

**PRIME US REIT REPORTS MAIDEN FULL YEAR RESULTS;
OUTPERFORMS IPO FY2019 DPU FORECAST BY 7.5%**

- Annualised DPU Yield of 7.9%¹ for FY2019 surpassing forecast of 7.4%¹
- Maintain high portfolio occupancy rate of 95.8% underpinned by demand for quality Class A office real estate
- Improving U.S. office market fundamentals lift overall portfolio valuation by 1.5% to US\$1.25 billion²
- Robust interest coverage³ of 5.5x strengthens balance sheet as aggregate leverage improves to 33.7%
- Focus on effective capital management to pursue strategic growth opportunities and deliver IPO commitments for FY2020

Singapore, 12 February 2020 – KBS US Prime Property Management Pte. Ltd., the manager (the “**Manager**”) of Prime US REIT (“**PRIME**”), a real estate investment trust with a high-quality office portfolio in the United States (the “**U.S.**”), today announced its financial results for 19 July 2019 to 31 December 2019 (“**FY2019**”).

Summary of Results

US\$'000	4QFY2019			FY2019		
	1 Oct to 31 Dec 2019			19 Jul to 31 Dec 2019		
	Actual	Forecast	Change (%)	Actual	Forecast	Change (%)
<i>Gross Revenue</i>	33,528	32,869	2.0	60,657	59,376	2.2
<i>Net Property Income (“NPI”)</i>	22,257	21,607	3.0	40,170	39,031	2.9
<i>Available DPU (US Cents)</i>	1.77	1.62	9.0	3.15	2.93	7.5

DBS Bank Ltd. was the Sole Financial Adviser and Issue Manager for the initial public offering of Prime US REIT (“Offering”). DBS Bank Ltd., Merrill Lynch (Singapore) Pte. Ltd., China International Capital Corporation (Singapore) Pte. Limited, Credit Suisse (Singapore) Limited, Maybank Kim Eng Securities Pte. Ltd. and Oversea-Chinese Banking Corporation Limited were the joint bookrunners and underwriters for the Offering.

¹Annualised distribution yield based on IPO price of US\$0.88

²Based on valuation of investment properties as at IPO of US\$1.22b

³Calculated as net income plus tax expense, net finance expense, change in fair value of derivatives and amortisation of lease commissions divided by interest expense and commitment fees on debt for the period from 19 July 2019 to 31 December 2019

Gross revenue and net property income (“**NPI**”) for FY2019 outperformed by 2.2% and 2.9% to US\$60.7 million and US\$40.2 million respectively. The outperformance of IPO forecasts was driven by higher rental income and recoveries income.

PRIME’s FY2019 distribution per unit (“**DPU**”) of US 3.15 cents per Unit comprised tax-exempt income of US 2.00 cents per Unit and capital of US 1.15 cents per Unit. PRIME distributes 100% of distributable income for FY2019 and for FY2020. The books closure date for the DPU is Thursday, 20 February 2020 and payment is expected to be made on Monday, 30 March 2020.

Ms. Barbara Cambon, Chief Executive Officer and Chief Investment Officer of the Manager of PRIME, said, “We are pleased to deliver on our IPO commitments with our first full year results. The improving fundamentals of the U.S. economy supports the sustainable growth of our portfolio both organically and inorganically. We aim to expand our premium portfolio of high-quality Class A office assets, maintain a balanced business model and leverage on our expertise to enhance unitholder value in the long-term.”

Capital Management

PRIME has continued to maintain a prudent capital management strategy with a conservative debt maturity profile and gearing level. 100% of PRIME's term debt interest is on a fixed rate basis and the outstanding amount of US\$437.6 million has a weighted average tenor of 5.2 years, providing investors with DPU certainty. Leveraging on the strength of KBS, PRIME was able to access a weighted average interest cost of 3.3% as at 31 Dec 2019.

