999	19.9%	18.3%
$75,000 to $99,999	11.5%	12.4%
$100,000 plus	18.3%	23.0%
Education Breakdown:		
< High School	12.3%	13.9%
High School Graduate	28.0%	28.1%
College < Bachelor Degree	31.3%	29.0%
Bachelor Degree	19.1%	18.2%
Advanced Degree	9.4%	10.9%

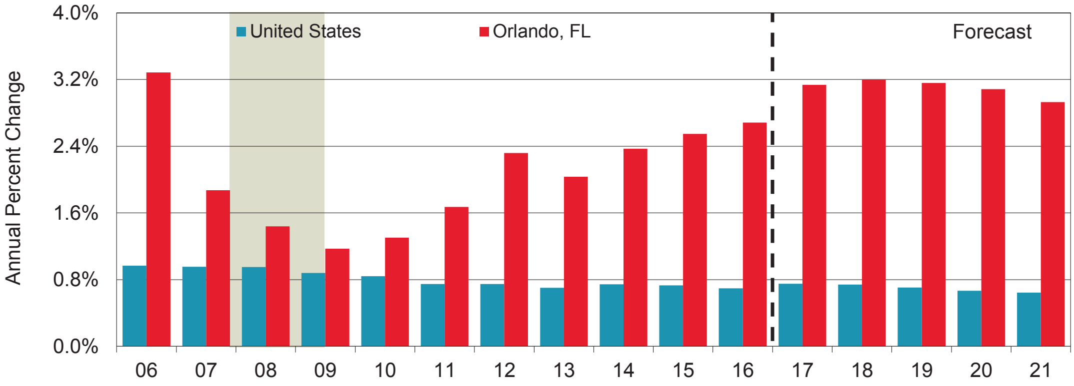
Source: © 2016 Experian Marketing Solutions, Inc. •All rights reserved•
Cushman & Wakefield Valuation & Advisory

Population

Florida remains the nation’s third-most populous state, with a population measuring over 20.6 million residents (according to recent estimates by the U.S. Census Bureau). Florida’s population increased 1.8 percent year-over-year. According to demographers, most new residents populate the larger MSA’s, including Orlando. The Orlando MSA added approximately 59,100 residents between July 1, 2015 and July 1, 2016, increasing 2.5 percent, according to estimates by the U.S. Census Bureau. At over 2.4 million residents, the MSA remains the 24th largest metropolitan area in the nation (the third largest in Florida). Additionally the MSA has ranked among the top 5 fastest growing metro with more than 1.0 million residents for five consecutive years.

In the following exhibit and all subsequent time-series graphs, the shaded bars indicate the periods of a U.S. economic recession. The following chart details the fluctuations in population growth within the Orlando MSA and the U.S. as a whole:

POPULATION GROWTH BY YEAR
Orlando MSA vs. United States, 2006-2021



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Orlando's population is concentrated primarily in western Orange and Seminole Counties along I-4. Orange County is the most populous with 54.0 percent of the MSA's population. According to local demographers, Orange County is forecast to gain more than 500,000 residents from 2010 through 2035 (the largest numerical increase of the large counties). Population growth in recent years has occurred primarily northeast and southwest of the city into Seminole and Osceola Counties along the I-4 Corridor, which links Daytona Beach on the Atlantic Ocean and Tampa on the Gulf of Mexico.

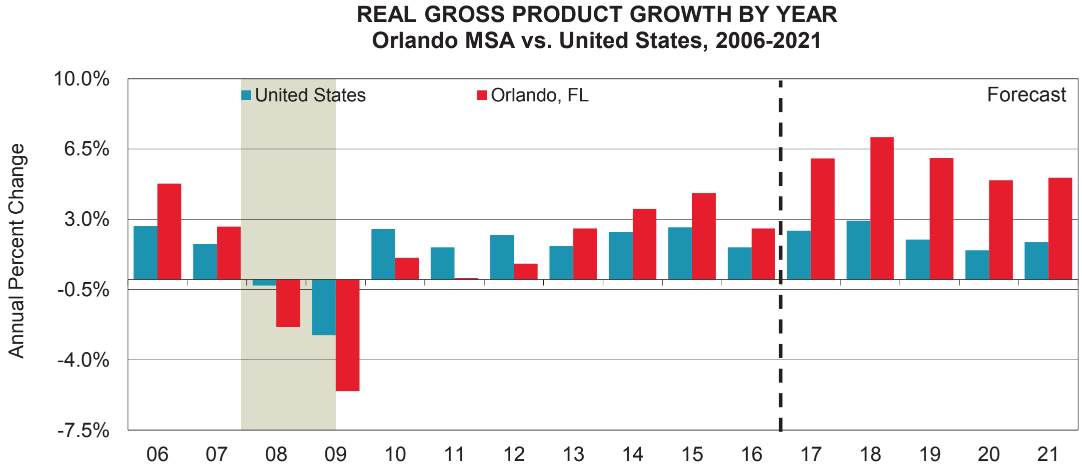
Economic Trends

Gross Metro Product

The Orlando economy is a tourist-based economy and is highly sensitive to national and international economic conditions. As a result of the recession, the local economy contracted by 3.7 percent in 2009. However, since 2010, the tourist seasons proved to be a huge boost to the local economy. Orlando's tourism industry has steadily expanded and more growth is projected in the years to come. Orlando hosted 66.1 million visitors in 2015, increasing 5.5 percent year-over-year (2016 statistics are due to be released May 2017) and solidifying Orlando's position as the most visited destination in the nation. Visitation to Orlando has doubled over the past two decades, growing 32.4 percent since 2005. The tourism sector is reported to have an economic impact of about $60.0 billion to the local economy.

According to the U.S. Bureau of Economic Analysis, the Orlando-Kissimmee MSA GMP is projected to increase 5.9 percent over 2014 to $121.3 billion in 2015. The local economy continues to expand as is projected to approach pre-recession levels in this year. According to the United States Conference of Mayors, U.S. Metro Economies Reports, the Orlando economy is projected to have increased to $129.4 billion in 2016 and increasing further to $137.2 billion in 2017.

The graph below details the fluctuations in real gross product within the Orlando MSA as compared to the national average.

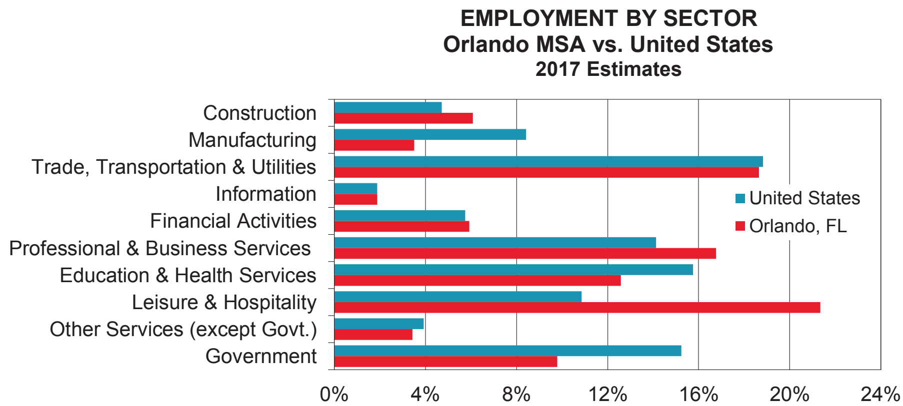


Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Employment Distribution

Given the area's heavy reliance on tourism, the Orlando market's existing employment base differs dramatically from that of the national average. Orlando's tourism sector supports approximately 367,000 local jobs. In fact, Disney employs more workers at a single site than any other private employer in the country. Besides, tourism, other equally strong sectors include Orlando's aerospace and defense; modeling, simulation and training; life sciences and biotechnology; digital media and many more.

The following chart compares non-farm employment sectors for the Orlando MSA and the U.S. as a whole.



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory

Major Employers

Orlando is the world's leading travel destination. Orlando was named the # 1 Hotspot for travelers for 2015 by Priceline.com. Best known for tourism, the region is also at the center of the nation's simulation industry and an emerging hub for entertainment technology and bioscience. Orlando is home to headquarters of some of the most recognized "brands" in the world. The region's largest employers are national and international corporations spanning a variety of industries including leisure and hospitality, healthcare and retail.

Largest Employers
Orlando-Kissimmee-Sanford, FL

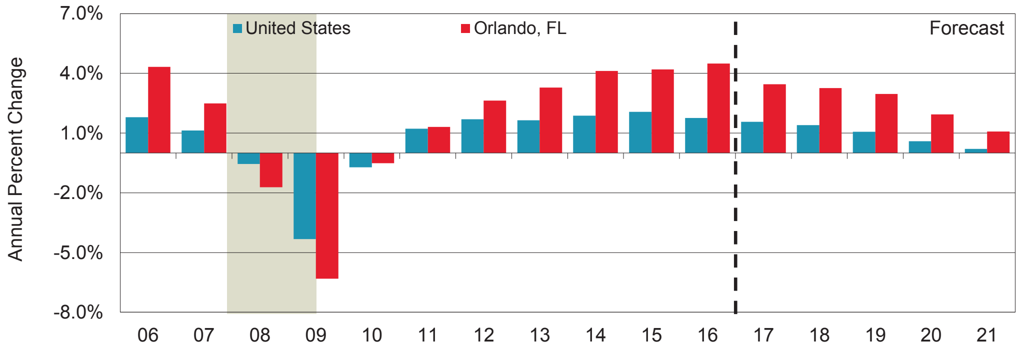
Company	No. of Employees	Business Type
Walt Disney World Resort	74,000	Leisure/Hospitality
Universal Orlando (Comcast)	21,000	Leisure/Hospitality
Adventist Health System/Florida Hospital	20,413	Healthcare
Publix	19,783	Retail
Orlando International Airport	18,000	Transportation
Orlando Health	16,828	Healthcare
University of Central Florida	11,833	Education
Lockheed Martin	7,000	Technology
Darden Restaurants	6,149	Retail
SeaWorld Parks & Entertainment	6,032	Leisure/Hospitality

Source: Data Courtesy of the Orlando Business Journal, 2016;
Cushman & Wakefield Valuation & Advisory

Employment Growth

As of February 2017, over 1.2 million persons were employed in the four-county Orlando MSA, adding 50,900 new jobs over the year. According to Forbes, the Orlando MSA had the strongest job growth among the nation's 100 largest metro areas. Employment is getting a major support from the tourism industry, as most of the jobs created have been in this industry. According to the most recent statistics, the Leisure & Hospitality sector added 15,100 jobs over the 12-month period ending February 2017, increasing 6.1 percent. Additionally, construction payrolls increased 9.2 percent, adding 6,000 new jobs, as a number of development projects are underway, including theme parks, stadiums and infrastructure.

TOTAL EMPLOYMENT GROWTH BY YEAR
Orlando MSA vs. United States, 2006-2021



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Outlook – Orlando MSA

With above-average job growth, strong in-migration, improving housing market and thriving tourist and healthcare industries, the Orlando MSA is among the more robust metropolitan areas in the country. According to a recent Bloomberg report, 18 Florida metropolitan areas, including Orlando, are projected to see the most economic growth this year. As the main economic engine for the region, the vigorous pace of the tourism industry continues to benefit the MSA, as well as the state of Florida. According to preliminary numbers by Visit Florida, the state welcomed 112.8 million visitors in 2016, a 5.8 percent increase year-over-year and is exceeding the current record for the number of visitors to ever visit the state. As the tourism hub for the state, the bulk of these visitors (over 60.0 percent) travel to Orlando.

Aside from the tourism, Orlando profits from above-average job growth in other industries. In fact, Orlando is projected to surpass Tampa to become Central Florida's largest workforce. The future health science complex is slated to add tens of thousands of jobs over the decade. Likewise, the burgeoning clean energy industry is a source of new growth for the region. This sector is expected to add jobs up to three times as fast as the overall economy.

The long-term outlook for Orlando remains positive as the MSA is forecast to significantly outpace the national average. Job opportunities are plentiful in the region boosting in-migration, as job seekers relocate, driving demand for housing. The surging population is giving rise to new infrastructure. The Florida Department of Transportation (FDOT) is spending $2.3 billion rebuilding a 21-mile segment of Interstate 4, which will include new overpasses, interchanges and four tolled express lanes. This project will be completed in 2021. Additionally, FDOT is spending $1.6 billion o Wekiva Parkway, a 25-mile expressway that will complete Orlando's beltway. This 4-year project is also slated to be completed in 2021, when an additional 150,000 employees share the area's highways.

Orlando Office Market Analysis

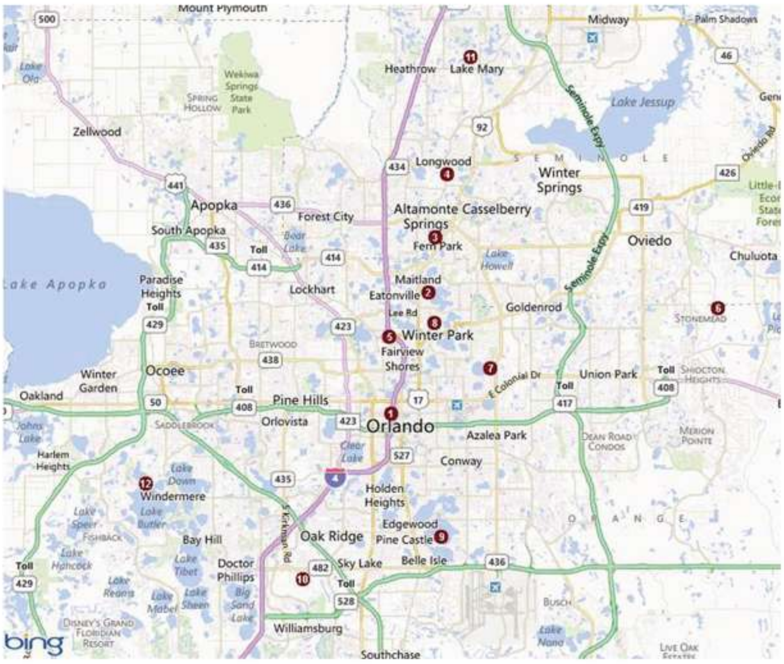
Current Trends

Despite fewer options, robust job growth continues to fuel demand for space in the Orlando office market. With companies staying in hiring mode, overall vacancy dropped 1.8 percentage points to measure 11.0 percent in the first quarter. The consistent increases in office-using employment, heightens demand and translates to healthy leasing activity and gains in occupancy, especially in premiere submarkets.

