



PRIME US REIT

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD FROM 19 JULY 2019 (LISTING DATE) TO 30 SEPTEMBER 2019

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

INTRODUCTION

Overview

Prime US REIT (“PRIME” or the “Group”) is a Singapore real estate investment trust constituted by the Trust Deed dated 7 September 2018 (as amended) between KBS US Prime Property Management Pte. Ltd., as the Manager of PRIME (the “Manager”) and DBS Trustee Limited, as the Trustee of PRIME (the “Trustee”).

PRIME was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 19 July 2019 (the “Listing Date”). PRIME’s principal investment strategy is to invest, directly or indirectly, in stabilised income-producing office assets, and real estate related assets, in the United States of America (“U.S.”). PRIME’s key objectives are to provide Unitholders with regular and stable distributions and to achieve long-term growth in distribution per Unit (“DPU”) and net asset value (“NAV”) per Unit, while maintaining an appropriate capital structure.

PRIME completed the acquisition of its initial portfolio on the Listing Date. PRIME’s portfolio comprises 11 office properties (the “Properties”) located across the U.S., with an aggregate net lettable area (“NLA”) of 3.4 million sq ft, as follows:

Tower I at Emeryville: Tower I at Emeryville is located in Emeryville, California and is part of the Oakland (North Alameda) submarket within the San Francisco Bay Area (Oakland) primary market. It is a 12-storey Class A office building with an NLA of 222,206 sq ft.

222 Main: 222 Main is located in Salt Lake City, Utah and is part of the CBD submarket within the Salt Lake City primary market. It is a 21-storey Class A office tower with an NLA of 426,657 sq ft and a nine-storey parking structure.

Village Center Station I: Village Center Station I is located in Greenwood Village, Colorado and is part of the Southeast Suburban submarket within the Denver primary market. It is a nine-storey Class A office building with an NLA of 234,915 sq ft and an adjacent parking structure.

Village Center Station II: Village Center Station II is located in Greenwood Village, Colorado and is part of the Southeast Suburban submarket within the Denver primary market. It is a 12-storey Class A single-tenanted office building with attached parking and an additional two-storey building, with an NLA of 325,576 sq ft.

101 South Hanley: 101 South Hanley is located in St. Louis, Missouri and is part of the Clayton submarket within the St. Louis primary market. It is a 19-storey Class A office building with an NLA of 360,505 sq ft and a four-storey parking structure.

Tower 909: Tower 909 is located in Irving, Texas and is part of the Las Colinas submarket within the Dallas primary market. It is a 19-storey Class A office building with an NLA of 374,251 sq ft and a seven-storey parking structure.

Promenade I & II: Promenade I & II is located in San Antonio, Texas and is part of the West submarket within the San Antonio primary market. The property consists of two four-storey Class A office buildings with a total NLA of 205,773 sq ft.

CrossPoint: CrossPoint is located in Wayne, Pennsylvania and is part of the King of Prussia submarket within the Philadelphia primary market. It is a three-storey Class A office building with an NLA of 272,360 sq ft.

One Washingtonian Center: One Washingtonian Center is located in Gaithersburg, Maryland and is part of the Suburban Maryland (Gaithersburg), submarket within the Washington D.C. Area (Suburban Maryland) primary market. It is a 13-storey Class A office tower with an NLA of 314,284 sq ft.

Reston Square: Reston Square is located in Reston, Virginia, and is part of the Suburban Virginia (Reston) submarket within the Washington D.C. Area (Suburban Virginia) primary market. It is a six-storey Class A office building with an NLA of 138,995 sq ft.

171 17th Street: 171 17th Street is located in Atlanta, Georgia and is part of the Midtown/Pershing/ Brookwood submarket within the Atlanta primary market. It is a 22-storey Class A office building with an NLA of 510,268 sq ft.

Financial Statements Presentation

As disclosed in the Prospectus, SGX-ST granted PRIME a waiver from compliance with Rule 705(2)(b) of the SGX-ST Listing Manual in relation to the announcement of results for the financial quarter ended 30 June 2019 on the basis that PRIME did not have any meaningful financial results for the quarter as it was a private trust and the Properties had not been acquired yet. Accordingly, PRIME is announcing its first financial results for the period from the Listing Date to 30 September 2019. No comparative figures have been presented as PRIME was dormant from its date of constitution (7 September 2018) to the Listing Date.