Portfolio Management

PRIME continues to adopt a proactive portfolio lease management strategy to drive growth. Occupancy rate has continued to remain high at 95.8% for FY2019, with approximately 98.0% of leases having rental escalations. The weighted average lease expiry is 5.1 years, with not more than 17.2% of the leases by net lettable area (“**NLA**”) expiring in any one year.

PRIME’s property portfolio was revalued as of 31 December 2019 and recorded a net fair value gain of US\$18.8 million, reflecting the improving fundamentals of U.S. office market.

Prospects

U.S. businesses continued to add jobs at a healthy pace in the fourth quarter of 2019. Job gains boosted demand for office space, keeping absorption levels consistent with levels over the past

three years despite uncertainty surrounding tariffs and trade issues. Employment in the key office-using sectors of financial services, professional services and information increased by 150,000 jobs during the fourth quarter according to Cushman & Wakefield, which drives healthy positive absorption. The Federal Reserve cut its benchmark rate three times in 2019 and lifted commercial real estate valuations in the second half of 2019 according to CoStar.

In total, CoStar recorded net absorption of about 53 million square feet for the year with the fourth quarter posting the strongest absorption in 2019. With a similar amount of new supply delivered, the vacancy rate remained stable at year-end, matching the expansion-low of 9.7%.

According to Cushman & Wakefield, technology was once again the top leasing sector. Financial services firms increased their share of major leases to 16.7% in the fourth quarter compared to 13.2% in the third. Overall, technology companies accounted for 26.4% of major leasing—roughly double the 14.3% of major leases by the financial services sector. While demand and supply vary quarterly, the vacancy trend is likely to remain stable. The technology sector dominated leasing in 2019 and is expected to remain so in 2020.

PRIME's diversified portfolio is supported by its favourable tenant exposure in the STEM/TAMI sectors, and CoStar expects the technology sector to continue its outperformance in 2019 through 2020. The Manager maintains a proactive and prudent approach in its leasing and asset management activities to maximise returns to Unitholders.

With the coronavirus outbreak continuing to unfold in China and globally, we continue to monitor the situation closely on its impact on the global economy. Barring any unforeseen circumstances, we remain cautiously optimistic about the U.S. office market.

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About Prime US REIT

Listed on 19 July 2019 on the Main Board of the Singapore Exchange Securities Trading Limited, Prime US REIT ("PRIME") is a diversified Singapore real estate investment trust ("REIT") with a focus on stabilised income-producing office assets in the United States ("U.S."). PRIME offers investors a unique exposure to a high-quality portfolio of 11 prime and freehold office properties, strategically located in nine primary markets in the U.S., with a total appraised value of US\$1.25 billion.

With a geographically-diversified portfolio of strategically-located prime office assets in key U.S. office markets, PRIME is well-positioned to achieve its key objectives to provide Unitholders with regular and stable distributions through long-term growth in distributions per unit and net asset value per unit growth while maintaining an appropriate capital structure.

About the Sponsor

KBS Asia Partners Pte. Ltd. ("KAP") is the sponsor of PRIME. KAP's shareholders include founding members of KBS, who is one of the largest U.S. commercial real estate managers with US\$11.6 billion of assets under management as at 31 December 2019, and more than US\$41.8 billion of transactional volume since inception in 1992.

About the Manager

PRIME is managed by KBS US Prime Property Management Pte. Ltd. which is jointly owned by KBS Asia Partners Pte. Ltd., Keppel Capital Two Pte. Ltd., a wholly-owned subsidiary of Keppel Capital Management Pte Ltd, Times Properties Private Limited, a wholly-owned subsidiary of SPH and Experion Holdings Pte. Ltd., a wholly-owned subsidiary of AT Holdings Pte. Ltd.

The Manager has general powers of management over the assets of PRIME. The Manager's main responsibility is to manage PRIME's assets and liabilities for the benefit of Unitholders.

The Manager will set the strategic direction and provide, investment, asset management, capital management, internal audit, human resource, information technology, accounting, compliance and investor relations services to PRIME.

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