



PRIME US REIT

(a real estate investment trust constituted on 7 September 2018 under the laws of the Republic of Singapore)
(Managed by KBS US Prime Property Management Pte. Ltd.)

DBS Bank Ltd. was the sole financial adviser and issue manager for the initial public offering of Prime US REIT.

UPDATES ON UPSIZE OF CREDIT FACILITY AND LEASE AT TOWER I AT EMERYVILLE

KBS US Prime Property Management Pte. Ltd., in its capacity as manager of Prime US REIT (the “Manager”), wishes to inform unitholders (“Unitholders”) of Prime US REIT (“**PRIME**”) of the following new developments:

UPSIZING OF CREDIT FACILITY WITH ADJUSTMENT TO COVENANTS

PRIME has completed the closing of an upsize of its US\$470 million credit facility (the “Facility”) along with an adjustment to the facility covenants with its existing bank lending group.

The Manager exercised its existing accordion rights to increase the Facility size by US\$130 million, comprising:

- a US\$40 million increase to each of the two term loan tranches due in 2023¹ and 2024 respectively from US\$160 million to US\$ 200 million, and
- a US\$50 million increase in the revolving credit tranche due in 2022² from US\$150 million to US\$200 million.

The upsized US\$600 million Facility provides PRIME with liquidity of over US\$220 million in a combination of available credit lines and cash on hand to pursue its strategic growth initiatives.

As part of the accordion, the Lenders have also modified the Facility covenants to conform to the MAS Property Fund Guidelines in place at the closing of the accordion. This includes an increase in PRIME’s unencumbered and aggregate leverage ratio covenants³ from 45% to 50% respectively, with an accompanying increase in the consolidated interest coverage ratio covenant³ from 1.75x to 2.50x.

Ms Barbara Cambon, Chief Executive Officer and Chief Investment Officer of the Manager of PRIME, said, “We are deeply appreciative of the support of our lending banks for this substantial increase in their financial commitment to PRIME alongside this covenant modification - a reflection of their confidence in PRIME’s business and office portfolio and the US office market. We are pleased to demonstrate access to capital at a time when the US economy is showing signs of a strong recovery in 2021.”

1. Extendable by one year at PRIME’s option to 2024
2. With two one-year extension options through to 2024
3. Covenants as defined in PRIME’s loan documents

Harmeet Bedi, Deputy Chief Executive Officer and Chief Financial Officer added, “This additional liquidity will be readily available for capital needs within the PRIME portfolio and will also be available for future property acquisitions, thereby enabling PRIME to compete more effectively in the US property acquisition markets. Furthermore, this additional liquidity has been obtained cost effectively with a view to managing PRIME’s overall cost of capital. In line with our proactive capital management strategy, we will continue to focus on the efficiency of our capital structure to maximise cash flow and value to Unitholders.”

LEASE AT TOWER I AT EMERYVILLE

The Manager also wishes to inform Unitholders regarding a development with its tenant (the “Tenant”), which is a wholly owned subsidiary of WeWork Companies Inc. The Tenant currently occupies 56,977 sq ft of space within PRIME’s 3.89 million sq ft portfolio, and contributes less than 2.5% of PRIME’s cash rental income as at 31 March 2021.

The Tenant, who has been current on their rental obligations through to mid-June 2021, has approached PRIME with a proposal to restructure its lease, the terms of which are currently under evaluation. PRIME has called on the Tenant to continue to meet its rental obligations, and has called upon the existing security package for the payment of such rental obligations.

As at the date of this announcement, PRIME’s security in relation to the lease consists of a combination of protections and if the counterparty honours its obligations thereunder, such protections cover the Tenant’s monthly lease obligations through as much as the end of 2022.

In light of the security which PRIME has in relation to the lease, the Manager does not expect that this would have any impact on the distribution per Unit of PRIME for the current financial year. Furthermore, based on independent valuation advice sought by the Manager, this development would not materially impact the value of PRIME’s portfolio as compared to the portfolio appraisal conducted as at December 2020.

As discussions with the Tenant are still on-going, in the event there are any material developments, the Manager will release further announcements as necessary on this matter.

The Manager would like to advise Unitholders that notwithstanding the above, rental collections across the portfolio have remained resilient in 2021 and continue to trend in line with collection rates achieved in 2020.

BY ORDER OF THE BOARD

Barbara Cambon
Chief Executive Officer

KBS US Prime Property Management Pte. Ltd.
(Company registration no. 201825461R)
(as manager of Prime US REIT)

17 June 2021

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An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Unitholders have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of PRIME US REIT is not necessarily indicative of the future performance of PRIME US REIT.