Any discrepancies in the tables included in this announcement between the listed amounts and the totals thereof are due to rounding.

Distribution Policy

PRIME intends to make distributions to Unitholders on a semi-annual basis. The first distribution will be for the period from 19 July 2019 to 31 December 2019 and will be paid on or before 30 March 2020.

PRIME'S distribution policy is to distribute 100.0% of distributable income for the period from the Listing Date to 31 December 2020. Thereafter, PRIME will distribute at least 90% of its annual distributable income for each financial year. The actual level of distribution will be determined at the Manager's discretion.

SUMMARY OF PRIME'S RESULTS

	19 July 2019 to 30 September 2019		
	Actual	Forecast ⁽¹⁾	+/(-) ⁽²⁾
	US\$'000	US\$'000	%
Gross Revenue	27,128	26,507	2.3
Net Property Income	17,914	17,425	2.8
Income available for distribution to Unitholders.....	12,791	12,138	5.4
Available DPU (US cents) ⁽³⁾	1.38	1.31	5.4

(1) The Prospectus disclosed a 9-month profit forecast for the period from 1 April 2019 to 31 December 2019. Forecast numbers for the period from 19 July 2019 to 30 September 2019 were derived by pro-rating the forecast figures for the 9-months as disclosed in the Prospectus.

(2) Refer to the section "Variance Between Actual and Forecast Results" for the reasons behind the variance.

(3) No distribution has been declared for the financial period from the 19 July 2019 to 30 September 2019. PRIME's first distribution will be for the period from 19 July 2019 to 31 December 2019.

1(A)(i)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND DISTRIBUTION STATEMENT

	Group
Note	19 July 2019 to 30 September 2019
	US\$'000
<u>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</u>	
Gross revenue	a 27,128
Property operating expenses.....	b (9,215)
Net property income	17,914
Manager's base fee	c (1,305)
Trustee's fee	(33)
Other trust expenses	d (573)
Net change in fair value of derivatives.....	e (9,226)
Finance expenses.....	f (3,200)
Finance income	33
Net income before tax	3,608
Tax expense	g (1,233)
Net income attributable to Unitholders	2,375
<u>DISTRIBUTION STATEMENT</u>	
Net Income attributable to Unitholders	2,375
Distribution adjustments	h 10,415
Income available for distribution to Unitholders.....	12,791

Notes to the Consolidated Statement of Comprehensive Income and Distribution Statement

a) Gross revenue

	Group
	19 July 2019 to 30 September 2019
	US\$'000
Rental income	21,528
Recoveries income ⁽¹⁾	4,187
Other operating income	1,414
Gross revenue	27,128

Footnote:

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

b) Property operating expenses

	Group
	19 July 2019 to 30 September 2019
	US\$'000
Utilities	1,391
Repair and maintenance expenses	1,015
Property management fees	1,069
Property taxes	3,315
Other property operating expenses	2,425
Property operating expenses	9,215

c) Manager's base fee

The Manager has elected to receive 80% of its base fee in the form of units for the period from 19 July 2019 to 30 September 2019.

d) Other trust expenses

	Group
	19 July 2019 to 30 September 2019
	US\$'000
Audit fees paid/payable to auditors of the Group	262
Tax compliance fees	203
Valuation fees	114
Other expenses	(5)
Other trust expenses	573

e) Net change in fair value of derivatives

This relates to a net fair value loss on the interest rate swaps held by the Group for hedging purposes. Interest rates decreased from when the interest rate swaps were entered into prior to the IPO, resulting in derivative losses from mark-to-market of these swaps. This is a non cash item and therefore does not affect income available for distribution to Unitholders.

f) Finance expenses

	Group
	19 July 2019 to 30 September 2019
	US\$'000
Interest expense on loans and borrowings.....	3,019
Amortisation of upfront debt-related transaction costs	161
Commitment fees.....	20
Finance expenses	3,200

g) Tax expense

Tax expense comprise deferred tax expenses. 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.

h) Distribution adjustments

	Group
	19 July 2019 to 30 September 2019
	US\$'000
Property related non-cash items ⁽¹⁾	(1,282)
Manager's base fee paid/payable in Units.....	1,044
Trustee's fee	33
Amortisation of upfront debt-related transaction costs ⁽²⁾	161
Net change in fair value of derivatives.....	9,226
Deferred tax expense	1,233
Distribution adjustments	10,415

Footnotes:

(1) Mainly comprise straight-line rent adjustments and amortisation of lease incentives.