Market Characteristics

The Orlando-Kissimmee Metropolitan Statistical Area (Orlando MSA) contains 37.5 million square feet of office space. The Orlando MSA is segmented into 12 major submarkets located primarily in Orange and Seminole Counties. The following map of the Orlando MSA provides approximate locations for each of the submarkets:

ORLANDO OFFICE SUBMARKET MAP



Source: Microsoft Virtual Earth

SUBMARKETS
1. Central Business District
2. Maitland
3. Altamonte Springs
4. Longwood
5. Lee Road Corridor
6. University/Research Park
7. 436 Corridor
8. Winter Park
9. Southeast/International Airport
10. SW/Tourist/Celebration
11. Lake Mary/Heathrow
12. Millenia/Metrowest/Windermere

Supply Analysis

Vacancy

Overall availabilities measured 4.1 million square feet at the end of the first quarter, equating to a vacancy rate of 11. 0 percent, the lowest since year-end 2007. Year-over-year, overall vacancy is down 1.8 percentage points. The lack of significant new construction is allowing the market to work through existing inventory, further decreasing availabilities. The table below denotes the current office market statistics by submarket:

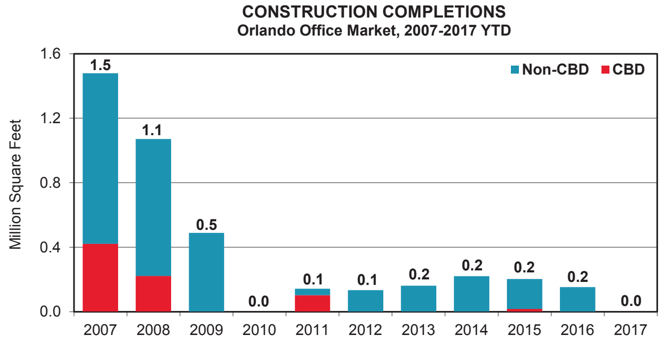
Office Market Statistics by Submarket
Orlando MSA
First Quarter 2017

Market/Submarket	Inventory	Overall Vacancy	Direct Vacancy	YTD Construction Completions	YTD Overall Net Absorption	Under Construction	Direct Wtd Avg. Class A Rent	Overall Wtd Avg. Asking Rent
CBD	**7,407,645**	**9.9%**	**9.8%**	**0**	**13,486**	**0**	**$26.82**	**$25.69**
NON-CBD								
Maitland	5,730,740	10.3%	10.2%	0	59,912	0	$20.87	$19.35
Altamonte Springs	1,755,711	11.9%	11.9%	0	7,274	0	$20.06	$16.39
Longw ood	808,994	21.7%	21.7%	0	(18,682)	0	N/A	$19.53
Lee Road Corridor	980,773	14.6%	13.9%	0	(15,891)	0	N/A	$17.46
University/Research Park	3,830,912	9.8%	9.8%	0	(38,213)	0	$23.65	$22.64
436 Corridor	1,991,638	16.9%	16.8%	0	2,291	0	N/A	$16.02
Winter Park	1,463,196	5.6%	5.1%	0	(7,448)	0	$25.96	$24.56
Airport/Lake Nona	1,021,997	13.9%	12.5%	0	6,510	0	$29.18	$28.87
Tourist Corridor/Celebration	5,704,043	11.1%	11.0%	0	(17,681)	134,000	$22.45	$17.90
Lake Mary/Heathrow	4,621,848	10.8%	10.1%	0	63,101	0	$22.71	$21.01
Millenia/Metrow est/Windermere	2,183,598	9.5%	9.5%	0	(14,390)	0	$24.63	$23.83
NON-CBD TOTAL	**30,093,450**	**11.3%**	**11.0%**	**0**	**26,783**	**134,000**	**$23.25**	**$19.88**
ORLANDO MSA TOTAL	**37,501,095**	**11.0%**	**10.8%**	**0**	**40,269**	**134,000**	**$24.15**	**$20.82**

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

Construction

Following the delivery of 153,000 square feet of new office product in 2016, the Kirkman Point II building is the only project currently under construction. The lack of premium space is driving the need for development activity as developers now propose approximate 3.2 million square feet of speculative projects over the next three years. Additionally, tenants are considering build-to-suit projects because existing space options are insufficient. Nevertheless, construction activity remain constrained, as financing is scarce and preleasing activity is slow. The following graph summarizes construction completions by year within the market:



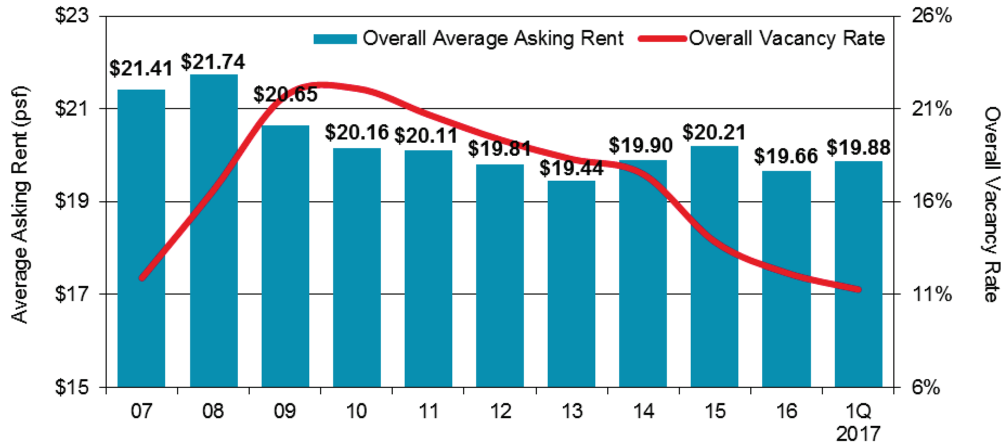
Source: Cushman & Wakefield Research; compiled by C&W V&A

Asking Rents

At $20.82 per square feet, overall average asking rents increased only 0.6 percent year-over-year, despite tighter market conditions. However, direct asking rents for Class A product continued rising, averaging $24.15 per square foot at the end of the year (up 2.4 percent). Increased demand, coupled with fewer options for Class A space, continues to push lease rates higher.

The following graphs show annual overall vacancy rates and asking rents in the Orlando Non-CBD submarkets since 2007:

ORLANDO NON-CBD, 2007-1Q 2017



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

Demand Analysis

Leasing Activity

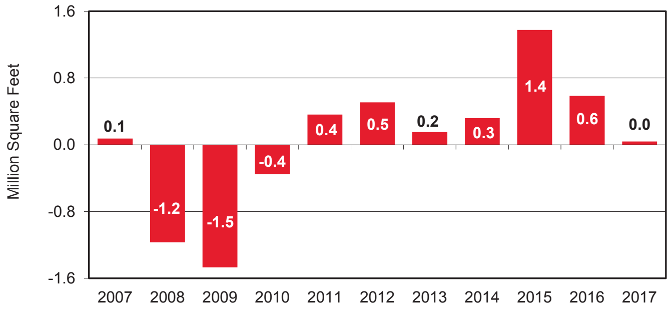
Approximately 475,000 square feet was leased in the first quarter as tenants continue to grow and exchange properties. Though healthy, activity falls short of the number of deals recorded in the first quarter of 2016. With the overall health of the economy steadily improving and the vigorous pace of job growth in the region, demand for office space is very high. However, with minimal construction activity underway, demand trends will enable landlords to fill the available space and command higher rates.

Absorption

Tenants continue to focus on maximizing space utilization as seen in the market's fluctuating absorption levels. At the end of the first quarter, 40,300 square feet of vacant space was taken off the market. Class B assets garnered the most attention, netting approximately 79,000 square feet of occupancy.

During the course of the recession (between 2008 and 2010), approximately 3.0 million square feet was returned to the Orlando office market. All of the lost space has been occupied. The primary catalyst to the recovery has been the strong job growth in the Professional and Business Services sector. Therefore, overall availabilities should continue declining as office-using employment continues to grow. The following chart highlights overall net absorption by year:

OVERALL NET ABSORPTION
Orlando Office Market, 2007-2017 YTD



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

Demand Drivers

The Orlando office market is primarily driven by the Professional and Business Services sector and supported by employment growth in the Leisure & Hospitality Services and Education and Healthcare industries. As expected, the Professional and Business Services (the most significant office-using sector) took a significant hit during the recession, losing roughly 17,700 positions from year-end 2007 through June 2009 (the recessionary period), according the Bureau of Labor Statistics. Traditional drivers of the office market are making space for new and emerging sectors like technology industry, which includes film and digital media; modeling and simulation training; optics and photonics and advanced technology and information. The technology industry is said to be the second largest sector in Central Florida and contributes to the high demand for office space in the region.

Supply and Demand Forecast

Demand for office space within the Orlando market is directly connected to the changes in office using employment over the next several years. Utilizing office-using employment forecasts, assumptions on space per employee and each submarket's share of demand, a reasonable estimate of office space demand can be compiled. The following table outlines details of the demand analysis for the Orlando office market. The assumptions in the table are based upon our analysis of historical trends within the market.

Office Market Forecast

Orlando, FL

CUSHMAN & WAKEFIELD

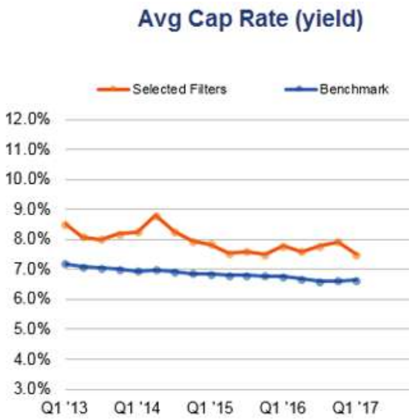
	2014	2015	2016	2017F	2018F	2019F	2020F	2021F
Employment								
Total Office-using Employment*	1,109,500	1,156,000	1,208,600	1,251,500	1,295,400	1,335,200	1,359,600	1,373,600
Growth Rate	4.1%	4.2%	4.5%	3.5%	3.5%	3.1%	1.8%	1.0%
Net New Office-using Jobs*	43,800	46,500	52,600	42,900	43,900	39,800	24,400	14,000
CBD								
New Supply CBD (Sq. Ft)	-	-	-	-	150,000	186,000	307,000	54,000
Occupied Space (Sq. Ft.)**	6,369,100	6,465,300	6,635,400	6,727,100	7,066,800	7,185,100	7,325,200	7,416,700
Vacant/Available (Sq. Ft.)**	1,028,200	932,000	761,900	670,200	480,500	548,200	715,100	677,600
Overall Vacancy Rate	13.9%	12.6%	10.3%	9.1%	6.4%	7.1%	8.9%	8.4%
Forecast Net Absorption (Sq. Ft.)	132,100	96,200	170,100	91,700	339,700	118,300	140,100	91,500
Asking Rents*	$23.70	$24.35	$24.83	$25.57	$25.98	$26.33	$26.53	$26.62
Growth Rate	-2.1%	2.7%	2.0%	3.0%	1.6%	1.4%	0.7%	0.3%
Asking Rents**	$23.38	$24.21	$25.34	$25.71	$26.13	$26.43	$26.56	$26.65
Growth Rate	-3.3%	3.6%	4.7%	1.5%	1.6%	1.2%	0.5%	0.3%
Non-CBD								
New Supply Non-CBD (Sq. Ft.)	220,000	193,400	18,000	135,000	288,000	589,000	1,381,000	332,000
Occupied Space (Sq. Ft.)**	24,964,600	26,251,000	26,754,000	27,464,600	28,393,200	29,216,800	29,837,700	30,407,300
Vacant/Available (Sq. Ft.)**	5,295,500	4,202,600	3,717,600	3,142,000	2,501,400	2,266,800	3,026,900	2,789,300
Overall Vacancy Rate	17.5%	13.8%	12.2%	10.3%	8.1%	7.2%	9.2%	8.4%
Forecast Net Absorption (Sq. Ft.)	420,700	1,286,400	503,000	710,600	928,600	823,600	620,900	569,600
Asking Rents*	$19.55	$20.06	$19.75	$19.81	$20.00	$20.20	$20.31	$20.30
Growth Rate	-0.4%	2.6%	-1.5%	0.3%	1.0%	1.0%	0.5%	-0.0%
Asking Rents**	$19.90	$20.21	$19.66	$19.88	$20.08	$20.27	$20.32	$20.29
Growth Rate	2.4%	1.6%	-2.7%	1.1%	1.0%	0.9%	0.3%	-0.2%
Total Market								
Inventory (Sq. Ft.)**	37,657,500	37,850,900	37,868,900	38,003,900	38,441,900	39,216,900	40,904,900	41,290,900
New Supply (Sq. Ft.)	220,000	193,400	18,000	135,000	438,000	775,000	1,688,000	386,000
Occupied Space (Sq. Ft.)**	31,333,700	32,716,200	33,389,400	34,191,700	35,460,000	36,402,000	37,162,900	37,824,000
Vacant/Available (Sq. Ft.)**	6,323,800	5,134,700	4,479,500	3,812,200	2,981,900	2,814,900	3,742,000	3,466,900
Overall Vacancy Rate	16.8%	13.6%	11.8%	10.0%	7.8%	7.2%	9.1%	8.4%
Net Absorption (Sq. Ft.)	552,800	1,382,500	673,200	802,300	1,268,300	942,000	760,900	661,100
Asking Rents*	$20.21	$20.78	$20.67	$20.82	$21.22	$21.71	$22.23	$21.94
Growth Rate	-1.1%	2.8%	-0.5%	0.7%	1.9%	2.3%	2.4%	-1.3%
Asking Rents**	$20.47	$20.94	$20.63	$20.90	$21.06	$21.47	$21.52	$21.53
Growth Rate	1.0%	2.3%	-1.5%	1.3%	0.7%	1.9%	0.2%	0.1%

Note: Numbers in the table may not add to totals due to rounding.

Source: Economic Data courtesy of Moody's Analytics, Cushman & Wakefield Research * denotes an annual average ** denotes year-end

Orlando Office Investment Sales Market

According to Real Capital Analytics, 56 office sale transactions closed in the 12 months ending March 2017, with a total volume of $983.6 million, averaging a price of approximately $140 per square foot. The 56 buildings total 5.7 million square feet. Cap rates for this period averaged 7.5 percent, with an average of 7.9 percent reported for the fourth quarter of 2016. As shown in the following graphic, prices generally trended upward from 2013 through the 1st quarter of 2016, but declined significantly in the last three quarters of 2016 before recovering slightly in 1st quarter 2017. Prices have consistently fallen below the benchmark (United States) averages. Capitalization rates have trended generally downward during this period and have remained above national averages.



Source: *Real Capital Analytics*

Outlook – Orlando Office Market

Robust job growth is fueling strong demand for office space in Orlando. Orlando remains among the state and national leaders in job growth. Healthy demand generated from job growth should equate to a considerable amount of absorption, impacting both vacancy rates and rents. Further, with no significant development projects on the horizon leaving very few options for quality space, market conditions have shifted to favor landlords. According to local real estate professionals, landlords are opting for longer lease terms, with five-year and seven-year terms becoming more common. The long-term expectation is for more speculative projects to be initiated to meet the growing demand.

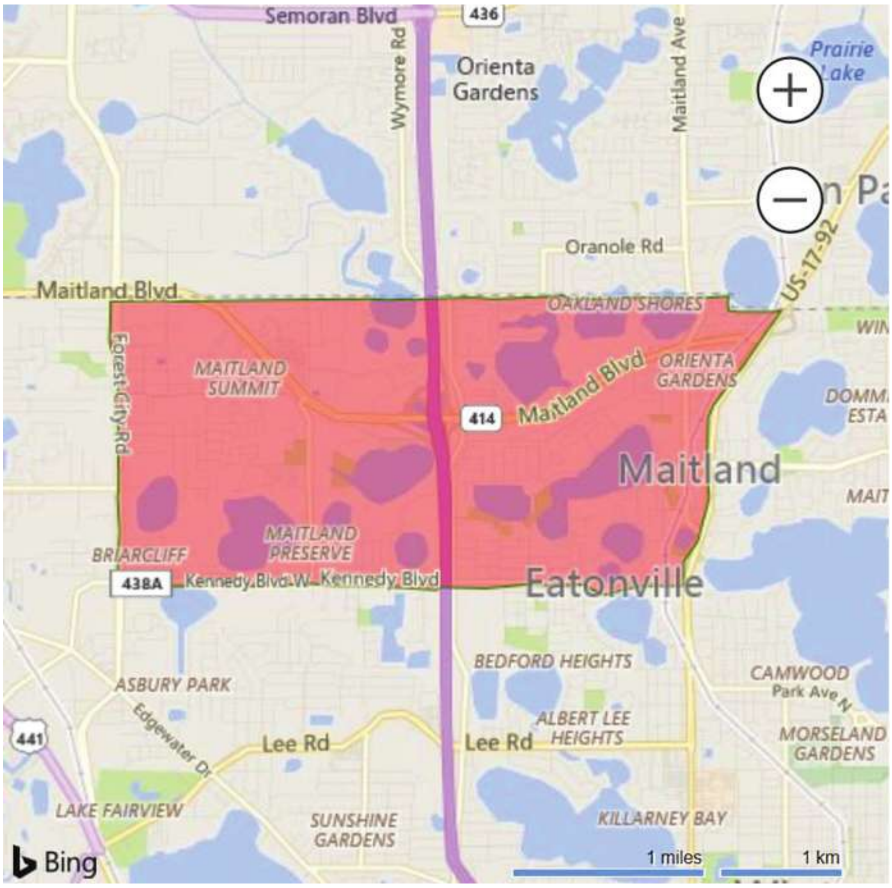
Since the overall health of the office market hinges on job growth, the Orlando office market is making great strides. According the U.S. Bureau of Labor Statistics, job growth in the Orlando-Kissimmee-Sanford MSA measured 3.6 percent over the 12-month period ending March 2017, adding the second-highest number of new jobs in the state (42,800 jobs, behind Tampa's 44,100 new jobs). Local economists expect the Orlando labor market to continue improving at a robust pace, with the main drivers of office demand coming from telecommunications, technology-related and business services companies.

