



NEWS RELEASE

PRIME US REIT 1Q2022 KEY BUSINESS AND OPERATIONAL UPDATES; DISTRIBUTABLE INCOME UP 19.0% TO US\$20.9 MILLION

- Continues positive leasing momentum for 1Q2022, more than double 1Q2021; 171,747 sq ft of leases executed at an overall positive rental reversion of 3.4%
- Accretive acquisitions of Sorrento Towers and One Town Center continue to contribute strongly to the growth and diversification of PRIME's income
- Stable portfolio occupancy of 89.9% with long WALE of 4.2 years
- Maintains strong rent collections above 99% from FY2020 into 1Q2022
- Parking revenue recovery as tenants gradually return to office, increase of over 30% vs 1Q2021
- Stable NAV per unit of US\$ 0.84 as at 31 March 2022
- Active capital management underpins strong balance sheet and ample debt headroom as PRIME focuses on accretive acquisitions

Singapore, 11 May 2022 – 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 published its key business and operational updates for the quarter ended 31 March 2022 (“**1Q2022**”).

PRIME's gross revenue and net property income (“**NPI**”) for 1Q2022 increased 13.6% and 10.4% year-on-year (“**yoy**”) to US\$40.8 million and US\$25.4 million, respectively. Distributable income increased 19.0% yoy to US\$20.9 million, with the two new assets Sorrento Towers and One Town Center contributing to the growth.

Resilient Portfolio with Quality Assets

PRIME's well-diversified portfolio occupancy remained resilient at 89.9% in 1Q2022, well above the U.S. Class A 4/5 Star office average of 83.3% reported by CoStar.¹ The portfolio maintained strong rent collections of over 99% for the quarter with no deferrals and averaged above 99% through from FY2020 into 1Q2022.

¹ CoStar as of 9 May 2022, 4/5 star properties

While the pandemic constrained the recovery and return-to-office arrangements in 1Q2022, this is trending in the right direction, reflected in PRIME's parking revenues which increased by over 30% as compared to 1Q2021. Furthermore, PRIME's strong office leasing momentum continued in the quarter as more tenants make longer-term leasing decisions. Leasing activity more than doubled from 1Q2021, with 171,747 sq ft of leases executed in 1Q2022 at a positive rental reversion of 3.4%. Renewals constituted the majority of the leasing activity for 1Q2022, and the company also executed 55,423 sq ft of new leases from tenants in the established, tech and professional services sectors. A further 46,000 sq ft of leases have been executed in 2Q2022 to date, bringing year-to-date leasing volumes to over 217,000 sq ft, at a cumulative positive rental reversion of 6.0%.

Amid the Covid-impacted environment, rental reversions over last seven quarters have consistently remained positive. Portfolio rents are also below asking rents by 6.0%, reflecting the continued potential for rental reversion.

PRIME's portfolio is supported by a long weighted average lease expiry ("**WALE**") of 4.2 years. Upcoming lease expiries are well-spread across the portfolio, thus reducing single asset exposure.

Primed for Sustainable Growth

Yield-accretive and quality asset investment opportunities continue to be a key focus for PRIME. PRIME's growth strategies are well-supported by its strong balance sheet and proactive capital management. Gearing remains low at 39.1% with ample debt headroom of US\$371 million at 50% leverage limit, and US\$202 million of undrawn facilities.

PRIME's fixed interest rates on 83.0% of its debt and a fully extended weighted average debt maturity of 3.4 years mitigates against any near-term interest rate and refinancing risks in the expected rising interest rate environment. Interest coverage was 5.2 times as at 31 March 2022 and effective interest cost was a low 2.7%.

Road to Recovery

The U.S. economy is well on its way to recovery as evidenced by growth of 5.7%² and over six million new jobs created in 2021³. While the most companies' initial return to office is on a hybrid basis, physical occupancy increased during the first quarter of 2022 over year-end 2021⁴. Cushman & Wakefield research reported that the demand for office space is starting to return to pre-pandemic levels. Based on the 90 U.S. markets tracked at Cushman & Wakefield, four-quarter rolling total leasing activity was up 41% year-over-year in 1Q2022.⁵

Expectations are now centered around a more gradual return schedule and the adoption of a hybrid model with emerging employee preferences centering on three days a week in the office, and two days a week of remote working.

PRIME will continue to identify critical components which best support employers' long-term workspace needs. It will also look at asset enhancement initiatives that facilitate purpose-focused time in office such as collaboration and social interaction to meet evolving tenant needs.

PRIME continues to actively explore accretive acquisition opportunities in non-gateway and key U.S. office markets with the right risk-reward profile, economic and employment growth prospects and favourable attributes such as diverse talent pools, highly educated workforces, and reliable transportation infrastructure.

Ms Barbara Cambon, Chief Executive Officer and Chief Investment Officer of the Manager of PRIME, said, "PRIME's income resiliency continues to be underpinned by our diversified portfolio in favourable U.S. office markets with strong economic and investment characteristics, and our focus on key growth technology and established industry sectors.

As a facilitator of collaborative spaces and growth, we continue to leverage technology and engage in close communications with our tenants to provide safe, healthy and conducive environments to assist their return-to-office. This is progressing well as evidenced by our strong leasing momentum.

² Bureau of Economic Analysis, 27 January 2022

³ U.S. Labor Department data, 31 December 2021

⁴ Kastle Weekly Report, 2 May 2022



We will continue to pursue accretive acquisitions and attract prospective tenants in growth-oriented urban centres, and we remain committed to delivering long-term sustainable growth to our Unitholders and supporting our tenants' long-term workspace needs.”

– End –



For further information, please contact:

Tulchan Communications LLP

Jonathan Yeoh / Jaslin Tan

T: (65) 6222 3765

E: prime@tulchangroup.com

About Prime US REIT

Listed on 19 July 2019 on the Main Board of the Singapore Exchange, Prime US REIT ("PRIME") is a well-diversified real estate investment trust ("REIT") focused on stabilised income-producing office assets in the United States ("U.S."). With the objectives to achieve long-term growth in distributions per unit and net asset value per unit while maintaining a robust capital structure, PRIME offers investors unique exposure to a high-quality portfolio of 14 Class A freehold office properties which are strategically located in 13 key U.S. office markets. PRIME's portfolio has a total carrying value of US\$1.66 billion as at 31 March 2022.

About the Sponsor

KBS Asia Partners Pte. Ltd. ("KAP") is the Sponsor of PRIME. The shareholders of KAP include founding members of KBS, a substantial owner of premier commercial real estate in the U.S. As a private equity real estate company and an SEC-registered investment adviser, KBS and its affiliated companies have completed more than US\$43 billion of transactional volume on behalf of private and institutional investors globally 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.

For more information, please visit www.primeusreit.com.



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.