(2) Upfront debt-related transaction costs are amortised over the life of the borrowings.

1(B)(i) STATEMENTS OF FINANCIAL POSITION

	Note	As at 30 September 2019	
		Group	Trust
		US\$'000	US\$'000
Current assets			
Cash and cash equivalents.....		31,787	19,498
Trade and other receivables.....		1,923	1,252
Amount due from subsidiaries.....		-	2,387
Prepaid expenses.....		3,609	-
Total current assets.....		37,320	23,137
Non-current assets			
Investment properties.....	a	1,231,111	-
Investment in subsidiaries.....		-	781,217
Total non-current assets.....		1,231,111	781,217
Total assets.....		1,268,431	804,354
Current liabilities			
Trade and other payables.....		21,049	806
Amount due to related parties.....	b	15,198	15,180
Rental security deposits.....		188	-
Rent received in advance.....		2,494	-
Total current liabilities.....		38,930	15,986
Non-current liabilities			
Loans and borrowings.....		424,682	-
Rental security deposits.....		2,268	-
Derivative liability.....	c	9,226	-
Deferred tax liabilities.....		1,233	-
Total non-current liabilities.....		437,409	-
Total liabilities.....		476,339	15,986
Net assets attributable to Unitholders		792,092	788,368
Represented by:			
Unitholders' funds.....		792,092	788,368
Units in issue and to be issued ('000).....		925,004	925,004
Net asset value per Unit (US\$).....		0.86	0.85

Notes to the Statements of Financial Position

a) Investment properties

Property	Primary Market	Group Carrying Value
		US\$'000
Tower 1 at Emeryville	San Francisco Bay Area (Oakland)	122,027
222 Main	Salt Lake City	211,879
Village Center Station I	Denver	89,125
Village Center Station II	Denver	144,864
101 South Hanley	St. Louis	79,976
Tower 909	Dallas	77,320
Promenade I & II	San Antonio	72,926
CrossPoint	Philadelphia	99,354
One Washingtonian Center	Washington D.C. Area (Suburban Maryland)	104,894
Reston Square	Washington D.C. Area (Suburban Virginia)	51,392
171 17th Street	Atlanta	177,354
Investment properties		1,231,111

	Group
	7 September 2018 to 30 September 2019
	US\$'000
As at 7 September 2018 (Date of constitution).....	-
Acquisitions (including acquisition costs) ⁽¹⁾	1,226,129
Capital expenditure, tenant improvements, straight-line rent, lease incentives and lease commission capitalised	4,982
As at 30 September 2019	1,231,111

Footnote:

(1) The actual cash acquisition consideration was net of capital expenditure and leasing costs under seller's responsibility as at 19 July 2019.

b) Amount due to related parties

This relates primarily to IPO related costs that were initially paid by a related party.

c) Derivative liability

This relates to the interest rate swaps entered into by the Group for hedging purpose. Interest rates decreased from when the interest rate swaps were entered into prior to the IPO, resulting in derivative losses from mark-to-market of these swaps.

1 (B)(ii) AGGREGATE AMOUNT OF LOANS AND BORROWINGS AND DEBT SECURITIES

	<u>Group</u>
	<u>As at 30 September 2019 ⁽¹⁾</u>
	<u>US\$'000</u>
Secured loans and borrowings	
Amount repayable after one year	429,696
Less: Unamortised upfront debt-related transaction costs	(5,014)
Total secured loans and borrowings	<u>424,682</u>
Unsecured loans and borrowings	<u>-</u>
Total loans and borrowings	<u>424,682</u>

Footnote:

- (1) No comparative figures have been presented as PRIME was dormant from its date of constitution (7 September 2018) to 19 July 2019.