Maitland Submarket

Introduction

Data for the following analysis of the submarket is provided by Reis, Inc. The subject lies within the Maitland submarket of Orlando. The subject submarket contains 5,683,000 square feet, or 17.4 percent of the region's inventory. The general boundaries of the submarket are the Orange/Seminole County line to the north, U.S. Highway 17-92 to the east, Kennedy Boulevard to the south, and Forrest City Road to the west. The major office concentrations are located near Maitland Boulevard and include Maitland Center, Lake Lucien, Maitland Promenade, and Maitland Summit.

MAITLAND SUBMARKET



Supply

Inventory and Construction Completions

Within the subject submarket, no space was completed between 2012 and 2016. Over the next five years, Reis projects that an additional 214,000 square feet of new space will be completed within the Maitland submarket.

The following table presents historical inventory and projected completions for the region and subject submarket.

HISTORICAL AND PROJECTED INVENTORY & COMPLETIONS (SF)						
	Maitland					
Year	Class A	Completions	Class B/C	Completions	Total Completions	% of Region
2012	3,091,000	0	2,592,000	0	0	0.0%
2013	3,091,000	0	2,592,000	0	0	0.0%
2014	3,091,000	0	2,592,000	0	0	0.0%
2015	3,091,000	0	2,592,000	0	0	0.0%
2016	3,091,000	0	2,592,000	0	0	0.0%
1Q17	3,091,000	0	2,592,000	0	0	0.0%
2017	---	---	---	---	0	0.0%
2018	---	---	---	---	35,000	23.3%
2019	---	---	---	---	47,000	23.5%
2020	---	---	---	---	66,000	24.4%
2021	---	---	---	---	66,000	23.9%
2012-2016						
Total Completions		**0**		**0**	**0**	
Annual Average		**0**		**0**	**0**	**0.0%**

Source: Reis, Inc.

In the Maitland submarket, no new space was completed between 2012 and 2016. Over the next five years, Reis projects that an additional 214,000 square feet of new space will be completed in the Maitland submarket.

Demand

Between 2012 and 2016, submarket vacancy rates decreased from 18.0 to 15.1 percent. The current vacancy rate for the submarket is 14.4 percent. Over the near term, Reis is projecting a rise in vacancy for the Maitland submarket, with vacancy levels ranging from 14.7 percent in 2017 to 18.1 percent in 2021.

The following table presents historical and projected vacancy rates for the region and subject submarket.

HISTORICAL AND PROJECTED VACANCY RATES (%)			
	Maitland		
Year	Class A	Class B/C	Total
2012	14.2	22.5	18.0
2013	14.8	22.1	18.1
2014	15.8	19.1	17.3
2015	17.1	17.1	17.1
2016	15.7	14.4	15.1
1Q17	14.8	13.9	14.4
2017	---	---	14.7
2018	---	---	15.7
2019	---	---	16.6
2020	---	---	17.3
2021	---	---	18.1

Note: Reis does not differentiate between space that is available directly from the landlord or as a sublease.
Any space that is available immediately for leasing (i.e. within 30 days) is considered vacant by Reis'

As shown, Class A buildings are exhibiting higher vacancies than Class B/C buildings (14.8 percent versus 13.9 percent).

Absorption Trends

Absorption measures change in the level of occupied space in a geographic region over a specific period of time. Absorption is not a measure of leasing activity. It reflects increasing, stable or decreasing demand for space. If the level of occupied space increases from one period to the next, demand has increased. If no change has occurred, demand is stable. If the level of occupied space is lower, demand has decreased. All things being equal, positive absorption lowers vacancy rates and negative absorption increases vacancy rates. A newly constructed building that enters the marketplace vacant will adversely affect the vacancy rate but have no bearing on absorption since it has not altered the level of occupancy.

Between 2012 and 2016, new construction within the Maitland submarket trailed absorption, with no square feet completed and 33,000 square feet absorbed. Over the next five years, Reis projects that new construction will surpass absorption (new construction will total 214,000 square feet, and 5,000 square feet is expected to be absorbed).

The following table presents historical and projected absorption levels and completions for the region and the subject submarket.

HISTORIC AND PROJECTED NET ABSORPTION (SF)

	Maitland			
Year	Class A	Class B/C	Total Absorption	Total Completions
2012	0	0	0	0
2013	-18,000	12,000	-6,000	0
2014	-31,000	77,000	46,000	0
2015	-41,000	52,000	11,000	0
2016	44,000	70,000	114,000	0
1Q17	27,000	13,000	40,000	0
2017	---	---	23,000	0
2018	---	---	-28,000	35,000
2019	---	---	-10,000	47,000
2020	---	---	12,000	66,000
2021	---	---	8,000	66,000
2012-2016				
Total Absorption	**-46,000**	**211,000**	**165,000**	**0**
Annual Average	**-9,200**	**42,200**	**33,000**	**0**

Source: Reis, Inc.

Rental Rates Trends

As shown in the following chart, average asking rental rates in the Maitland submarket increased from an average of \$20.66 per square foot in 2012 to \$21.69 per square foot in 2016, demonstrating a CAGR of 1.2 percent. Over the next five years, average asking rents are expected to increase from \$22.02 per square foot in 2017 to \$23.75 per square foot in 2021. The current average asking rent stands at \$21.93 per square foot.

The following table presents historical and projected average asking rental rates for the region and subject submarket.

Historical and Projected Average Asking Rental Rates ($/SF)					
	Maitland				
Year	Class A	Class B/C	Total	% Change	Effective Rent
2012	$21.45	$19.72	$20.66	0.0	$16.91
2013	$21.60	$19.93	$20.84	0.9	$17.06
2014	$21.70	$20.02	$20.93	0.4	$17.14
2015	$22.02	$20.36	$21.26	1.6	$17.40
2016	$22.50	$20.72	$21.69	2.0	$17.82
1Q17	$22.92	$20.79	$21.93	1.1	$18.05
2017	---	---	$22.02	1.5	$18.08
2018	---	---	$22.42	1.8	$18.36
2019	---	---	$22.86	2.0	$18.73
2020	---	---	$23.29	1.9	$19.10
2021	---	---	$23.75	2.0	$19.47
2012-2016 CAGR	**1.20%**	**1.24%**	**1.22%**		

Notes: CAGR stands for Compound Annual Growth Rate. Asking rents cited by Reis reflect the advertised rental rates for actively marketed space. Effective rents net of any rental concessions, expressed over the life of the lease term. Reis quotes Office rents on a Gross

Class A buildings within the region are exhibiting higher average asking rents ($24.96 per square foot) than Class B/C buildings ($20.44 per square foot). Within the subject submarket, Class A buildings have higher average asking rents than Class B/C buildings ($22.92 per square foot versus $20.79 per square foot).

Outlook – Maitland Office Submarket

Vacancy levels for the Maitland Office Submarket have decreased since 2012 and are expected to rise from 14.7 percent in 2017 to 18.1 percent in 2021. Over the near term, new construction activity should surpass absorption, and average asking rates are forecasted to range from $22.02 per square foot in 2017 to $23.75 per square foot in 2021. The subject's submarket is expected to experience stabilizing vacancy levels over the next several years, and rental rates are projected to increase as a result of absorption outpacing projected construction completions. It is expected to slightly underperform the market for the Orlando MSA.

Subject Property – Maitland Promenade II

Location and Description

Maitland Promenade II is located at 495 North Keller Road, Maitland, Orange County, FL. The property is situated in the Maitland submarket of the Orlando Office Market, both of which have been analyzed in previous sections. The subject has a good location within Maitland Preserve just south Maitland Boulevard, the main thoroughfare.

The subject is a 5-story, Class A, multi-tenant office building that contains 230,366 square feet of rentable area situated on a 398,216 square foot site. The improvements were completed in 2001 and are in good condition. The property features a detached 3-level parking garage with covered canopy walkway and amenities including rich lobby finishes, on-site café, and shared fitness center.

The property is currently 99 percent occupied by 14 tenants. Major tenants include Zurich American Insurance (34,563 square feet or 15.00 percent of rentable area), United Health Care Services (30,504 square feet or 14.99 percent of rentable area), Akerman, Senterfitt & Edison (32,190 square feet or 13.97 percent of rentable area), Sonepar Management (28,507 square feet or 12.37 percent of rentable area), New York Life Insurance (24,626 square feet or 10.69 percent of rentable area), and Centene Management (24,215 square feet or 10.51 percent of rentable area). The subject occupancy is above the competition, submarket, and Orlando MSA. Over the next five years, about 33 percent of the subject leases will expire, which is above the market average.

Transportation and Connectivity

Local area accessibility is generally good, relying on the following transportation arteries:

Local: Access to the subject property is via Keller Road, which is a four-lane divided north/south roadway that provides access to Maitland Boulevard. There is also access from Lucien Way, which is a 4-lane east/west roadway that is to the south of the subject property. It is noted that Fennell Street was recently (2016) extended to connect Keller Road to Southhall Lane to the southeast of the subject.

The major local arterial is Maitland Boulevard, which provides direct access to Interstate 4, less than 0.25 half mile north of the subject.

The major north/south roadways in the subject's area are U.S. 17/U.S. 92/North Orlando Ave, located approximately two miles to the east and S.R. 434/Forest City Road, located approximately one mile to the west the subject.

Regional: Interstate 4 travels from Daytona Beach to Tampa, which is an east/west direction, but in the Orlando area, Interstate 4 travels north/south. Interstate 4 is accessible via Lee Road to the south or Maitland Boulevard to the northeast.

State Road 417/Central Florida Greenway is a four-lane limited access toll road that currently creates a semi-circle around metropolitan Orlando, a beltway system. The roadway extends from Interstate 4 in Sanford on the north to Interstate 4 in Celebration (Disney World) to the south.

The redesign and reconstruction of the Maitland Boulevard and Interstate 4 interchange began in early 2015 and will encompass the installation of fly-overs and traffic lane expansions along Maitland Boulevard, as well as the realignment of Keller Road at its intersection with Maitland Boulevard, effectively transitioning Keller Road into Maitland Center's main entrance. The 21-mile, I-4 Ultimate project is expected to cost $2.3 billion and be completed by 2021. Traffic leaving Maitland Preserve to head east on I-4 will need to access Maitland Boulevard via Keller Road.

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 most competitive to the subject.

Micro Market Snapshot

We have identified office buildings with the following characteristics as the being directly competitive with the subject.

- Mid-rise to high-rise office product in the immediate Maitland vicinity
- Class A- product over 115,000 square feet

The following table contains the results of a CoStar Group and Cushman & Wakefield survey of existing competitive properties. These buildings 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	Expenses	FS Equivalent
S	**Maitland Promenade II**	**495 North Keller Road**	**4.57**	**2001**	**5**	**A**	**230,366**	**2,203**	**99.0**	**$23.00**	**Full Service Gross**	**$23.00**
1	The Mardian J. Blair Administrative Center	900 Hope Way	3.13	2011	5	A	153,864	0	100.0	-	-	-
2	Maitland Promenade One	485 N Keller Rd	4.50	1999	5	A	230,366	16,025	98.1	$25.00	Full Service Gross	**$25.00**
3	901 Maitland Center	901 N Lake Destiny Dr	4.00	1986	4	A	155,699	10,581	93.2	$18.50	Full Service Gross	**$18.50**
4	Maitland Forum	2600 Lake Lucien Dr	4.00	1985	4	A	266,964	88,062	67.0	$17.50	Full Service Gross	**$17.50**
5	Eastwoods	2405 Lucien Way	5.00	1998	5	A	177,574	0	100.0	-	Negotiable	-
6	Paragon @ Maitland	1060 Maitland Center Commons	4.00	1986	4	B	128,668	10,714	91.7	$19.00	Full Service Gross	**$19.00**
7	Pembrook Commons	1800 Pembrook Dr	5.00	1998	4	A	115,714	5,195	95.5	$21.19	Full Service Gross	**$21.19**
8	Keller Center	101 Southhall Ln	6.00	1986	4	A	159,675	28,601	82.1	$24.00	Full Service Gross	**$24.00**
9	Southpoint Executive Center	151 Southhall Ln	4.00	1990	4	A	138,243	14,891	89.2	$21.25	Full Service Gross	**$21.25**
10	College Corner	638 State Road 434	0.00	2019	5	B	176,500	0	35.7	$26.50	-	**$26.50**
11	Summit Park I	1950 Summit Park Dr	4.00	1992	6	A	128,240	0	100.0	-	-	-
12	Summit Park II	1958 Summit Park Dr	4.00	1996	6	A	128,934	0	100.0	-	-	-
13	Building III	2001 Summit Park Dr	1.25	2009	7	A	211,236	0	100.0	-	-	-
14	Tower Place at the Summit	1900 Summit Tower Blvd	3.50	1990	14	A	367,920	0	100.0	-	-	-
15	Liberty Summit	1901 Summit Tower Blvd	4.50	1998	4	A	120,268	18,107	84.9	$23.00	Modified Gross	**$23.00**
16	The Spectrum Bldg	900 Winderley Pl	3.60	1987	2	A	113,402	0	100.0	-	-	-
17	Maitland Colonnades	2301 Lucien Way	4.00	1986	4	A	260,000	24,728	91.9	Withheld	-	**Withheld**
OVERALL STATISTICS INCLUDING SUBJECT												
Low:			0.00	1985	2		113,402	0	35.7	$17.50		$17.50
High:			6.00	2019	14		367,920	88,062	100.0	$26.50		$26.50
Average/Total/All Classes:			**3.84**	**1995**	**5**		**181,313**	**12,173**	**90.3**	**$21.89**		**$21.89**

FS- 'Full Service Gross' (Rental rate reflect averages for all investment classes included in our survey)
Source: CoStar Goup, Inc. and Cushman & Wakefield Regional, Inc.

COMPETITION MAP

We surveyed 17 competitive office buildings within the submarket, including the subject property, containing approximately 3.3 million square feet. The average vacancy is approximately 9.7 percent, which is well below the metro-area average of 11.7 percent.

Average asking rates for competitive office space range from $17.50 to $26.50 per square foot, with an average of $21.89 per square foot on an equivalent full service (FS) rental basis. A “full service” lease structure is defined by market participants as tenants responsible for any increases in operating expenses over base year occupancy including real estate taxes, insurance, common area maintenance and utilities. Lease rates include a tenant improvement package ranging from $4.00 to $8.00 per square foot per year of the lease term for new leases, and none (As Is) to $3.00 per square foot per year of the lease term for renewal leases. Lease terms typically reflect annual escalations 2.5 to 3.0 percent for full service leases. 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 on the higher end of this set in terms of access to amenities, overall quality/condition, and parking facilities. Accordingly, it commands rents in line with those assumptions.

Subject’s Competitive Market Position

The subject is considered a Class A office complex by market participants based on its quality, condition and tenancy. The subject benefits from being located within a well-established submarket centrally located within the Maitland Center, proximate to primary demand generators and local area amenities. In addition, the subject is located within the community of Maitland, which has a significant household base that supports professional and financial services and healthcare-related office tenancy. The subject also benefits from being located near major thoroughfares and public transportation with good accessibility from surrounding markets. The subject’s immediate market reflects a competitive supply of available office space with stable rental rates. The subject offers adequate amenities that are attractive to prospective tenants as evidenced by its current tenancy. Thus, based on the subject's locational characteristics, project quality and current tenancy, the subject has a good competitive position in comparison to other comparable buildings within the immediate market.

Micro Market Outlook and Conclusions

On balance, the outlook for the subject neighborhood is positive. The local economy continues to remain relatively flat while local demographic trends continue to be positive. The subject is located in an established office quadrant of the region. Overall, we are optimistic about the subject neighborhood in terms of long-term growth and relative stability. Over the long-term, we believe the prospect for net appreciation in real estate remains good. However in the short term, we expect the slow commercial real estate market recovery to continue.

SWOT ANALYSIS

Strengths

- The subject has frontage on Keller Road, a high-traffic street.
- The subject is currently almost fully occupied and includes three credit tenants.
- The subject is located in an established, in-fill location with a minimal amount of developable land.
- The primary market area is relatively stable, the total retail potential per household within a 3-mile radius is above the potential per household within the county and CBSA.
- There are significant barriers to entry with replacement cost rents in the $32.00 to $35.00 per square foot range with few remaining development sites in the area.

Weaknesses

- The buildings have actual ages of 16 years and there are newer Class A offices in Maitland.
- Population growth within the primary market area has been below average over the past decade and this is expected to continue.
- Household income levels for the primary market area are near averages for the CBSA, but are significantly below the average for Orange County as a whole.

