

KBS Sees Growth in Value Across its Real Estate Portfolios

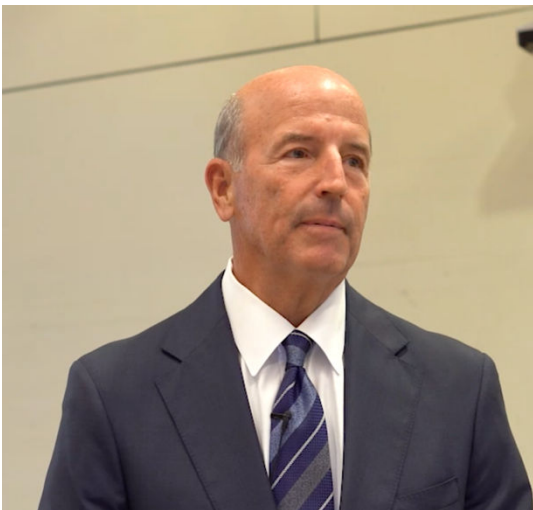
NEWPORT BEACH (January 30, 2019) — [KBS](#), one of the largest commercial office owners globally, announced today the net asset value of its portfolio increased 6.15% in 2018. KBS' real estate portfolio consists of 118 properties located in prime urban markets throughout the United States valued in excess of \$11 billion as of December 31, 2018. The assets are held through five public non-traded REITs as well as eight funds managed for two institutional separate account relationships. During 2018 KBS completed the full liquidation of two of its public non-traded REITs.



In addition to growing the value of its real estate, KBS made weighted average distributions to investors for its public non-traded REITs (excluding its opportunistic REITs) of nearly 6.0% and for its institutional funds in excess of 7.0% on invested capital.

KBS CEO Chuck Schreiber commented, “While we hear a general consensus that the commercial real estate market is softening, the substantial and disciplined growth of KBS’ portfolio suggests there is still ample opportunity for continued growth and return for owners who are strategic with respect to the markets and the type of office property purchased and operated.”

KBS’ strategy focuses on investments in urban markets that are attracting tech and creative users and have a wide range of amenities that help companies attract today’s top-tier talent. These include markets with good public transportation as well as entertainment, housing and dining amenities.



“In many of these markets, we are seeing limited supply due to the cost and constraints on new construction, and as a result rental rates continue to climb,” said Schreiber. “It has not been uncommon in the last year for existing tenants to approach us seeking to renew their space early and even seeking to secure additional space in anticipation of growth in their office needs to hedge against rising rental rates.”

According to Cushman & Wakefield’s Q3 2018 Marketbeat report on the U.S. office market, office-using employment increased by 600,000 jobs and unemployment declined from 4.4% to 3.9%. While national vacancy rates are projected to increase slightly, rental rates are projected to climb. According to the report, average asking rents have increased over 27% since the second quarter of 2011, the lowest level in recent years. The fastest growth has been in the tech sector

led by San Francisco where rents have doubled.

In 2018, KBS became one of the first large-scale operators to offer a direct investment real estate fund for accredited investors online. The [KBSDirect.com](#) platform is a user-friendly portal where accredited investors can

invest in an institutional-quality portfolio of diversified multitenant office buildings without paying any up-front commissions.

“We saw an opportunity to better serve retail investors by offering them a means to invest in institutional quality real estate with lower fees and greater transparency so they can do their own research and make their own self-directed investments,” said Schreiber. “This essentially means that 100% of investors’ invested capital goes to the real estate, thus providing opportunity for enhanced returns.”

KBS is also working with registered investment advisers (RIAs) to introduce them to KBS and the level of transparency KBS provides and placing the commission-free fund on their own platforms as an alternative investment vehicle that can hedge against higher risk investments.

“We are very excited about the coming year and the opportunities to serve our tenants with exceptional space in some of the best locations in the U.S.,” concluded Schreiber. “We are also excited about growing our direct investment efforts so that accredited investors and registered investment advisers have the opportunity to invest in risk-adjusted, institutional-quality real estate without upfront commissions.”

About KBS

[KBS](#) is a private equity real estate company and an SEC-registered investment adviser. Founded in 1992 by Peter Bren and Chuck Schreiber, it is recognized as one of the largest commercial office owners globally. Since inception, KBS-affiliated companies have completed transactional activity of approximately \$40 billion via 16 separate accounts and six commingled funds, for government and corporate pension funds. Additionally, KBS has sponsored five sovereign wealth funds and seven SEC-registered, non-traded REITs. For more information on KBS, its properties and real estate portfolios, please visit [KBS.com](#). For information about KBS’ current offering, please visit [KBSDIRECT.com](#).

Forward-Looking Statements

The foregoing includes forward-looking statements within the meaning of the Federal Private Securities Litigation Reform Act of 1995. The Company intends that such forward-looking statements be subject to the safe harbors created by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include statements regarding the intent, belief or current expectations of the Company and members of its management team, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as “may,” “will,” “seeks,” “anticipates,” “believes,” “estimates,” “expects,” “plans,” “intends,” “should” or similar expressions. Further, forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law. Actual results may differ materially from those contemplated by such forward-looking statements. The REIT makes no representation or warranty (express or implied) about the accuracy of any such forward-looking statements. These statements are based on a number of assumptions involving the judgment of management.

The valuation methodology for the Company’s real estate properties assumes the properties realize the projected cash flows and expected exit cap rates and that investors would be willing to invest in such properties at yields equal to the expected discount rates. Though the valuation estimates used in determining the real estate values are based on real estate appraisals provided by Duff & Phelps’, CBRE, Cushman & Wakefield, Colliers’ or the Company’s and/or the Advisor’s best estimates of value, the Company can give no assurance in this regard. These statements also depend on factors such as: future economic, competitive and market conditions; the Company’s ability to maintain occupancy levels and rental rates at its real estate properties; the borrowers under the Company’s real estate debt securities investment continuing to make required payments; and other risks identified in Part I, Item 1A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 and subsequent periodic reports, as filed with the SEC. Actual events may cause the value and returns on the investments to be less than that used for the purposes of estimated net asset per share values.