Details of loans and borrowings, and collaterals

	<u>Maturity</u>	<u>As at 30 September 2019</u>
		<u>US\$'000</u>
Non-current loans and borrowings		
Revolving credit facility ⁽¹⁾⁽²⁾	July 2022 ⁽³⁾	44,696
Four-year term loan facility ⁽²⁾	July 2023	140,000
Five-year term loan facility ⁽²⁾	July 2024	140,000
Ten-year term loan facility ⁽⁴⁾	August 2029	105,000
Total non-current loans and borrowings		<u>429,696</u>
Less: Unamortised upfront debt-related transaction costs		(5,014)
Total loans and borrowings		<u>424,682</u>

Footnotes:

- (1) The total amount available under this facility is US\$100.0 million.
(2) The borrower is Prime US-Lower Tier, LLC, which has pledged its equity interest in each of the property-owning entities (apart from the entity owning the 222 Main property).
(3) The facility has two one-year extension options.
(4) The borrower is Prime US-222 Main, LLC, and the facility is secured by the 222 Main property.

As at 30 September 2019, the Group had total gross loans and borrowings of US\$429.7 million and US\$55.3 million unutilised under the revolving credit facility to meet its future obligations. The interest rate on the four- and five-year term loans have been hedged using floating-for-fixed interest rate swaps and the ten-year term loan has a fixed interest rate. The weighted average interest rate (excluding amortisation of upfront debt-related transaction costs and commitment fees) on loans and borrowings from 19 July 2019 to 30 September 2019 was 3.34% (taking into account the interest rate swaps). Aggregate leverage, as defined in the Property Funds Appendix, as at 30 September 2019 was 33.9%.

1 (C) CONSOLIDATED STATEMENT OF CASH FLOWS

		Group
	Notes	19 July 2019 to 30 September 2019
		US\$'000
Cash flows from operating activities		
Net income before tax.....		3,608
Adjustments for:		
Property related non-cash items.....		(1,282)
Manager's fee paid/payable in Units.....		1,044
Net change in fair value of derivatives.....		9,226
Finance expenses.....		3,200
Finance income		(33)
Operating income before working capital changes		15,763
Changes in working capital:		
Trade and other receivables.....		(1,923)
Prepaid expenses		(3,609)
Trade and other payables.....		7,813
Amount due to related parties.....		3,918
Rental security deposits.....		(59)
Rent received in advance		2,494
Net cash generated from operating activities.....		24,397
Cash flows from investing activities		
Acquisition of investment properties and related assets and liabilities	a	(1,214,185)
Additions to investment properties	b	(2,929)
Interest received		33
Net cash used in investing activities.....		(1,217,081)
Cash flows from financing activities		
Proceeds from issuance of Units.....	c	813,000
Payment for transaction costs relating to issuance of Units.....		(12,331)
Proceeds from loans and borrowings.....		452,196
Payment of transaction costs related to loans and borrowings.....		(4,011)
Repayment of loans and borrowings		(22,500)
Interest paid on loans and borrowings.....		(1,884)
Net cash generated from financing activities.....		1,224,470
Net increase in cash and cash equivalents		31,786
Cash and cash equivalents at beginning of the period.....		1
Cash and cash equivalents at end of the period.....		31,787

Notes to the Consolidated Statement of Cash Flows

a) Acquisition of investment properties and related assets and liabilities

	<u>Group</u>
	<u>19 July 2019 to 30 September 2019</u>
	<u>US\$'000</u>
Agreed purchase consideration for investment properties	1,222,150
Acquisition costs	5,859
Capital expenditure and leasing costs under seller's responsibility	(1,880)
Net cash consideration for investment properties	<u>1,226,129</u>
Accrued expenses and other payables	(9,429)
Rental security deposits.....	(2,514)
Acquisition of investment properties and related assets and liabilities	<u><u>1,214,185</u></u>

b) Additions to investment properties

Includes spending on capital expenditure and tenant improvement allowances.

c) Proceeds from issuance of Units

On Listing Date, an aggregate of 923,864,000 Units were issued at US\$0.88 per unit for gross proceeds of US\$813.0 million.

The proceeds from the issue of Units and loan facilities drawn on were used in accordance with the stated uses as disclosed in the Prospectus and are set out below.