Opportunities

- The subject property is leased at 3.59 percent below market and has expansion areas (previous storage, management office, conference room, gym, etc.) that could be leased as office space at market rates.
- The I-4 Ultimate and Maitland Boulevard road construction projects and improvements, when complete, should benefit the property.
- Existing tenants have expanded spaces in the past and this should continue in the future.

Threats

- The slow economic recovery is predicted to continue.
- There is vacant land in the area which could be developed with additional competition.
- There has been a trend of previous Maitland office tenants moving north to the Lake Mary/Heathrow area, which offers superior amenities and newer construction.

Respectfully submitted,

CUSHMAN & WAKEFIELD OF ILLINOIS, INC.

Douglas A. Heinrich, MAI
Executive Director
doug.heinrich@cushwake.com
913 440 0422 Office Direct

Addenda Contents

Addendum A: Assumptions and Limiting Conditions
Addendum B: Terms & Definitions

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.

This page has been intentionally left blank.

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION FOR AND ACCEPTANCE OF THE UNITS IN SINGAPORE

Applications are invited for the subscription of the Units at the Offering Price per Unit on the terms and conditions set out below and in the printed application forms to be used for the purpose of the Offering and which forms part of this Prospectus (the "**Application Forms**") or, as the case may be, the Electronic Applications (as defined below).

Investors applying for the Units in the Offering by way of Application Forms or Electronic Applications are required to pay in Singapore dollars, the Offering Price of US$0.88 per Unit, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom) where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

(1) The minimum initial subscription is for 1,000 Units. You may subscribe for a larger number of Units in integral multiples of 100 thereof. Your application for any other number of Units will be rejected.

(2) You may apply for the Units only during the period commencing at 8.00 p.m. on 2 November 2017 and expiring at 12.00 noon on 7 November 2017. The Offering period may be extended or shortened to such date and/or time as the Manager may agree with the Joint Bookrunners, subject to all applicable laws and regulations and the rules of the SGX-ST.

(3) (a) Your application for the Units offered in the Public Offer (the "**Public Offer Units**") may be made by way of the printed **WHITE** Public Offer Units Application Forms or by way of Automated Teller Machines ("**ATM**") belonging to the Participating Banks ("**ATM Electronic Applications**"), the Internet Banking ("**IB**") website of the relevant Participating Banks ("**Internet Electronic Applications**") or the DBS Bank Ltd. ("**DBS Bank**") mobile banking interface ("**mBanking Applications**", which together with the ATM Electronic Applications and Internet Electronic Applications, shall be referred to as "**Electronic Applications**").

(b) Your application for the Units offered in the Placement Tranche (the "**Placement Units**") may be made by way of the printed **BLUE** Placement Units Application Forms (or in such other manner as the Joint Bookrunners may in their absolute discretion deem appropriate).

(4) **You may not use your CPF Funds or CPF investible savings to apply for the Units.**

(5) **Only one application may be made for the benefit of one person for the Public Offer Units in his own name. Multiple applications for the Public Offer Units will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.**

You may not submit multiple applications for the Public Offer Units via the Public Offer Units Application Form, or Electronic Applications. A person who is submitting an application for the Public Offer Units by way of the Public Offer Units Application Form may not submit another application for the Public Offer Units by way of Electronic Applications and vice versa.

A person, other than an approved nominee company, who is submitting an application for the Public Offer Units in his own name should not submit any other applications for the Public Offer Units, whether on a printed Application Form or by way of an Electronic Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.

Joint or multiple applications for the Public Offer Units shall be rejected. Persons submitting or procuring submissions of multiple applications for the Public Offer Units may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications (other than as provided herein) will be liable to be rejected at our discretion.

(6) **Multiple applications may be made in the case of applications by any person for (i) the Placement Units only (via Placement Units Application Forms or such other form of application as the Joint Bookrunners may in their absolute discretion deem appropriate) or (ii) the Placement Units together with a single application for the Public Offer Units.**

(7) Applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP will be rejected.

(8) Applications from any person whose addresses (furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers will be rejected. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of the application.

(9) The existence of a trust will not be recognised. Any application by a trustee or trustees must be made in his/her or their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 10 below.

(10) **Nominee applications may only be made by approved nominee companies.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.

(11) **If you are not an approved nominee company, you must maintain a Securities Account with CDP in your own name at the time of your application.** If you do not have an existing Securities Account with CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) at the sole discretion of the Manager or you will not be able to complete your application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your CDP Securities Account number or provide an incorrect CDP Securities Account number in your Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected.

(12) Subject to paragraphs 16 to 18 below, your application is liable to be rejected if your particulars such as name, National Registration Identity Card ("**NRIC**") number or passport number or company registration number, nationality and permanent residence status, and CDP Securities Account number provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.

(13) **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address last registered with CDP.**

(14) This Prospectus and its accompanying documents (including the Application Forms) have not been registered in any jurisdiction other than in Singapore. The distribution of this Prospectus and its accompanying documents (including the Application Forms) may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

Without limiting the generality of the foregoing, neither this Prospectus and its accompanying documents (including the Application Forms) nor any copy thereof may be taken, transmitted, published or distributed, whether directly or indirectly, in whole or in part in or into the United States or any other jurisdiction (other than Singapore) and they do not constitute an offer of securities for sale into the United States or any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such an offer. The Units have not been and will not be registered under the Securities Act and may not be offered or sold within the United States (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state laws. The Units are being offered and sold outside the United States (including institutional and other investors in Singapore) in reliance on Regulation S. There will be no public offer of Units in the United States. Any failure to comply with this restriction may constitute a violation of securities laws in the United States and in other jurisdictions.

The Manager reserves the right to reject any application for Units where the Manager believes or has reason to believe that such applications may violate the securities laws or any applicable legal or regulatory requirements of any jurisdiction.

No person in any jurisdiction outside Singapore receiving this Prospectus or its accompanying documents (including the Application Forms) may treat the same as an offer or invitation to subscribe for any Units unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.

(15) The Manager reserves the right to reject any application which does not conform strictly to the instructions or with the terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms, in the ATMs and IB websites of the relevant Participating Banks and the mobile banking interface ("**mBanking Interface**") of DBS Bank) or, in the case of an application by way of an Application Form, the contents of which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance.

(16) The Manager further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions and terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms and in the ATMs and IB websites of the relevant Participating Banks and the mBanking Interface of DBS Bank), and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof. Without prejudice to the rights of the Manager, each of the Joint Bookrunners as agents of the Manager, has been authorised to accept, for and on behalf of the Manager, such other forms of application as the Joint Bookrunners may, in consultation with the Manager, deem appropriate.

(17) The Manager reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application, without assigning any reason therefor, and none of the Manager, nor any of the Joint Bookrunners will entertain any enquiry and/or correspondence on the decision of the Manager. This right applies to applications made by way of Application Forms and by way of Electronic Applications and by such other forms of application as the Joint Bookrunners may, in consultation with the Manager, deem appropriate. In deciding the basis of allocation, the Manager, in consultation with the Joint Bookrunners, will give due consideration to the desirability of allocating the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

(18) In the event that the Manager lodges a supplementary or replacement prospectus ("**Relevant Document**") pursuant to the Securities and Futures Act or any applicable legislation in force from time to time prior to the close of the Offering, and the Units have not been issued, the Manager will (as required by law) at the Manager's sole and absolute discretion either:

(a) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgment of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

(b) within seven days of the lodgment of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to withdraw your application; or

(c) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven days from the lodgment of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 19(a) and 19(b) above to withdraw his application shall, within 14 days from the date of lodgment of the Relevant Document, notify the Manager whereupon the Manager shall, within seven days from the receipt of such notification, return all monies in respect of such application (without interest or any share of revenue or other benefit arising therefrom at his own risk).

In the event that the Units have already been issued at the time of the lodgment of the Relevant Document but trading has not commenced, the Manager will (as required by law) either:

(i) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgment of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to the Manager the Units which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

(ii) within seven days from the lodgment of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to return the Units which you do not wish to retain title in; or

(iii) deem the issue as void and refund your payment for the Units (without interest or any share of revenue or other benefit arising therefrom) within seven days from the lodgment of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 19(i) and 19(ii) above to return the Units issued to him shall, within 14 days from the date of lodgment of the Relevant Document, notify the Manager of this and return all documents, if any, purporting to be evidence of title of those Units, whereupon the Manager shall, within seven days from the receipt of such notification and documents, pay to him all monies paid by him for the Units without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Units issued to him shall be deemed to be void.

Additional terms and instructions applicable upon the lodgment of the Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

(19) The Units may be reallocated between the Placement Tranche and the Public Offer for any reason, including in the event of excess applications in one and a deficit of applications in the other at the discretion of the Joint Bookrunners, in consultation with the Manager subject to any applicable laws.

(20) There will not be any physical security certificates representing the Units. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Offering, and subject to the submission of valid applications and payment for the Units, a statement of account stating that your Securities Account has been credited with the number of Units allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by the Manager. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the Units allocated to you. This authorisation applies to applications made both by way of Application Forms and by way of Electronic Applications.

(21) You irrevocably authorise CDP to disclose the outcome of your application, including the number of Units allocated to you pursuant to your application, to the Manager, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners and any other parties so authorised by CDP, the Manager, the Sole Financial Adviser and Issuer Manager and/or the Joint Bookrunners.

(22) Any reference to "you" or the "Applicant" in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Units by way of an Application Form or by way of Electronic Application or by such other manner as the Joint Bookrunners may, in their absolute discretion, deem appropriate.

(23) By completing and delivering an Application Form and, in the case of: (i) an ATM Electronic Application, by pressing the "Enter" or "OK" or "Confirm" or "Yes" key or any other relevant key on the ATM, (ii) in the case of an Internet Electronic Application, by clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other button on the IB website screen, or (iii) in the case of an mBanking Application, by transmitting "Submit" or "Continue" or "Yes" or "Confirm" or any other icon via the mBanking Interface in accordance with the provisions herein, you:

(a) irrevocably agree and undertake to purchase the number of Units specified in your application (or such smaller number for which the application is accepted) at the Offering Price and agree that you will accept such number of Units as may be allocated to you, in each case on the terms of, and subject to the conditions set out in, the Prospectus and its accompanying documents (including the Application Forms) and the Trust Deed;

(b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and its accompanying documents (including the Application Form) and those set out in the IB websites, mBanking Interface or ATMs of the relevant Participating Banks, the terms and conditions set out in this Prospectus and its accompanying documents (including the Application Forms) shall prevail;

(c) in the case of an application by way of a Public Offer Units Application Form or an Electronic Application, agree that the Offering Price for the Public Offer Units applied for is due and payable to the Manager upon application;

(d) in the case of an application by way of a Placement Units Application Form or such other forms of application as the Joint Bookrunners may in their absolute discretion deem appropriate, agree that the Offering Price for the Placement Units applied for is due and payable to the Manager upon application;

(e) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by the Manager in determining whether to accept your application and/or whether to allocate any Units to you;

(f) (i) consent to the collection, use, processing and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, Securities Account number, unit application amount, the outcome of your application (including the number of Units allocated to you pursuant to your application) and other personal data ("**Personal Data**") by the Unit Registrar, CDP, Securities Clearing Computer Services (Pte) Ltd ("**SCCS**"), the SGX-ST, the Participating Banks, the Manager, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners and/or other authorised operators (the "**Relevant Parties**") for the purpose of the processing of your application for the Units, and in order for the Relevant Parties to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**") and warrant that such Personal Data is true, accurate and correct, (ii) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Parties, you have obtained the prior consent of such beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Parties of the Personal Data of such beneficial owner(s) for the Purposes, (iii) agree that the Relevant Parties may do anything or disclose any Personal Data or matters without notice to you if the Sole Financial Adviser and Issue Manager and/or the Joint Bookrunners considers them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body, and (iv) agree that you will indemnify the Relevant Parties in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the "**Personal Data Privacy Terms**");

(g) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of the Manager nor any of the Joint Bookrunners will infringe any such laws as a result of the acceptance of your application;

(h) agree and confirm that you are outside the United States (within the meaning of Regulation S); and

(i) understand that the Units have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. There will be no public offer of the Units in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

(24) Acceptance of applications will be conditional upon, among others, the Manager being satisfied that:

(a) permission has been granted by the SGX-ST to deal in and for the quotation of all of the (i) Units comprised in the Offering, (ii) the Relevant Entities Units, (iii) the Cornerstone Units and (iv) Units which will be issued to the Manager from time to time in full or part payment of the Manager's fees on the Main Board of the SGX-ST;

(b) the Underwriting Agreement, referred to in the section on "Plan of Distribution" in this Prospectus, has become unconditional and has not been terminated; and

(c) the Authority has not served a stop order which directs that no or no further Units to which this Prospectus relates be allotted or issued ("**Stop Order**"). The Securities and Futures Act provides that the Authority shall not serve a Stop Order if all the Units have been issued, sold, and listed for quotation on the SGX-ST and trading in them has commenced.

(25) In the event that a Stop Order in respect of the Units is served by the Authority or other competent authority, and:

(a) the Units have not been issued (as required by law), all applications shall be deemed to be withdrawn and cancelled and the Manager shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or

(b) if the Units have already been issued but trading has not commenced, the issue will (as required by law) be deemed void and the Manager shall refund your payment for the Units (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days from the date of the Stop Order.

This shall not apply where only an interim Stop Order has been served.

(26) In the event that an interim Stop Order in respect of the Units is served by the Authority or other competent authority, no Units shall be issued to you until the Authority revokes the interim Stop Order. The Authority is not able to serve a Stop Order in respect of the Units if the Units have been issued and listed on the SGX-ST and trading in them has commenced.

(27) Additional terms and conditions for applications by way of Application Forms are set out in the section "Additional Terms and Conditions for Applications using Printed Application Forms" on pages G-8 to G-11 of this Prospectus.

(28) Additional terms and conditions for applications by way of Electronic Applications are set out in the section "Additional Terms and Conditions for Electronic Applications" on pages G-12 to G-18 of this Prospectus.

(29) All payments in respect of any application for Public Offer Units, and all refunds where (a) an application is rejected or accepted in part only or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(30) All payments in respect of any application for Placement Units, and all refunds where (a) an application is rejected or accepted in part only or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(31) All refunds where (a) an application is rejected or accepted in part only or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(32) No application will be held in reserve.

(33) This Prospectus is dated 2 November 2017. No Units shall be allotted or allocated on the basis of this Prospectus later than 12 months after the date of this Prospectus.

Additional Terms and Conditions for Applications using Printed Application Forms

Applications by way of an Application Form shall be made on, and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below, as well as those set out under the section entitled "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore" on pages G-1 to G-23 of this Prospectus and the Trust Deed.

(1) Applications for the Public Offer Units must be made using the printed **WHITE** Public Offer Units Application Forms and printed **WHITE** official envelopes "A" and "B", accompanying and forming part of this Prospectus.

Applications for the Placement Units must be made using the printed BLUE Placement Units Application Forms (or in such manner as the Joint Bookrunners may in their absolute discretion deem appropriate), accompanying and forming part of this Prospectus.

Without prejudice to the rights of the Manager and the Joint Bookrunners, the Joint Bookrunners, as agents of the Manager, have been authorised to accept, for and on behalf of the Manager, such other forms of application, as the Joint Bookrunners may (in consultation with the Manager) deem appropriate.

Your attention is drawn to the detailed instructions contained in the Application Forms and this Prospectus for the completion of the Application Forms, which must be carefully followed. **The Manager reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus (or, in the case of applications for the Placement Units, followed) which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances.**

(2) You must complete your Application Forms in English. Please type or write clearly in ink using **BLOCK LETTERS**.

(3) You must complete all spaces in your Application Forms except those under the heading "FOR OFFICIAL USE ONLY" and you must write the words "**NOT APPLICABLE**" or "**N.A.**" in any space that is not applicable.

(4) Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears on your NRIC (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your common seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with Keppel-KBS US REIT's Unit Registrar. The Manager reserves the right to require you to produce documentary proof of identification for verification purposes.

(5) (a) You must complete Sections A and B and sign page 1 of the Application Form.

(b) You are required to delete either paragraph 7(c) or 7(d) on page 1 of the Application Form. Where paragraph 7(c) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

(c) If you fail to make the required declaration in paragraph 7(c) or 7(d), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

(6) You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Units is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporation.

