

PRIME US REIT LOCKS IN LOWER INTEREST RATES TO PROVIDE UPLIFT TO DISTRIBUTABLE INCOME

Singapore, 30 April 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 the restructuring of its interest rate swaps.

PRIME restructured its existing interest rate swaps by entering into a new agreement with Bank of America that locks in lower financing costs on its borrowings through 2026. The new interest rate swaps inclusive of interest rate spread on PRIME’s US\$330 million debt facility effectively lowers the weighted average interest rate of 3.3%¹ to 2.8%.

Ms Barbara Cambon, Chief Executive Officer and Chief Investment Officer of the Manager of PRIME, said, “We leveraged our strong relationship with the banks and utilised Prime US REIT’s strong credit profile to reduce financing costs and increase distributable income to unitholders. The new hedge structure has locked in rates below 3.0%, inclusive of the interest rate spread on the loans, through 2026. This provides annual interest expense savings in excess of US\$1.0 million per year through 2023. In line with our proactive capital management strategy, we will continue to improve efficiency of our capital structure and maximise cash flow and value to unitholders.”

In the recent key business and operational review for 1 January 2020 to 31 March 2020 (“**1Q 2020**”) announced on 28 April 2020, PRIME reported an 6.7% outperformance in its net property income (“**NPI**”) against IPO projection to US\$23.5 million, reinforced by the diversified and established tenant base. The portfolio expanded 13.6% to US\$1.42 billion² with the maiden acquisition of Park Tower and

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

¹ Based on interest expense (excluding amortisation of upfront debt-related transaction costs and commitment fees) on loans and borrowings from 01 January to 31 March 2020

² Based on appraised valuation of US\$1.25 billion as at 31 December 2019

maintained a high occupancy rate of 94.9% with a long weighted average lease expiry (“**WALE**”) of 4.9 years. As at 31 March 2020, PRIME continue to have a strong balance sheet with gearing ratio of 33.7% and interest coverage of 5.8x³.

– End –

For media and analysts’ queries, please contact:

Prime US REIT

Sherena Seow

T: (65) 6951 8095

E: sseow@primeusreit.com

Tulchan Communications LLP

Jonathan Yeoh / Vanessa Ang

T: (65) 6222 3765

E: prime@tulchangroup.com

About Prime US REIT

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 12 prime and freehold office properties, strategically located in ten primary markets in the U.S., with a total appraised value of US\$1.42 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.

³ Calculated as net income plus tax expense, net finance expense, change in fair value of derivatives and amortisation of lease commissions, minus net change in fair value of investment properties divided by interest expense and commitment fees on debt for the period from 01 January 2020 to 31 March 2020.



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.

Important Notice

This announcement is for information only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for the Units in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by Prime US REIT, the Manager, the Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters or any of their respective affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. The Unitholders have no right to request the Manager to redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities in the United States. The Units have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States. The Units may not be offered, sold, or delivered within the United States unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act. Accordingly, the Units are being offered and sold only outside of the United States in offshore transactions in reliance on and in compliance with Regulation S under the U.S. Securities Act. No public offering of securities is being made in the United States.

This announcement is not to be distributed or circulated outside of Singapore. Any failure to comply with this restriction may constitute a violation of United State securities laws or the laws of any other jurisdiction.