	<u>Actual</u>	<u>Prospectus</u>	<u>Variance</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Acquisition of the properties ⁽¹⁾⁽²⁾	1,220,270	1,222,150	(1,880)
Transaction costs ⁽³⁾⁽⁴⁾	36,520	39,171	(2,651)
Working capital	4,000	4,000	-
Total	<u><u>1,260,790</u></u>	<u><u>1,265,321</u></u>	<u><u>(4,531)</u></u>

Footnotes:

- (1) The actual amount consists of the agreed purchase consideration for investment properties net of capital expenditure and leasing costs under seller's responsibility. Acquisition costs are included as part of transactions costs to be consistent with the disclosure in the Prospectus.
- (2) The favourable variance is due to capital expenditure and leasing costs under seller's responsibility. PRIME will utilise the funds to pay for the capital expenditure and leasing costs when due.
- (3) Transaction costs include expenses incurred in relation to the acquisition of the Properties, the issue of units at the IPO, and debt upfront costs.
- (4) The favourable variance is mainly from lower than expected IPO related costs. These savings will be used for general working capital purposes.

1 (D)(i) STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

	Units in issue and to be issued	Retained earnings	Total
	US\$'000	US\$'000	US\$'000
<u>Group</u>			
At 7 September 2018 (Date of constitution)	-(1)	-	-(1)
<i>Operations</i>			
Net income for the period	-	2,375	2,375
<i>Unitholders' transactions</i>			
Issue of new units on the Listing Date	813,000	-	813,000
Issue costs ⁽²⁾	(24,327)	-	(24,327)
Manager's base fee payable in Units	1,044	-	1,044
Total Unitholders' transactions	789,717	-	789,717
Total Unitholders' funds as at 30 September 2019	789,717	2,375	792,092
<u>Trust</u>			
At 7 September 2018 (Date of constitution) ⁽¹⁾	-(1)	-	-(1)
<i>Operations</i>			
Net loss for the period	-	(1,349)	(1,349)
<i>Unitholders' transactions</i>			
Issue of new units on the Listing Date	813,000	-	813,000
Issue costs ⁽²⁾	(24,327)	-	(24,327)
Manager's base fee payable in Units	1,044	-	1,044
Total Unitholders' transactions	789,717	-	789,717
Total Unitholders' funds as at 30 September 2019	789,717	(1,349)	788,368

Footnotes:

(1) Less than US\$1,000.

(2) Issue costs comprise underwriting and selling commissions, professional and other fees, and other issue expenses.

1 (D)(ii) DETAILS OF ANY CHANGES IN UNITS

	<u>Group</u> <u>7 September 2018</u> <u>to 30 September</u> <u>2019</u>
Units in issue:	
At 7 September 2018 (Date of constitution)	1
New Units issued on the Listing Date	923,863,999
Total issued Units as at 30 September 2019	923,864,000
Units to be issued:	
Manager's base fee payable in Units ⁽¹⁾	1,139,872
Total units issued and to be issued as at the end of the period	925,003,872

Footnote:

- (1) The Manager has elected to receive 80.0% of the Manager's base fee in units for the period from 19 July 2019 to 30 September 2019. The number of units is calculated based on the volume weighted average traded price of the Units on the SGX-ST for the last 10 business days for the period ended 30 September of US\$0.916.

1 (D)(iii) TOTAL NUMBER OF ISSUED UNITS

PRIME does not hold any treasury units as at 30 September 2019. The total number of issued units as at 30 September 2019 was 923,864,000.

1 (D)(iv) SALES, TRANSFERS, DISPOSALS, CANCELLATION AND/OR USE OF TREASURY UNITS

Not applicable.

2. AUDIT

The figures have neither been audited nor reviewed by the auditors.

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation as described in the Prospectus in the preparation of the consolidated financial statements for the current reporting period.

5. CHANGES IN ACCOUNTING POLICIES

Not applicable.