(7) You may apply and make payment for your application for the Units in Singapore currency using only cash. Each application must be accompanied by a cash remittance in Singapore currency for the full amount payable in Singapore dollars of the Offering Price, in respect of the number of Units applied for. The remittance must in the form of a BANKER'S **DRAFT or CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**KORE SGD UNIT ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**" with your name, CDP Securities Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. No combined Banker's Draft or Cashier's Order for different CDP Securities Accounts shall be accepted. Remittances bearing "**NOT TRANSFERABLE**" or "**NON-TRANSFERABLE**" crossings will be rejected. No acknowledgement of receipt will be issued for applications and application monies received.

(8) Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post, in the event of oversubscription for the Units, within 24 hours of the balloting (or such shorter period as the SGX-ST may require), at your own risk. Where your application is rejected or accepted or in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account. If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

(9) Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

(10) By completing and delivering the Application Forms, you agree that:

(a) in consideration of the Manager having distributed the Application Form to you and by completing and delivering the Application Form before the close of the Offering:

(i) your application is irrevocable;

(ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom; and

(iii) you represent and agree that you are located outside the United States and are not a US Person (within the meaning of Regulation S);

(b) all applications, acceptances or contracts resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(c) in respect of the Units for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of the Manager and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of the Manager;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in this Prospectus and that none of the Manager, the Sponsors, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners or any other person involved in the Offering shall have any liability for any information not contained therein;

(f) you accept and agree to the Personal Data Privacy Terms set out in this Prospectus; and

(g) you irrevocably agree and undertake to purchase the number of Units applied for as stated in the Application Form or any smaller number of such Units that may be allocated to you in respect of your application. In the event that the Manager decides to allocate any smaller number of Units or not to allocate any Units to you, you agree to accept such decision as final.

Procedures Relating to Applications for the Public Offer Units by Way of Printed Application Forms

(1) Your application for the Public Offer Units by way of printed Application Forms must be made using the **WHITE** Public Offer Units Application Forms and **WHITE** official envelopes "**A**" and "**B**".

(2) You must:

(a) enclose the **WHITE** Public Offer Units Application Form, duly completed and signed, together with correct remittance for the full amount payable at the Offering Price in Singapore currency in accordance with the terms and conditions of this Prospectus and its accompanying documents, in the **WHITE** official envelope "**A**" provided;

(i) write your name and address;

(ii) state the number of Public Offer Units applied for; and

(iii) tick the relevant box to indicate form of payment;

(c) **SEAL THE WHITE OFFICIAL ENVELOPE** "**A**";

(d) write, in the special box provided on the larger **WHITE** official envelope "**B**" addressed to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, the number of Public Offer Units you have applied for;

(e) insert the WHITE official envelope "**A**" into the **WHITE** official envelope "**B**" and seal the **WHITE OFFICIAL ENVELOPE** "**B**"; and

(f) affix adequate Singapore postage on the **WHITE** official envelope "**B**" (if dispatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** the documents at your own risk to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, so as to arrive by 12.00 noon on 7 November 2017 or such other date(s) and time(s) as the Manager may agree with the Joint Bookrunners. **Courier services or Registered Post must NOT be used.**

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected. Except for applications for the Placement Units where remittance is permitted to be submitted separately, applications for the Public Offer Units not accompanied by any payment or any other form of payment will not be accepted.

(4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Procedures Relating to Applications for the Placement Units by Way of Printed Application Forms

(1) Your application for the Placement Units by way of printed Application Forms must be made using the **BLUE** Placement Units Application Forms.

(2) The completed and signed BLUE Placement Units Application Form and your remittance, in accordance with the terms and conditions of this Prospectus, for the full amount payable at the Offering Price, as the case may be, for each Unit in respect of the number of Placement Units applied for, with your name, CDP Securities Account number and address clearly written on the reverse side, must be enclosed and sealed in an envelope to be provided by you. Your application for Placement Units must be delivered to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, to arrive by 12.00 noon on 7 November 2017 or such other date(s) and time(s) as the Manager may agree with the Joint Bookrunners. **Courier services or Registered Post must NOT be used.**

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.

(4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Additional Terms and Conditions for Electronic Applications

Electronic Applications shall be made on and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below and those under the section "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore" on pages G-1 to G-23 of this Prospectus, as well as the Trust Deed.

(1) The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (in the case of ATM Electronic Applications), the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications) and the mBanking Interface of DBS Bank (in the case of mBanking Applications). DBS Bank is the only Participating Bank through which mBanking Applications may be made.

(2) For illustrative purposes, the procedures for Electronic Applications for Public Offer Units through ATMs, the IB website and the mBanking Interface of DBS Bank (together the "**Steps**") are set out in pages G-18 to G-23 of this Prospectus. The Steps set out the actions that you must take at ATMs, the IB website or the mBanking Interface of DBS Bank to complete an Electronic Application. The actions that you must take at the ATMs or the IB websites of the other Participating Banks are set out on the ATM screens, the IB website screens of the respective Participating Banks. Please read carefully the terms and

conditions of this Prospectus and its accompanying documents (including the Application Form), the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

(3) Any reference to "you" or the "Applicant" in these Additional Terms and Conditions for Electronic Applications and the Steps shall refer to you making an application for Public Offer Units through an ATM of one of the relevant Participating Banks, the IB website of a relevant Participating Bank or the mBanking Interface of DBS Bank.

(4) If you are making an ATM Electronic Application:

(a) You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for Public Offer Units at an ATM belonging to other Participating Banks.

(b) You must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own CDP Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. Using your own CDP Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

(c) Upon the completion of your ATM Electronic Application, you will receive an ATM transaction slip ("**Transaction Record**"), confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.

(5) If you are making an Internet Electronic Application or an mBanking Application:

(a) You must have an existing bank account with, and a User Identification ("**User ID**") as well as a Personal Identification Number ("**PIN**") given by, the relevant Participating Bank.

(b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time you make the application.

(c) Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank or your mBanking Application through the mBanking Interface of DBS Bank, there will be an on-screen confirmation ("**Confirmation Screen**") of the application which can be printed out or screen captured by you for your record. This printed record or screen capture of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.

(6) In connection with your Electronic Application for Public Offer Units, you are required to confirm statements to the following effect in the course of activating the Electronic Application:

(a) that you have received a copy of the Prospectus (in the case of Electronic Applications) and have read, understood and agreed to all the terms and conditions of application for the Public Offer Units and the Prospectus prior to effecting the Electronic Application and agree to be bound by the same;

(b) you accept and agree to the Personal Data Privacy Terms set out in this Prospectus; and

(c) where you are applying for the Public Offer Units, that this is your only application for the Public Offer Units and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen or the mBanking Interface. By doing so, you shall be treated as signifying your confirmation of each of the statements above. In respect of statement 6(b) above, your confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars of your account(s) with that Participating Bank to the Relevant Parties.

By making an Electronic Application you confirm that you are not applying for the Public Offer Units as a nominee of any other person and that any Electronic Application that you make is the only application made by you as the beneficial owner. You shall make only one Electronic Application for the Public Offer Units and shall not make any other application for the Public Offer Units whether at the ATMs of any Participating Bank, the IB websites of the relevant Participating Banks or the mBanking Interface of DBS Bank or on the Application Forms. Where you have made an application for the Public Offer Units on an Application Form, you shall not make an Electronic Application for the Public Offer Units and vice versa.

(7) You must have sufficient funds in your bank account with your Participating Bank at the time you make your ATM Electronic Application, Internet Electronic Application or mBanking Application, failing which such Electronic Application will not be completed. Any Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATMs or on the IB website of the relevant Participating Bank or the mBanking Interface of DBS Bank, as the case may be, through which your Electronic Application is being made shall be rejected.

(8) You may apply and make payment for your application for the Public Offer Units in Singapore currency through any ATM or IB website of your Participating Bank or the mBanking Interface of DBS Bank (as the case may be) by authorising your Participating Bank to deduct the full amount payable from your bank account(s) with such Participating Bank.

(9) You irrevocably agree and undertake to subscribe for and to accept the number of Public Offer Units applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Public Offer Units that may be allocated to you in respect of your Electronic Application. In the event that the Manager decides to allocate any lesser number of such Public Offer Units or not to allocate any Public Offer Units to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen or the mBanking Interface of DBS Bank) of the number of Public Offer Units applied for shall signify and shall be treated as your acceptance of the number of Public Offer Units that may be allocated to you and your agreement to be bound by the Trust Deed.

(10) The Manager will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, within 24 hours of the balloting (or such shorter period as the SGX-ST may require) provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

Where your Electronic Application is accepted or rejected in full or in part only, the balance of the application monies, as the case may be, will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, within 14 Market Days after the close of the Offering provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

Responsibility for timely refund of application monies (whether from unsuccessful or partially successful Electronic Applications or otherwise) lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any money to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Units, if any, allocated to you before trading the Units on the SGX-ST. None of the SGX-ST, CDP, SCCS, the Participating Banks, the Manager, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

(11) If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.

(12) Applicants who make ATM Electronic Applications through the ATMs of the following Participating Banks may check the provisional results of their ATM Electronic Applications as follows:

Bank	Telephone	Other Channels	Operating Hours	Service expected from
DBS Bank Ltd. (including POSB) ("**DBS Bank**")	1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)	IB http://www.dbs.com[(1)]	24 hours a day	Evening of the balloting day
Oversea-Chinese Banking Corporation Limited ("**OCBC**")	1800 363 3333	Phone Banking/ATM/ Internal Banking http://www.ocbc.com[(2)]	24 hours a day	Evening of the balloting day
United Overseas Bank Limited ("**UOB**")	1800 222 2121	ATM (Other Transactions "IPO Results Enquiry")/ Internet Banking http://www.uobgroup.com[(3)]	24 hours a day	Evening of the balloting day

Notes:

(1) Applicants who have made Internet Electronic Applications through the IB websites of DBS Bank or mBanking Applications through the mBanking Interface of DBS Bank may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS Bank.

(2) Applicants who have made Electronic Application through the ATMs of OCBC may check the results of their applications through OCBC Personal Internet Banking, OCBC ATMs or OCBC Phone Banking services.

(3) Applicants who have made Electronic Application through the ATMs or the IB website of UOB may check the results of their applications through UOB Personal Internet Banking, UOB ATMs or UOB Phone Banking services.

(13) ATM Electronic Applications shall close at 12.00 noon on 7 November 2017 or such other date(s) and time(s) as the Manager may agree with the Joint Bookrunners. All Internet Electronic Applications and mBanking Applications must be received by 12.00 noon on 7 November 2017, or such other date(s) and time(s) as the Manager may agree with the Joint Bookrunners. Internet Electronic Applications and mBanking Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank.

(14) You are deemed to have irrevocably requested and authorised the Manager to:

(a) register the Public Offer Units allocated to you in the name of CDP for deposit into your Securities Account;

(b) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies, should your Electronic Application be rejected or if the Offering does not proceed for any reason, by automatically crediting your bank account with your Participating Bank, with the relevant amount within 24 hours after balloting (or such shorter period as the SGX-ST may require), or within three Market Days if the Offering does not proceed for any reason, after the close or discontinuation (as the case may be) of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated unit issue account; and

(c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be rejected or accepted in part only, by automatically crediting your bank account with your Participating Bank, at your risk, with the relevant amount within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated unit issue account.

(15) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, the Manager, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners, and if, in any such event the Manager, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners, and/or the relevant Participating Bank do not receive your Electronic Application, or any data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against the Manager, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners and/or the relevant Participating Bank for any Public Offer Units applied for or for any compensation, loss or damage.

(16) The existence of a trust will not be recognised. Any Electronic Application by a trustee must be made in his own name and without qualification. The Manager shall reject any application by any person acting as nominee (other than approved nominee companies).

(17) All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you must promptly notify your Participating Bank.

(18) You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.

(19) By making and completing an Electronic Application, you are deemed to have agreed that:

(a) in consideration of the Manager making available the Electronic Application facility, through the Participating Banks acting as agents of the Manager, at the ATMs and IB websites of the relevant Participating Banks and the mBanking Interface of DBS Bank:

(i) your Electronic Application is irrevocable;

(ii) your Electronic Application, the acceptance by the Manager and the contract resulting therefrom under the Public Offer shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts; and

(iii) you represent and agree that you are not located in the United States (within the meaning of Regulation S);

(b) none of CDP, the Manager, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners and 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 your Electronic Application to the Manager, or CDP or the SGX-ST due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 15 above or to any cause beyond their respective controls;

(c) in respect of the Public Offer Units for which your Electronic Application has been successfully completed and not rejected, acceptance of your 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;

(d) you will not be entitled to exercise any remedy for rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in this Prospectus and that none of the Manager, the Sponsors, the Sole Financial Adviser and Issue Manager, the Joint Bookrunners or any other person involved in the Offering shall have any liability for any information not contained therein; and

(f) you irrevocably agree and undertake to subscribe for the number of Public Offer Units applied for as stated in your Electronic Application or any smaller number of such Public Offer Units that may be allocated to you in respect of your Electronic Application. In the event the Manager decides to allocate any smaller number of such Public Offer Units or not to allocate any Public Offer Units to you, you agree to accept such decision as final.

Steps for ATM Electronic Applications for Public Offer Units through ATMs of DBS Bank (including POSB ATMs)

Instructions for ATM Electronic Applications will appear on the ATM screens of the respective Participating Bank. For illustrative purposes, the steps for making an ATM Electronic Application through a DBS Bank or POSB ATM are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "amt", "appln", "&", "I/C", "No.", "SGX" and "Max" refer to "Account", "amount", "application", "and", "NRIC", "Number", "SGX-ST" and "Maximum", respectively). Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS Bank (including POSB)), may differ slightly from those represented below.

Step 1: Insert your personal DBS Bank or POSB ATM Card.

2: Enter your Personal Identification Number.

3: Select "MORE SERVICES".

4: Select language (for customers using multi-language card).

5: Select "ESA-IPO SHARE/INVESTMENTS".

6: Select "ELECTRONIC SECURITY APPLN (IPOS/BOND/ST-NOTES/SECURITIES)".

7: Read and understand the following statements which will appear on the screen:

- THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT)

WHICH CAN BE OBTAINED FROM ANY DBS/POSB BRANCH IN SINGAPORE AND, WHERE APPLICABLE, THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.

- (IN THE CASE OF SECURITIES OFFERING THAT IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION/DOCUMENT REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.

- (IN THE CASE OF SECURITIES OFFERING THAT DOES NOT REQUIRE A PROSPECTUS TO BE REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) MAY BE MADE IN A NOTICE PUBLISHED IN A NEWSPAPER AND/OR A CIRCULAR/DOCUMENT DISTRIBUTED TO SECURITY HOLDERS. ANYONE WISHING TO ACQUIRE SUCH SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE NOTICE/CIRCULAR/DOCUMENT BEFORE SUBMITTING THIS APPLICATION, WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE NOTICE/CIRCULAR/DOCUMENT.

PRESS THE "ENTER" KEY TO CONFIRM THAT YOU HAVE READ AND UNDERSTOOD.

8: Select "KEPPEL KBS" to display details.

9: Press the "ENTER" key to acknowledge:

- YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND (WHERE APPLICABLE) THE PROSPECTUS, OFFER INFORMATION STATEMENT, DOCUMENT, PROFILE STATEMENT, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT/PROFILE STATEMENT NOTICE AND/OR CIRCULAR.

- FOR THE PURPOSES OF FACILITATING YOUR APPLICATION, YOU CONSENT TO THE BANK COLLECTING YOUR NAME, NRIC/PASSPORT NO., ADDRESS, NATIONALITY, CDP SECURITIES A/C NO., CPF INVESTMENT A/C NO., SECURITY APPLN AMOUNT, APPLICATION DETAILS AND OTHER PERSONAL DATA AND DISCLOSING THE SAME FROM OUR RECORDS TO SHARE REGISTRARS, SGX, SCCS, CDP, CPF AND THE ISSUER/VENDOR(S) AND ISSUE MANAGER(S).

- FOR FIXED AND MAX PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

- THE MAXIMUM PRICE FOR EACH SECURITY IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.

- FOR TENDER SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

- YOU ARE NOT A US PERSON AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS, OFFER INFORMATION STATEMENT, DOCUMENT, PROFILE STATEMENT, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT/PROFILE STATEMENT, NOTICE AND/OR CIRCULAR.

- THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR SUBJECT TO AVAILABILITY. YOU MAY BE ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR OR (IN THE CASE OF AN EARLIER CLOSURE UPON FULL SUBSCRIPTION) YOUR APPLICATION MAY BE REJECTED IF ALL THE AVAILABLE SECURITIES HAVE BEEN FULLY ALLOCATED TO EARLIER APPLICANTS.