6. CONSOLIDATED EARNINGS PER UNIT ("EPU") AND DISTRIBUTION PER UNIT ("DPU")

	<u>Group</u> <u>19 July 2019 to 30</u> <u>September 2019</u>
<u>EPU</u>	
Net income for the period (US\$'000)	2,375
Weighted average number of Units in issue and to be issued ⁽¹⁾	923,879,404
Basic and diluted EPU (US cents)⁽²⁾.....	0.26
 <u>DPU</u>	
Income available for distribution to Unitholders (US\$'000)	12,791
Number of Units in issue at the end of the period ⁽³⁾	923,864,000
DPU (US cents)	1.38

Footnotes:

- (1) Based on the weighted average number of units in issue during the period and the units to be issued as part payment of the Manager's base fee incurred for the period from Listing Date to 30 September 2019.
- (2) Diluted EPU is equivalent to basic EPU as there were no dilutive instruments in issue during the period.
- (3) Number of units in issue as at 30 September 2019.

7. NET ASSET VALUE ("NAV") AND NET TANGIBLE ASSET ("NTA") PER UNIT

	<u>As at 30 September 2019</u>	
	<u>Group</u>	<u>Trust</u>
Net assets (US\$'000).....	792,092	788,368
Number of Units in issue and to be issued ⁽¹⁾	925,003,872	925,003,872
NAV and NTA per Unit ⁽²⁾ (US\$).....	0.86	0.85

Footnotes:

- (1) Based on the number of units in issue during the period and the units to be issued as part payment of the Manager's base fee.
- (2) NAV and NTA is the same as there are no intangible assets as at the end of the period.

8. REVIEW OF PERFORMANCE

Please refer to “Variance Between Actual and Forecast Results” for a review of the actual results for the period from 19 July 2019 (Listing Date) to 30 September 2019 against the forecast as disclosed in the Prospectus.

9. VARIANCE BETWEEN ACTUAL AND FORECAST RESULTS

	19 July 2019 to 30 September 2019		
	Actual ⁽¹⁾	Forecast ⁽²⁾	Change
	US\$'000	US\$'000	%
<u>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</u>			
Gross Revenue	27,128	26,507	2.3
Property operating expenses.....	(9,215)	(9,082)	1.5
Net Property Income.....	17,914	17,425	2.8
Manager's base fee	(1,305)	(1,239)	5.4
Trustee's fee	(33)	(49)	(32.4)
Other trust expenses	(573)	(706)	(18.7)
Net change in fair value of derivatives.....	(9,226)	-	n.m. ⁽³⁾
Finance expenses.....	(3,200)	(3,196)	0.1
Finance income	33	-	n.m. ⁽³⁾
Net income before tax	3,608	12,235	(70.5)
Tax expense	(1,233)	(1,164)	5.9
Net income attributable to Unitholders	2,375	11,071	(78.5)
<u>DISTRIBUTION STATEMENT</u>			
Net Income attributable to Unitholders	2,375	11,071	(78.5)
Distribution adjustments	10,415	1,067	876.1
Income available for distribution to Unitholders	12,791	12,138	5.4

Footnotes:

- (1) PRIME was a dormant private trust up to 19 July 2019. Therefore, the actual income derived from the properties for the current period was from 19 July 2019 to 30 September 2019.
- (2) The Prospectus disclosed a 9-month profit forecast for the period from 1 April 2019 to 31 December 2019. Forecast results for the period from 19 July 2019 to 30 September 2019 were derived by pro-rating the forecast figures.
- (3) n.m.: not meaningful

Actual vs Forecast for the financial period from 19 July 2019 to 30 September 2019

Gross revenue of US\$27.1 million was 2.3% or US\$0.6 million above forecast largely due to higher rental income and recoveries income. Property expenses of US\$9.2 million were 1.5% or US\$0.1 million higher than forecast.

Accordingly, net property income of US\$17.9 million was 2.8% or US\$0.5 million higher than forecast.

Manager's base fee of US\$1.3 million was 5.4% or US\$0.1 million higher than forecast as income available for distribution to Unitholders was 5.4% higher than forecast. Manager's base fee is 10.0% of income available for distribution to Unitholders (calculated before accounting for the Manager's base fee).

Other trust expenses of US\$0.6 million were 18.7% or US\$0.1 million lower than forecast largely due to lower miscellaneous expenses.

Net change in fair value of derivatives resulted in a loss of US\$9.2 million as interest rates decreased from the date interest rate swaps were entered into prior to the IPO. The forecast did not assume any changes in interest rates. This is a non-cash item and therefore does not affect income available for distribution to Unitholders.

Finance expenses of US\$3.2 million were slightly higher than forecast. This was largely as a result of higher amortisation of upfront debt-related transaction costs due to actual upfront debt-related transaction costs at IPO being higher than forecast, partially offset by lower interest expense on the revolving credit facility due to declining interest rates.

Due to the net effects of the above, net income attributable to Unitholders was US\$2.4 million. Excluding the net change in fair value of derivatives, which was non-cash in nature, net income available to Unitholders was US\$11.6 million, which was 4.8% or US\$0.5 million higher than forecast.

Overall, income available for distribution to Unitholders of US\$12.8 million was 5.4% or US\$0.7 million higher than forecast.

10. PROSPECTS

The U.S. economy continued to grow at a steady pace in the third quarter of 2019, and the unemployment rate dropped to 3.5% - the lowest since 1969. Approximately 470,000 new jobs were added, of which 140,000 were in the key office-using sectors. According to Cushman & Wakefield, the technology sector continued to dominate leasing, accounting for nearly 31% of the top leases signed across the nation during the quarter.

According to the "advance" estimate released by the Bureau of Economic Analysis, real gross domestic product increased 1.9% in the third quarter of 2019. This reflected positive contributions from personal consumption expenditures, federal government spending, residential fixed investment, state and local government spending, and exports that were partly offset by negative contributions from non-residential fixed investment and private inventory investment, against a backdrop of continued concerns related to the China-U.S. trade dispute and U.S. political uncertainties.

The U.S. office market demand remained healthy despite the trade tensions. According to CoStar, the 12-month office net absorption was 49.7 million sq ft as of 3Q2019, with 25.6 mil sq ft in the 3rd quarter alone, the highest level since the 4th quarter of 2015. Deliveries were 69.7 million sq ft over the last 12 months, with the majority of new supply coming from major cities' CBDs. The national average occupancy rate for the same period remained stable at 90.2%. The 12-month overall rent growth was 2.4% as at end-September 2019, the 34th consecutive quarter of rent increases, the longest period on record.

As of 30 September 2019, the portfolio occupancy of PRIME was 97.0%, and 98.3% of leases have rental escalations. PRIME's diversified and resilient portfolio is supported by its favourable tenant exposure in the STEM/TAMI sectors. The Manager is committed to maintaining a proactive and prudent approach in its leasing and asset management activities to maximise returns to Unitholders.

11. DISTRIBUTIONS

(a) Current Financial Period reported on

Any distribution recommended for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any distribution declared for the corresponding period of the immediately preceding financial year? Not applicable

(c) Book closure date Not applicable

(d) Date payable Not applicable.

12. DISTRIBUTION STATEMENT

No distribution for the current financial period was declared. PRIME's first distribution after the Listing Date will be for the period from the Listing Date to 31 December 2019 and will be paid on or before 30 March 2020.

13. GENERAL MANDATE RELATING TO INTERESTED PERSON TRANSACTIONS

The Group has not obtained a general mandate from Unitholders for interested party transactions.

14. NEGATIVE CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

The Board of Directors of KBS US Prime Property Management Pte. Ltd., as the Manager of PRIME (the "Manager"), hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the unaudited financial statements of PRIME for the period from 19 July 2019 (Listing Date) to 30 September 2019 to be false or misleading in any material aspect.

15. CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

On behalf of the Board
KBS US Prime Property Management Pte. Ltd.
(Company Registration Number: 201825461R)
As Manager of Prime US REIT

Mr. Charles J. Schreiber Jr.
Chairman

Professor Annie Koh
Director

5 November 2019

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events. The value of units in Prime US REIT (the "Units") and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, DBS Trustee Limited (as trustee of Prime US REIT) or any of their affiliates.

An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Holders of Units (the "Unitholder") 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 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.

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.

The past performance of Prime US REIT is not necessarily indicative of its future performance.

By Order of the Board
KBS US Prime Property Management Pte. Ltd.
(Company Registration Number: 201825461R)
As Manager of Prime US REIT

Gwendolin Lee
Company Secretary
5 November 2019