10: Select your nationality.

11: Select the DBS Bank account (Autosave/Current/Savings/Savings Plus) or the POSB account (Current/Savings) from which to debit your application monies.

12: Enter the number of securities you wish to apply for using cash.

13: Enter or confirm (if your CDP Securities Account number has already been stored in DBS Bank's records) your own 12-digit CDP Securities Account number (Note: This step will be omitted automatically if your Securities Account number has already been stored in DBS Bank's records).

14: Check the details of your securities application, your CDP Securities Account number, number of securities and application amount on the screen and press the "ENTER" key to confirm your application.

15: Remove the Transaction Record for your reference and retention only.

Steps for Internet Electronic Application for Public Offer Units through the IB Website of DBS Bank

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS IB website are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "&", "amt", "I/C" and "No." refer to "Account", "and", "Amount", "NRIC" and "Number", respectively).

Step 1: Click on DBS Bank website (www.dbs.com).

2: Login to Internet banking.

3: Enter your User ID and PIN.

4: Enter your DBS Bank iB Secure PIN.

5: Select "Electronic Security Application (ESA)".

6: Click “Yes” to proceed and to warrant, among others, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS mailing address for DBS Internet Banking is in Singapore and that you are not a US person (as such term is defined in Regulation S under the United States Securities Act of 1933, amended).

7: Select your country of residence and click “I confirm”.

8: Click on “KEPPEL-KBS US REIT” and click “Submit”.

9: Click on “I Confirm” to confirm, among others:

- You have read, understood and agreed to all terms of this application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.

- For the purposes of facilitating your application, you consent to the Bank collecting and using your name, I/C or Passport No., address, nationality, CDP Securities A/c No., CPF Investment A/c No., securities application amount application details and other personal data and disclosing the same from our records to registrars of securities, SGX, SCCS, CDP, CPF Board, the issuer/vendor(s) and issue manager(s).

- You are not a US Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).

- You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any “US person” (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

- This application is made in your own name and at your own risk.

- For FIXED/MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.

- For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank’s prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank’s prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S$ at the same exchange rate.

- For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

10: Fill in details for securities application and click “Submit”.

11: Check the details of your securities application, your CDP Securities Account number and click “Confirm” to confirm your application.

12: Print the Confirmation Screen (optional) for your reference and retention only.

Steps for mBanking Applications for Public Offer Units through the mBanking Interface of DBS Bank

For illustrative purposes, the steps for making an mBanking Application are shown below. Certain words appearing on the screen are in abbreviated form (“A/C”, “&”, “amt”, “I/C”, “SGX” and “No.” refer to “Account”, “and”, “Amount”, “NRIC”, “SGX-ST” and “Number”, respectively).

Step 1: Click on DBS Bank mBanking application using your User ID and PIN.

2: Select “Investment Services”.

3: Select “Electronic Securities Application”.

4: Select “Yes” to proceed and to warrant, among others, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a US Person (as such term is defined in Regulation S under the United States Securities Act of 1933 as amended).

5: Select your country of residence.

6: Select “KEPPEL-KBS US REIT”.

7: Select “Yes” to confirm, among others:

- You have read, understood and agreed to all terms of this application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.

- For purposes of facilitating your application, you consent to the bank collecting and using your name, NRIC number or Passport number, address, nationality, CDP Securities Account number, CPF Investment Account number, securities application amount application details and other personal data and disclosing the same from our records to registrars of securities, SGX, SCCS, CDP, CPF Board, the issuer/vendor(s) and issue manager(s).

- You are not a US Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).

- You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any “US Person” (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

- This application is made in your own name and at your own risk.

- For FIXED/MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.

- FOR FOREIGN CURRENCY Securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank's prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank's prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S$ at the same exchange rate.

- FOR 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

8: Fill in details for securities application and click "Submit".

9: Check the details of your securities application, your CDP Securities Account number and click "Confirm" to confirm your application.

10: Where applicable, capture Confirmation Screen (optional) for your reference and retention only.

This page has been intentionally left blank.

LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS

(A) Directors of the Manager

(1) Peter McMillan III

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
TCW Strategic Income Fund	Nil
TCW Mutual Funds	
Metwest Mutual Funds	
TCW Alternatives Funds	
KBS Strategic Opportunity REIT	
KBS Strategic Opportunity REIT II	
KBS Real Estate Investment Trust III	
KBS Real Estate Investment Trust	
KBS Real Estate Investment Trust II	
Keppel-KBS US REIT Management Pte. Ltd.	

(2) John J. Ahn

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Hanmi Bank	Nil
Keppel-KBS US REIT Management Pte. Ltd.	

(3) Kenneth Tan Jhu Hwa

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Southern Capital Partners IV Limited	Lupa Holdings Pte Ltd
SCM IV Limited	Qualitas Healthcare Pte. Ltd.
Southern Capital Master Fund IV Limited	Southern Capital Advisors Limited
Help Education Services Sdn. Bhd.	Mulberry Capital GP Ltd
Help Academy Sdn. Bhd.	Southern Capital Partners Limited
Help Executive Advanced Training Sdn. Bhd.	Mulberry Capital Partners Limited
Help University Sdn. Bhd.	Fullerton Healthcare Group Pte. Limited
Help Training Centre Sdn. Bhd.	Southern Capital Management Pte. Ltd.
Help M&E Sdn. Bhd.	Cassis International Pte Ltd
Help College Of Arts And Technology Sdn. Bhd.	
Rainbow Readers Holdings	
Little Uns Sdn Bhd	
Rainbow Readers Pte Ltd	
Wellness Quest	
Mind Cloud Limited	
Rainbow Readers Limited	
Iris One Holding Limited	
Iris Two Holding Limited	

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Canadian International School Pte Ltd Canadian School of Advanced Learning Pte. Ltd. Star Readers Pte. Ltd. Better Education Enterprise Sdn Bhd Better Education Enterprise Limited Mind Shine Limited Core Equipment Holdings Pte. Ltd Catermas Investments Limited Southern Capital Master Fund Limited SCM III Limited Southern Capital Partners III Limited Invictus Medical Investments Kase Holdings Pte Ltd Qualitas Medical Group Ltd Southern Capital Partners Sdn Bhd Sanitas Quest Qualitas Capital Sdn Bhd Southern Capital Equity Limited Qualitas Healthcare Holdings Limited Healing Quest Innovia Light Enterprises Ltd SCG Javelin Investments Limited MAF Javelin Holdings Limited Javelin Investments Pte Ltd Southern Capital Partners II Limited SCG Management Associates II Limited Southern Capital Advisors II Limited New Harbour Capital Partners Limited Southern Capital Management Limited Southern Capital Group Private Limited Keppel-KBS US REIT Management Pte. Ltd.	

(4) Soong Hee Sang

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Mercatus Co-operative Limited Keppel-KBS US REIT Management Pte. Ltd.	Johdaya Karya Sdn. Bhd. (Malaysia) Joy Sincere (Hong Kong) Limited (Hong Kong) R Mall Developers Private Limited (India) Raffles City China Fund Limited (Cayman Islands) Ronesans Gayrimenkul A.S. (Turkey) Sino Melody Limited (Hong Kong) Swiss Advanced Technology Institute (M) Sdn. Bhd. (Malaysia) Land & Houses PCL (Thailand) Eightvest Pte Ltd (Singapore) Singavest Investments Pte Ltd (Singapore)

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
	Reco Capital Pte Ltd (Singapore) Reco Yangtze Wuhan Pte Ltd (Singapore) Landmark (Tianjin) Pte Ltd (Singapore) Reco Landmark Tianjian Pte Ltd (Singapore) Reco Prime Pte Ltd (Singapore) Reco Central Pte Ltd (Singapore) Reco Jiaotong Pte Ltd (Singapore) Reco Wuzhou Pte Ltd (Singapore) Alderney Investments Pte Ltd (Singapore) Reco Vista Pte Ltd (Singapore) Reco Zhenning Pte Ltd (Singapore) Reco Ziyang Pte Ltd (Singapore) LS 892 Pte Ltd (Singapore) Recosia Hong Kong Pte Ltd (Singapore) Recosia China Pte Ltd (Singapore) Reco Sigma Pte Ltd (Singapore) Reco Meridian Pte Ltd (Singapore) Reco SFC Pte Ltd (Singapore) LS 892 (II) Pte Ltd (Singapore) Reco Vista II Pte Ltd (Singapore) Reco Properties Pte Ltd (Singapore) Reco Platinum Pte Ltd (Singapore) Reco Tower Pte Ltd (Singapore) Reco Altus Pte Ltd (Singapore) Reco Palm Pte Ltd (Singapore) Reco Ruby Pte Ltd (Singapore) Reco Pearl Pte Ltd (Singapore) Reco Vista III Pte Ltd (Singapore) LS 892 (III) Pte Ltd (Singapore) Reco Meteor Private Limited (Singapore) Reco Logis Private Limited (Singapore) Reco Trust Private Limited (Singapore) Reco Camellia Private Limited (Singapore) Rose Mallow Private Limited (Singapore) Reco Sapphire Private Limited (Singapore) Reco A Mall Private Limited (Singapore) Reco Sendai Tomiya Private Limited (Singapore) Reco Kolon Private Limited (Singapore) Reco Bundang & Joongkae Private Limited (Singapore) Reco Korea Retail Private Limited (Singapore) Reco SST Private Limited (Singapore) Reco Martha Private Limited (Singapore) Reco SCC Private Limited (Singapore) Reco Vista V Private Limited (Singapore) Reco Wangfujing Private Limited (Singapore) Reco Dalian Resources Private Limited (Singapore) LS 892 (V) Private Limited (Singapore)

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
	Reco Huaxia Private Limited (Singapore) Reco Logistics Private Limited (Singapore) Reco Kangnam Private Limited (Singapore) Reco KBD Private Limited (Singapore) Reco AAS Private Limited (Singapore) Reco Industrial Private Limited (Singapore) Reco Benefit Private Limited (Singapore) Reco Blue Private Limited (Singapore) Reco SG Retail Private Limited (Singapore) Reco Roppongi Residence Private Limited (Singapore) Reco Real Retail Private Limited (Singapore) Reco SG Advisory Private Limited (Singapore) Reco FHT Private Limited (Singapore) Reco Benefit II Private Limited (Singapore) Reco Trust II Private Limited (Singapore) Reco Wealth Private Limited (Singapore) Reco Berry Private Limited (Singapore) Reco Ace Private Limited (Singapore) Reco Ghatkopar Private Limited (Singapore) Reco Vaastu Private Limited (Singapore) Eternal Prosperity Development Pte. Ltd. (Singapore) Reco Poona Private Limited (Singapore) Reco China Retail Development Fund Private Limited (Singapore) Reco China Retail Incubator Fund Private Limited (Singapore) Reco Creek Private Limited (Singapore) Reco Yizhong Private Limited (Singapore) Reco Hotels Asset Management Private Limited (Singapore) Reco Hotels JV Private Limited (Singapore) Reco Apple Private Limited (Singapore) Reco Crystal Private Limited (Singapore) Reco Qila Private Limited (Singapore) Reco Horizon Private Limited (Singapore) Reco Qingdao Private Limited (Singapore) Reco Joy Private Limited (Singapore) Reco Qila Private Limited (Singapore) Reco Joycity Private Limited (Singapore) Reco Fort Private Limited (Singapore) Reco Shenyang Private Limited (Singapore) Reco UES Private Limited (Singapore) Reco Sky Private Limited (Singapore) Reco Pyeongtaek Private Limited (Singapore) Reco Deokpyung Private Limited (Singapore) Reco Milyang Private Limited (Singapore) Reco Arc Private Limited (Singapore)

Current Directorships	**Past Directorships (for a period of five years preceding the Latest Practicable Date)**
	Reco Won Private Limited (Singapore) Reco Heir Private Limited (Singapore) Reco Promote Private Limited (Singapore) Reco Manage Private Limited (Singapore) Reco MCI Private Limited (Singapore) Reco Ocean Private Limited (Singapore) Reco Mita Private Limited (Singapore) Marino Private Limited (Singapore) Dawnview Private Limited (Singapore) Coralvest Private Limited (Singapore) Ray Development Sky Private Limited (Singapore) Home Alliance Private Limited (Singapore) Reco Ipyung Private Limited (Singapore) Reco Moga Private Limited (Singapore) Reco Cheonan Private Limited (Singapore) Reco China Retail Asset Management Private Limited (Singapore) Reco Taishan Private Limited (Singapore) Reco Mudan Private Limited (Singapore) Host Hotels & Resorts Asia Pacific Private Limited (Singapore) Asia Pacific Hospitality Venture Private Limited (Singapore) Reco Nanning Resources Private Limited (Singapore) Reco Vista VI Private Limited (Singapore) LS 892 (VI) Private Limited (Singapore) Reco Japan Retail Private Limited (Singapore) Palace Resources Pte. Ltd. (Singapore) Reco Galaxy Private Limited (Singapore) Reco Taurus Private Limited (Singapore) Reco Acacia Private Limited (Singapore) Reco Jiang Wan Private Limited (Singapore) Reco Legend Private Limited (Singapore) Reco Logistics Management Private Limited (Singapore) Springs JWNT I Pte. Ltd. (Singapore) Springs JWNT II Pte. Ltd. Springs JWNT Development Holdings Pte. Ltd. (Singapore) Springs JWNT VI Pte. Ltd. (Singapore) Springs JWNT III Pte. Ltd. (Singapore) Springs JWNT VII Pte. Ltd. (Singapore) Springs JWNT IV Pte. Ltd. (Singapore) Springs JWNT V Pte. Ltd. (Singapore) LSREF 2A Private Limited (Singapore) LSREF Holdings Private Limited (Singapore) LSREF 2B Private Limited (Singapore)

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
	Reco Phoenix Private Limited (Singapore) Reco Zenith Private Limited (Singapore) Reco Nanshan Private Limited (Singapore) Reco Zhongshan Park Private Limited (Singapore) Reco Yushan Private Limited (Singapore) Reco Kunshan Private Limited (Singapore) Keystone Holdings (C&G) Pte. Ltd. (Singapore) Keystone Properties (C&G) Pte. Ltd. (Singapore) Reco HP Private Limited (Singapore) Reco Icheon DC Private Limited (Singapore) Reco Hwado Private Limited (Singapore) CIG Brazil Private Limited (Singapore) Reco Begonia Private Limited (Singapore) Reco China Retails Development Fund III Private Limited (Singapore) Reco Zen Private Limited (Singapore) Reco Rama Private Limited (Singapore) Reco Crown Private Limited (Singapore) Reco Icheon DC II Private Limited (Singapore) Pacifica Partners Private Limited Reco Hibiscus Private Limited Reco Shine Private Limited

(5) Paul Tham

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Keppel Capital International Pte. Ltd. Keppel Capital Pte. Ltd. Keppel Capital One Pte. Ltd. Keppel Capital Investment Holdings Pte. Ltd. Keppel Capital Ventures Pte. Ltd. Keppel Capital Janus Pte. Ltd. Keppel Capital Two Pte. Ltd. Keppel-KBS US REIT Management Pte. Ltd.	Ocean Mineral Singapore Pte. Ltd. Ocean Mineral Singapore Holding Pte. Ltd.

(B) Executive Officers of the Manager

(1) David Snyder

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Keppel-KBS US REIT S1 Pte. Ltd. Keppel-KBS US REIT S2 Pte. Ltd. Keppel-KBS US Parent 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. Keppel-KBS Maitland Promenade, Inc. Keppel-KBS US Properties REIT, Inc. Keppel-KBS TRS, LLC	Nil

(2) Andy Gwee

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Keppel-KBS US REIT S1 Pte. Ltd. Keppel-KBS US REIT S2 Pte. Ltd. Keppel-KBS US Parent 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. Keppel-KBS Maitland Promenade, Inc. Keppel-KBS US Properties REIT, Inc. Keppel-KBS TRS, LLC	Keppel DC REIT MTN. Pte. Ltd. KDCR UK Pte. Ltd Boxtel Investment Limited KDCR Netherlands 3 Pte. Ltd KDCR Netherlands 2 Pte. Ltd. KDCR Netherlands 1 Pte. Ltd KDCR GVP Pte. Ltd. Keppel DC Reit Fin. Company Pte. Ltd. KDCR Australia Pte. Ltd. KDCR Netherlands B.V. Greenwich View Place Limited KDCR 2 Limited KDCR 1 Limited KDCR Almere B.V. Iseek Facilities Pty Ltd KDCR Australia No. 2 Pty Limited KDCR Australia No. 1 Pty Limited KDCR Netherlands 4 Pte. Ltd.

(3) Grace Chia

Current Directorships	**Past Directorships (for a period of five years preceding the Latest Practicable Date)**
Nil	Nil

(4) Chris Cheo

Current Directorships	**Past Directorships (for a period of five years preceding the Latest Practicable Date)**
Nil	Nil

(5) Tai Wai Kit

Current Directorships	**Past Directorships (for a period of five years preceding the Latest Practicable Date)**
Nil	Nil

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 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 Singapore Sub 2; 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 from 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 2017 will remain valid through 31 December 2020. 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:

AIFMD DISCLOSURES

*This **Appendix J** should be read by any prospective investor domiciled, or with a registered office, in a member state of the European Economic Area ("**EEA**"), or who otherwise receives this Prospectus in a member state of the EEA. The Manager is due to offer Units that are anticipated to be marketed in certain member states of the EEA.*

*Keppel-KBS US REIT will be an "alternative investment fund" ("**AIF**"), as defined in the Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament and of the European Council (the "**AIFMD**"). Keppel-KBS US REIT Management Pte. Ltd. (the "**Manager**") is considered the "alternative investment fund manager" of Keppel-KBS US REIT (the "**AIFM**"), as defined in the AIFMD.*

No.	Nature of disclosure	Disclosure
Article 23(1)(a)		
1.	Objectives of the AIF.	The key objectives of Keppel-KBS US REIT are to provide its Unitholders with attractive total returns primarily driven by regular and stable distributions, while maintaining an appropriate capital structure and striving for sustainable growth in distribution and net asset value per Unit.
2.	Investment strategy of the AIF.	The investment strategy of Keppel-KBS US REIT is principally to invest, 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.
3.	Location of any master AIF.	Keppel-KBS US REIT is a feeder AIF of certain master AIFs within the meaning of the AIFMD, each of which is a Delaware corporation, established in Delaware, United States.
4.	Where underlying funds are established if the AIF is a fund of funds.	This is not applicable as Keppel-KBS US REIT is not a fund of funds.
5.	Types of assets in which the AIF may invest.	Under its investment strategy, Keppel-KBS US REIT may invest in income-producing commercial assets and real estate-related assets in the key growth markets of the United States. For general statutory investment restrictions, please refer to paragraph 7 of this Appendix J.
6.	Techniques which the AIF may employ and all associated risks.	Please refer to the disclosure in paragraph 2 above for Keppel-KBS US REIT's principal investment strategy and the section entitled "Risk Factors" of this Prospectus for the risks relating to the techniques which the Manager may employ. Keppel-KBS US REIT has an investment policy of investing in real estate and real estate-related assets whether by way of direct ownership of real estate and real estate related assets or by way of a holding of shares, units or any other interest(s) in special purpose vehicles which are unlisted, each of whose primary purpose is to hold or own real estate and real estate related assets.

No.	Nature of disclosure	Disclosure
7.	Any applicable investment restrictions on the AIF.	(i) Keppel-KBS US REIT is required to comply with Appendix 6 of the Code on Collective Investment Schemes (the "**Property Funds Appendix**") and the applicable provisions of the Trust Deed. (ii) Pursuant to paragraph 6.1 of the Property Funds Appendix, Keppel-KBS US REIT may only invest in: (a) real estate, whether freehold or leasehold, in or outside Singapore, which may be by way of direct ownership or a shareholding in an unlisted special purpose vehicle constituted to hold or own real estate; (b) real estate-related assets, wherever the issuers/assets/securities are incorporated/located/issued/traded; (c) listed or unlisted debt securities and listed shares of, or issued, by local or foreign non-property corporations; (d) government securities (issued on behalf of the Singapore Government or governments of other countries) and securities issued by a supranational agency or a Singapore statutory board; and (e) cash and cash equivalent items. (iii) Pursuant to paragraph 7.1 of the Property Funds Appendix, Keppel-KBS US REIT is required to comply with the following restrictions and requirements: (a) at least 75% of Keppel-KBS US REIT's deposited property (as defined in the Property Funds Appendix) should be invested in income-producing real estate; (b) Keppel-KBS US REIT should not undertake property development activities whether on its own, in a joint venture with others, or by investing in unlisted property development companies, unless Keppel-KBS US REIT intends to hold the developed property upon completion. For this purpose, property development activities do not include refurbishment, retrofitting and renovations; (c) Keppel-KBS US REIT should not invest in vacant land and mortgages (except for mortgage-backed securities);

No.	Nature of disclosure	Disclosure
		(d) the total contract value of property development activities undertaken and investments in uncompleted property developments should not exceed 10% of Keppel-KBS US REIT's deposited property; and (e) for investments in permissible investments under sub-paragraphs (ii) (c), (d) or (e) above (except for deposits placed with eligible financial institutions and investments in high-quality money market instruments or debt securities), not more than 5% of Keppel-KBS US REIT's deposited property may be invested in any one issuer's securities or any one manager's funds.
8.	Circumstances in which the AIF may use leverage.	Pursuant to paragraph 9.1 of the Property Funds Appendix, Keppel-KBS US REIT may use borrowings for investment or redemption purposes. Keppel-KBS US REIT may also use borrowings to fund its distributions to Unitholders. It may mortgage its assets to secure such borrowings.
9.	Types and sources of leverage permitted and associated risks.	Under Guidance Note 1 of paragraph 9.1 of the Property Funds Appendix, "borrowings" is explained to include guarantees, bonds, notes, syndicated loans, bilateral loans or other debt. Please refer to the section entitled "Risk Factors" of this Prospectus for the risks factors relating to leverage entitled "The amount Keppel-KBS US REIT may borrow is limited, which may affect the operations of Keppel-KBS US REIT." and "Keppel-KBS US REIT may face risks associated with debt financing and the Facilities (as defined herein) and the debt covenants could limit or affect Keppel-KBS US REIT's operations".
10.	Any restrictions on the use of leverage.	Pursuant to paragraph 9.2 of the Property Funds Appendix, the total borrowings and deferred payments (collectively, the "**aggregate leverage**") of Keppel-KBS US REIT should not exceed 45% of Keppel-KBS US REIT's deposited property.
11.	Any collateral and asset reuse arrangements.	Pursuant to paragraph 9.1 of the Property Funds Appendix, Keppel-KBS US REIT may mortgage its assets to secure borrowings which are used for investment or redemption purposes. In connection with such collateral, the assets are given in security only and are appropriated to the satisfaction of payment of the borrowings by Keppel-KBS US REIT to the relevant chargees/mortgagees, and not by way of transfer of title or possession of the assets to such chargees/mortgagees (as opposed to, for example, a prime broker to whom securities are pledged and who can use them for securities lending purposes).
12.	Maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF.	Please refer to the disclosure in paragraph 10 above.

No.	Nature of disclosure	Disclosure
Article 23(1)(b)		
13.	Procedure by which the AIF may change its investment strategy.	Upon the expiry of three years from the public listing date of Keppel-KBS US REIT, the Manager may change its investment policies for Keppel-KBS US REIT so long as it has given at least 30 days' prior notice of the change to Perpetual (Asia) Limited (in its capacity as trustee of Keppel-KBS US REIT) (the "**Trustee**") and to the unitholders of Keppel-KBS US REIT ("**Unitholders**") by way of an announcement to Singapore Exchange Securities Trading Limited (the "**SGX-ST**").
Article 23(1)(c)		
14.	Main legal implications of the contractual relationship entered into for the purposes of investment (including jurisdiction, applicable law and the existence or not of any legal instruments providing for the recognition and enforcement of judgements in the territory where the AIF is established).	An investor who has acquired or subscribed for units in Keppel-KBS US REIT ("**Units**") shall be a Unitholder. The rights and interests of Unitholders are provided for in the Trust Deed which is governed by the laws of Singapore. The terms and conditions of the Trust Deed shall be binding on each Unitholder as if such Unitholder has been a party to the Trust Deed and as if the Trust Deed contains covenants by such Unitholder to observe and be bound by the provisions of the Trust Deed. A Unitholder has no equitable or proprietary interest in the underlying assets of Keppel-KBS US REIT. A Unitholder is not entitled to the transfer to him of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of Keppel-KBS US REIT. Please refer to the section entitled "The Formation and Structure of Keppel-KBS US REIT" of this Prospectus. There is no single legal regime in Singapore governing the recognition and enforcement of foreign judgments in Singapore. Rather, under Singapore law, there exists common law, and statute mechanisms for the recognition and enforcement of foreign judgments in Singapore. Each of these is subject to its own procedures and qualifications and whether a judgment given in a foreign court will be enforced in Singapore must be considered in light of the relevant factors in each case, including the applicable regime, the specific jurisdiction where such judgment was given and whether the requirements for recognition and enforcement of the foreign judgment have been satisfied. The Trust Deed is available for inspection by investors and prospective investors at the registered office of the Manager for as long as Keppel-KBS US REIT is in existence.

No.	Nature of disclosure	Disclosure
Article 23(1)(d)		
15.	The identity of the AIFM.	The Manager, Keppel-KBS US REIT Management Pte. Ltd. was incorporated in Singapore under the Companies Act, Chapter 50 of Singapore on 13 July 2017 and as at the Latest Practicable Date has a paid-up capital of US$1,000,002. Its principal place of business is 230 Victoria Street, #05-08 Bugis Junction Towers, Singapore 188024, and its telephone number is +65 6803 1818. The Manager will be categorised as the alternative investment fund manager (as defined in the AIFMD) and the agents appointed by the Manager will conduct the marketing of Keppel-KBS US REIT in the United Kingdom in accordance with the requirements of the AIFMD.
16.	The identity of the AIF's depositary, a description of their duties and the investors' rights.	Keppel-KBS US REIT's depository and clearing organisation is The Central Depository (Pte) Limited. For the avoidance of doubt, investors are expressly notified that this entity does not constitute a depositary within the meaning of the AIFMD; Keppel-KBS US REIT is not obliged to appoint an AIFMD depositary and The Central Depository (Pte) Limited is not obliged to comply with the requirements of that Directive. The contact details of The Central Depository (Pte) Limited are as follows: Address : 9 North Buona Vista Drive, #01-19/20, The Metropolis Singapore 138588 Telephone No. : +65 6535 7511 Facsimile No. : +65 6535 0775
17.	The identity of the AIF's auditor, description of their duties and the investors' rights.	Keppel-KBS US REIT's auditor is Ernst & Young LLP (in such capacity, the "**Reporting Auditor**"). The contact details of the Reporting Auditor are as follows: Address : One Raffles Quay, North Tower, Level 18, Singapore 048583 Telephone No : +65 6535 7777 Facsimile No. : +65 6532 7662 The Reporting Auditor was responsible for preparing the Reporting Auditor's Report on the Profit Forecast and Profit Projection and the Reporting Auditor's Report on the Unaudited Pro Forma Consolidated Financial Information found in Appendix A and Appendix B of this Prospectus, respectively.

No.	Nature of disclosure	Disclosure
		Without prejudice to any potential right of action in tort or any potential derivative action, investors in Keppel-KBS US REIT may have a cause of action against the Reporting Auditor under Section 254 of the Securities and Futures Act, Chapter 289 of Singapore, for false or misleading statements in or omissions from this Prospectus, if the investors in Keppel-KBS US REIT suffer loss or damage as a result of the false or misleading statements in or omissions from this Prospectus. In the event that an investor in Keppel-KBS US REIT considers that it may have a claim against the Reporting Auditor in connection with its investment in Keppel-KBS US REIT, such investor should consult its own legal advisers.
18.	The identity of any other AIF service providers, a description of their duties and the investors' rights.	(i) The Manager, Keppel-KBS US REIT Management Inc., a wholly-owned subsidiary of the Manager incorporated in the United States (the "**Manager US Sub**"), GKP Holding LLC ("**GKP**"), a holder of a one-third interest in KBS, KBS (as the US Asset Manager (as defined herein)), the Trustee, Keppel-KBS US REIT's controlled US REIT subsidiary Keppel-KBS US Parent REIT, Inc., a Delaware corporation, the controlled US REIT subsidiary of Keppel-KBS US Properties REIT, Inc., a Delaware corporation (the "**Upper-Tier Sub-US REIT**") and each US REIT subsidiary of the Upper-Tier Sub-US REIT (the "**Lower Tier Sub-US REITs**", and together with the Upper-Tier Sub-US REIT, the "**Sub-US REITs**") will, prior to the Listing Date, enter into an outsourcing arrangement (the "**KBS Management Agreement**"). Pursuant to the KBS Management Agreement certain asset management functions of the Manager and the Manager US Sub, including those relating to asset management, investments, property-level finance/financing and compliance, will be outsourced to GKP, which will in turn procure KBS (in such capacity, the "**US Asset Manager**") to provide such services to the Parent US REIT and the Sub-US REITs, in each case subject to the duties and responsibilities of the the respective boards of directors of the Parent US REIT and the Sub-US REITs (the "**US Subsidiary Boards**"). Under the KBS Management Agreement, GKP through the US Asset Manager will provide, among others, the following services: (a) supporting the execution, through the Parent US REIT and the Sub-US REITs, of Keppel-KBS US REIT's investment strategy in accordance with the strategy formulated by the Manager and the guidelines issued by the Manager which include requirements relating to the location, sub-sector type and other characteristics of Keppel-KBS US REIT's property portfolio;

No.	Nature of disclosure	Disclosure
		(b) working with the Property Managers to execute, through the Parent US REIT and the Sub-US REITs, Keppel-KBS US REIT's asset management strategy in accordance with the decisions made by and the strategy formulated by the Manager and the guidelines issued by the Manager which include requirements relating to the tenant mix, asset enhancement works and rationalising operation costs; (c) supporting the execution of debt financing plans for any debt taken up by the Parent US REIT and/or the Sub-US REITs; (d) preparing accounts, financial reports and annual reports, as may be required, for the Parent US REIT and/or the Sub-US REITs; and (e) making all regulatory filings on behalf of the Parent US REIT and the Sub US REITs, and using its commercially reasonable best efforts to assist the Parent US REIT and the Sub-US REITs in complying with applicable provisions of the relevant tax laws and regulations in the United States, including meeting the requirements for qualification and taxation as US REITs, and all relevant contracts. (ii) The Trustee, the Manager, the Manager US Sub, the Parent US-REIT and the Sub-US REITs have entered into an outsourcing agreement (the "**Manager US Services Agreement**") which is a subcontract from the Manager to the Manager US Sub with respect to all of the services that are undertaken in the US and are not otherwise covered in the KBS Management Agreement and for certain additional United States services, such as strategic planning services (together, the "**Manager US Services**"). (iii) The Manager has engaged Keppel Capital International Pte. Ltd. ("**KCI**"), pursuant to outsourcing arrangements between the Manager and KCI for its investor relations, financial reporting, capital management, human resource, legal, corporate secretarial and compliance support in Singapore (the "**Keppel Management Agreement**"). Under the Keppel Management Agreement, KCI will provide, among others, the following services: (a) supporting the Manager's investor relations activities, including preparation for investor presentations, result briefings and other engagement activities with investors, managing investor queries and supporting the development of the investor relations strategy;

No.	Nature of disclosure	Disclosure
		(b) supporting the execution of the Manager's plans for equity and debt financing for Keppel-KBS US REIT including assisting in the negotiations and documentation with financiers and underwriters and other treasury matters such as hedging activities and cash and liquidity management; (c) providing human resource and office administrative support to the Manager including recruitment, succession planning, payroll services and performance management; (d) providing legal and corporate secretarial support to the Manager including advising on the laws and regulations applicable to the Manager and Keppel-KBS US REIT, supporting corporate actions such as acquisitions, divestments and financing matters, and providing secretarial support for the Board of Directors of the Manager; and (e) making all regulatory filings on behalf of Keppel-KBS US REIT, and assisting Keppel-KBS US REIT in complying with the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Trust Deed, any tax ruling and all relevant contracts. (iv) To the extent activities of the Manager, including under the KBS Management Agreement, would otherwise be required to be performed within the United States (and are not otherwise to be performed by the US Asset Manager), those activities will be performed by the Manager US Sub. Without prejudice to any potential right of action in tort or any potential derivative action, investors in Keppel-KBS US REIT may not have a direct right of recourse against the Manager US Sub, GKP, the US Asset Manager, or KCI appointed by Keppel-KBS US REIT as such a right of recourse will lie with the relevant contracting counterparty rather than the investors. Further, in circumstances where an affiliate or third party delegate is appointed by the Manager or the Trustee, any contractual claim, demand or action against such delegate may, in the absence of any derivative action, be brought only by the Manager and/or the Trustee. In the event that an investor in Keppel-KBS US REIT considers that it may have a claim against Keppel-KBS US REIT, the Manager, Manager US Sub, the Trustee, the US Asset Manager or KCI in connection with its investment in Keppel-KBS US REIT, such investor should consult its own legal advisers.

No.	Nature of disclosure	Disclosure
Article 23(1)(e)		
19.	Description of how the AIFM complies with the requirements to cover professional liability risks (own funds/professional indemnity insurance).	The Manager is required to satisfy the base capital requirement of S$1.0 million for its regulated activity of REIT management as per the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations, Chapter 289 Regulation 13 of Singapore. As set out in the disclosure in paragraph 15 above, as at the Latest Practicable Date, the issued share capital of the Manager is US$1,000,002. In addition, the Manager maintains professional indemnity insurance coverage for the liability of its directors ("**Directors**") and officers.
Article 23(1)(f)		
20.	Description of any delegated management function (such as portfolio management or risk management) by the AIFM to third parties, the identity of the delegate(s) and any conflicts of interest that may arise from such delegation(s).	Pursuant to the Trust Deed, the Manager may, with the written consent of the Trustee, delegate certain of its duties in performing its functions in relation to Keppel-KBS US REIT, provided that the Manager shall be liable for all acts and omissions of such persons as if such acts or omissions were its own acts or omissions. As disclosed in paragraph 18 above, the Manager has outsourced the following functions: (i) property management of Keppel-KBS US REIT's properties to the Property Managers; (ii) investor relations, financial reporting, capital management, human resource, legal and corporate secretarial and compliance support to KCI; (iii) certain operational duties of the Manager in respect of the Parent US REIT and the Sub-US REITs, in each case subject to the duties and responsibilities of the respective boards of the directors of the Parent US REIT and the Sub-US REITs; and (iv) to the extent activities of the Manager, including under the Management Agreement, would otherwise be required to be performed within the United States (and are not otherwise to be performed by the US Asset Manager), to the Manager US Sub. It is not envisaged that any conflicts of interest will arise as a result of these delegations. In any event, as disclosed in the section entitled "The Manager and Corporate Governance – Corporate Governance of the Manager – Potential Conflicts of Interest" of this Prospectus, the Manager has instituted the following procedures to deal with potential conflicts of interest issues: (i) the Manager will not manage any other REIT which invests in the same type of properties as Keppel-KBS US REIT;

No.	Nature of disclosure	Disclosure
		(ii) all executive officers will be working exclusively for the Manager and will not hold other executive positions in other entities, save for any wholly-owned subsidiaries of the Manager or the Sponsors; (iii) all resolutions in writing of the directors of the Manager in relation to matters concerning Keppel-KBS US REIT must be approved by at least a majority of the directors of the Manager (excluding any interested director), including at least one Independent Director; (iv) at least one-third of the Board shall comprise independent directors, provided that where (a) the Chairman of the Board and the Chief Executive Officer is the same person, (b) the Chairman of the Board and the Chief Executive Officer are immediate family members, (c) the Chairman of the Board is part of the management team or (d) the Chairman of the Board is not an independent director, at least half the board shall comprise independent directors; (v) in respect of matters in which a director of the Manager or his associates has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the directors and must exclude such interested director; (vi) in respect of matters in which Keppel Corporation Limited and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by Keppel Capital Holdings Pte. Ltd. ("**KC**"), being one of the Sponsors and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise a majority of the independent directors and must exclude nominee directors of KC and/or its subsidiaries; (vii) in respect of matters in which KBS and/or its subsidiaries ("**KBS Group**") have an interest, direct or indirect, any nominees appointed by KBS Pacific Advisors Pte. Ltd. ("**KPA**"), being one of the Sponsors and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise a majority of the independent directors and must exclude nominee directors of the KPA and/or its subsidiaries;

No.	Nature of disclosure	Disclosure
		(viii) for the avoidance of doubt, any nominees appointed by KC and/or its subsidiaries to the Board will not abstain from deliberation and voting in any transactions which the KBS Group has an interest in (e.g. transactions involving assets sold by REITs or funds managed by KBS Group to Keppel-KBS US REIT and agreements involving the provision of services by the KBS Group to Keppel-KBS US REIT) as such nominee is not related to the KBS Group. Similarly, any nominees appointed by KPA and/or its subsidiaries to the Board will not abstain from deliberation and voting in any transactions which the Keppel Group has an interest in (e.g. transactions involving assets sold by the Keppel Group to Keppel-KBS US REIT and agreements involving the provision of services by the Keppel Group to Keppel-KBS US REIT) as such nominee is not related to the Group; (ix) save as to resolutions relating to the removal of the Manager, the Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the Unitholders convened to approve of any matter in which the Manager and/or any of its associates has a material interest; and (x) it is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of Keppel-KBS US REIT with a Related Party (as defined in this Prospectus) of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of Keppel-KBS US REIT, has a *prima facie* case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The directors of the Manager (including its independent directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of Keppel-KBS US REIT with a Related Party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party. The Manager has established an internal control system to ensure that all future Related Party Transactions will be undertaken on normal commercial terms and will not be prejudicial to the interests of Keppel-KBS US REIT and the Unitholders.

No.	Nature of disclosure	Disclosure
21.	Description of any safe-keeping function delegated by the AIF's depositary, the identity of the delegate(s) and any conflicts of interest that may arise from such delegation(s).	This is not applicable as Keppel-KBS US REIT is not obliged to appoint a depositary within the meaning of the AIFMD.
Article 23(1)(g)		
22.	Description of the AIF's valuation procedure.	Paragraph 8.1 of the Property Funds Appendix requires Keppel-KBS US REIT to conduct a full valuation of its real estate assets at least once per financial year, in accordance with any applicable code of practice for such valuations. Generally, where the Manager proposes to issue new Units (except in the case where new Units are being issued in payment of the Manager's management fees) or to redeem existing Units, a valuation of the real properties held by Keppel-KBS US REIT must be carried out in accordance with the Property Funds Appendix. The Manager or the Trustee may at any other time arrange for the valuation of any of the real properties held by Keppel-KBS US REIT if it is of the opinion that it is in the best interest of Unitholders to do so. Keppel-KBS US REIT engages independent professional valuers with the appropriate professional qualifications and experience in the location and category of the real estate assets being valued.
23.	Description of the AIF's pricing methodology for valuing assets (including the methods used in valuing hard-to-value assets).	Keppel-KBS US REIT's real estate assets are stated at fair value, with changes in fair values being recognised in the Consolidated Statement of Comprehensive Income. The Keppel-KBS US REIT group engages independent professional valuers with the appropriate professional qualifications and experience in the location and category of the real estate assets being valued to determine the fair value of its real estate assets. The fair value of the Keppel-KBS US REIT group's real estate assets (including those held through its associates and joint ventures) is determined by independent real estate valuation experts using approved valuation methodologies. In determining the fair value of Keppel-KBS US REIT's real estate assets, the valuers have used valuation methods which involve estimates and discount rates applicable to those real estate assets.

No.	Nature of disclosure	Disclosure
Article 23(1)(h)		
24.	Description of the AIF's liquidity risk management (including redemption rights in normal and exceptional circumstances and existing redemption arrangements with investors).	Keppel-KBS US REIT's cash flow position and working capital are to be monitored closely to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet its short-term obligations. Steps have been taken to plan early for funding and expense requirements so as to manage the cash position at any point in time. For so long as the Units are listed and traded on the SGX-ST, the Unitholders have no right to request the Manager to repurchase or redeem their Units. Unitholders may only deal in their listed Units through trading on the SGX-ST. Please refer to the section entitled "The Formation and Structure of Keppel-KBS US REIT – Trust Deed – Repurchase and Redemption of Units" of this Prospectus.
Article 23(1)(i)		
25.	Description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by investors.	Please refer to the section entitled "Overview – Certain Fees and Charges" of the Prospectus.
Article 23(1)(j)		
26.	Description of how the AIFM ensures a fair treatment of investors and details of any preferential treatment received by investors (including where the right to obtain preferential treatment exists, a description of that preferential treatment, the type of investors who obtain such preferential treatment and, where relevant, their legal or economic links with the AIF or AIFM).	No unfair or preferential treatment is afforded to any Unitholder. Under the Trust Deed, every Unit carries the same voting rights. Keppel-KBS US REIT has only issued one class of Units, and as a result will treat all Unitholders equally.

No.	Nature of disclosure	Disclosure
Article 23(1)(k)		
27.	The latest annual report prepared for the AIF (to include, at a minimum: (i) a balance sheet or statement of assets and liabilities; (ii) any income and expenditure report for the financial year; (iii) a report on the activities of the financial year; (iv) any material changes in Article 23 disclosures during the financial year covered by the report; (v) the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM to its staff, and number of beneficiaries, and, where relevant, carried interest paid by the AIF; and (vi) the aggregate amount of remuneration broken down by senior management and members of staff of the AIFM whose actions have a material impact on the risk profile of the AIF).	This is not applicable as Keppel-KBS US REIT has yet to issue its first annual report.

No.	Nature of disclosure	Disclosure
Article 23(1)(l)		
28.	The procedure and conditions for the issue and sale of units or shares.	Pursuant to the Trust Deed, the Manager shall have the exclusive right to effect for the account of Keppel-KBS US REIT the issuance of Units. The issuance of any Units by the Manager must be in compliance with the Listing Manual and the Trust Deed, which sets out the approvals required from Unitholders and the restrictions on the price of the Units to be issued. For so long as the Units are listed and traded on the SGX-ST, the Unitholders have no right to request the Manager to repurchase or redeem their Units. Unitholders may only deal in their listed Units through trading on the SGX-ST. Please refer to the sections entitled "The Formation and Structure of Keppel-KBS US REIT – The Trust Deed – Issue of Units" and "The Formation and Structure of Keppel-KBS US REIT – The Trust Deed – Suspension of Issue of Units" of this Prospectus.
Article 23(1)(m)		
29.	The latest net asset value of the AIF or the latest market price of the unit or share of the AIF, calculated in accordance with the law of the country where the AIF is established[1] and/or the AIE rules or instruments of incorporation.	As at the Latest Practicable Date, the net asset value of each Unit is USS$1.00. Upon the listing of Keppel-KBS US REIT, its unit price will be publicly available from the SGX-ST website, Keppel-KBS US REIT's website and from financial information vendors. As at the Listing Date it will have a net asset value per unit of approximately US$0.84.
Article 23(1)(n)		
30.	Details of the historical performance of the AIF (where available).	The unaudited pro forma consolidated financial information of Keppel-KBS US REIT for the year ended 31 December 2014, the year ended 31 December 2015 and the year ended 31 December 2016 can be found in the section entitled "Unaudited Pro Forma Consolidated Financial Information" of this Prospectus.
Article 23(1)(o)		
31.	The identity of the prime broker.	This is not applicable as Keppel-KBS US REIT is not obliged to appoint prime brokers within the meaning of the AIFMD.
32.	Description of any material arrangements of the AIF with its prime brokers and the way the conflicts of interest in relation thereto are managed.	This is not applicable as Keppel-KBS US REIT is not obliged to appoint prime brokers within the meaning of the AIFMD.

1 The valuation must either be performed by an external valuer (being a legal or natural person independent from the AIF, AIFM and any other persons with close links to the AIF or AIFM) or the AIFM itself, provided that the valuation is functionally independent from the portfolio management and the remuneration policy and other measures ensure that conflicts of interest are mitigated and that undue influence upon the employees is prevented. If an external valuer performs the valuation, the AIFM must be able to demonstrate that the external valuer is subject to mandatory professional registration, that they can provide sufficient professional guarantees that they can carry out the valuation, and that the appointment is justified on objective grounds.

No.	Nature of disclosure	Disclosure
33.	Details of the provision in the contract with the AIF's depositary on the possibility of transfer and reuse of AIF assets.	This is not applicable as Keppel-KBS US REIT is not obliged to appoint a depositary within the meaning of the AIFMD.
34.	Information about any transfer of liability to the prime broker that may exist.	This is not applicable as Keppel-KBS US REIT is not obliged to appoint prime brokers within the meaning of the AIFMD.
Article 23(1)(p)		
35.	Details of how and when the AIFM will provide reports on the following topics to its investors in relation to each EU AIF that it manages and each AIF that it markets within the EU: (i) the percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature; (ii) any new arrangements for managing the liquidity of the AIF; and (iii) the current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks.	The Manager will make the relevant announcement via SGXNET in the event that there is material information on these topics to be disclosed in accordance with the prevailing listing rules of the SGX-ST. The announcement will be publicly available to all investors.

No.	Nature of disclosure	Disclosure
36.	Details of how and when the AIFM (when managing EU AIFs employing leverage or marketing in the EU AIFs employing leverage) will disclose, for each AIF, on a regular basis: (i) any changes to the maximum level of leverage which the AIFM may employ on behalf of the AIF as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement; and (ii) the total amount of leverage employed by that AIF.	The Manager will make periodic disclosures about Keppel-KBS US REIT's aggregate leverage during its quarterly financial reporting, and such information will be made available to investors via the announcements released on SGXNET or the published annual report. Please refer to the disclosure in paragraph 10 above on the permitted maximum level of leverage as stated in the Property Funds Appendix. Any changes to the Property Funds Appendix (as far as maximum level of leverage is concerned) may be communicated by way of publication of notices on the MAS website which can be found at http://www.mas.gov.sg/.

KEPPEL-KBS US REIT

MANAGER

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

SPONSORS

Keppel Capital Holdings Pte. Ltd.
1 Harbourfront Avenue #18-01,
Keppel Bay Tower, Singapore 098632

KBS Pacific Advisors Pte. Ltd.
60 Paya Lebar Road, #11-06,
Paya Lebar Square, Singapore 409051

SOLE FINANCIAL ADVISER AND ISSUE MANAGER

DBS Bank Ltd.
12 Marina Boulevard Level 46
DBS Asia Central @
Marina Bay Financial Centre Tower 3
Singapore 018982

JOINT BOOKRUNNERS AND UNDERWRITERS

DBS Bank Ltd.
12 Marina Boulevard Level 46
DBS Asia Central @ Marina
Bay Financial Centre Tower 3
Singapore 018982

Citigroup Global Markets Singapore Pte. Ltd.
8 Marina View, #21-00
Asia Square Tower 1
Singapore 018960

Credit Suisse (Singapore) Limited
1 Raffles Link, #03/#04-01
South Lobby,
Singapore 039393

Merrill Lynch (Singapore) Pte. Ltd.
50 Collyer Quay, #14-01
OUE Bayfront
Singapore 049321

TRUSTEE

Perpetual (Asia) Limited
8 Marina Boulevard #05-02
Marina Bay Financial Centre
Singapore 018981

LEGAL ADVISERS

Legal Adviser to the Offering, and to the Manager
Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

Legal Adviser to the Manager as to US Law
DLA Piper LLP (US)
4141 Parlake Avenue
Suite 300
Raleigh, NC 27612

Legal Adviser to the Manager as to US Law
Sheppard Mullin Richter & Hampton LLP
650 Town Center Drive, 4th Floor
Costa Mesa, CA 92626-1993

Legal Adviser to the Sole Financial Adviser and Issue Manager and the Joint Bookrunners and 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

REPORTING AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

INDEPENDENT SINGAPORE TAX ADVISER
Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

INDEPENDENT US TAX ADVISER
DLA Piper LLP (US)
IDS Center
80 South Eighth Street
Suite 2800
Minneapolis, MN 55402

UNIT REGISTRAR AND UNIT TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

INDEPENDENT VALUERS

Cushman & Wakefield of Illinois, Inc.
225 W Wacker
3000
Chicago, IL 60606
United States

JLL Valuation & Advisory Services, LLC
5 Riverway #200,
Houston, TX 77056
United States

INDEPENDENT MARKET RESEARCH CONSULTANT

Cushman & Wakefield of Illinois, Inc.
225 W Wacker
3000
Chicago, IL 60606
United States

This page has been intentionally left blank.

KEPPEL-KBS US REIT MANAGEMENT PTE. LTD.
1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Phone: (65) 6803 1818 Fax: (65) 6803 1717