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(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.

## ACQUISITION OF (I) SORRENTO TOWERS IN SAN DIEGO, CALIFORNIA AND (II) ONE TOWN CENTER IN BOCA RATON, FLORIDA

### 1. INTRODUCTION

KBS US Prime Property Management Pte. Ltd., in its capacity as manager of Prime US REIT (the "**Manager**"), is pleased to announce that Prime US REIT, through KBS Realty Advisors, LLC ("**KBS RA**"), has today entered into:

- (i) a purchase agreement ("**ST Purchase Agreement**") with Sorrento Towers North LLC (the "**ST Vendor**") to acquire the property known as Sorrento Towers located at 5355 & 5375 Mira Sorrento Place, San Diego, California ("**Sorrento Towers**") from the ST Vendor; and
- (ii) a purchase agreement ("**OTC Purchase Agreement**") with CP OTC LLC (the "**OTC Vendor**") to acquire the property known as One Town Center located at One Town Center, Boca Raton, Florida ("**One Town Center**" together with Sorrento Towers, the "**Properties**" and each the "**Property**") from the OTC Vendor,

(the acquisition of the Properties, the "**Acquisitions**").

The ST Vendor and the OTC Vendor are unrelated third-party vendors.

## 2. INFORMATION ON THE PROPERTIES

### 2.1 Sorrento Towers

The Property Sorrento Towers is comprised of two, seven-story, Class A office towers and sits above a three-level podium garage. The Property is located in San Diego's technology and life science hub, Sorrento Mesa. The Property is leased to a diverse mix of high quality and creditworthy tenants.

<b>Purchase Consideration</b>	US\$ 146.0 million <sup>(1)</sup>
<b>Valuation</b>	US\$ 146.0 million <sup>(2)</sup>
<b>Net Leasable Area (“NLA”)</b>	296,327 square feet (“sq ft”)
<b>Land Tenure</b>	Freehold
<b>Year Built</b>	1989
<b>Parking Lots</b>	1,052 spaces (3.9 lots /1,000 sq ft)
<b>Year of last refurbishment completion</b>	2020
<b>Occupancy<sup>(3)</sup></b>	95.6%
<b>Number of Tenants</b>	11
<b>Implied Capitalisation Rate<sup>(2)</sup></b>	5.3%
<b>Weighted Average Lease Expiry (“WALE”) by NLA (as at 31 March 2021)</b>	6.6 years

**Notes:**

(1) Subject to the adjustments and prorations provided for under the ST Purchase Agreement.

(2) Based on valuation as at 9 June 2021 by Cushman & Wakefield Western, Inc., an independent valuer.

(3) Leased occupancy as at 31 March 2021. New lease execution for 7,610 sq ft for 7.5 years increases leased occupancy to 98.2% as of June 2021.

### 2.2 One Town Center

The Property is a 10-storey Class A office tower and a five-storey attached parking garage. The Property is located in the heart of Boca Raton, offering ideal access to the area's many amenities. Within walking distance to Town Center Mall, Boca Center, and Glades Plaza there are restaurants, national and boutique retail, and hotels just a few steps away. The Property is leased to a diverse mix of high quality and creditworthy tenants.

<b>Purchase Consideration</b>	US\$ 99.5 million <sup>(1)</sup>
<b>Valuation</b>	US\$ 102 million <sup>(2)</sup>
<b>NLA</b>	191,294 sq ft
<b>Land Tenure</b>	Freehold
<b>Year Built</b>	1991

<b>Parking Lots</b>	Garage: 435 Surface: 274 (3.7 spaces /1,000 sq ft)
<b>Year of last refurbishment completion</b>	2020
<b>Occupancy<sup>(3)</sup></b>	94.7%
<b>Number of Tenants</b>	14
<b>Implied Capitalisation Rate<sup>(4)</sup></b>	5.8%
<b>Weighted Average Lease Expiry (“WALE”) by NLA (as at 31 March 2021)</b>	6.2 years

**Notes:**

- (1) Subject to the adjustments as provided for in the OTC Purchase Agreement.
- (2) Based on valuation as at 8 June 2021 by Joseph J. Blake and Associates, Inc., an independent valuer.
- (3) Leased occupancy as at 31 March 2021
- (4) Based on valuation as at 8 June 2021 by Joseph J. Blake and Associates, Inc., an independent valuer, and adjusted for the purchase consideration of US\$99.5 million, which is at a 2.5% discount to valuation.

### 3. DETAILS OF THE ACQUISITIONS

#### 3.1 Valuation and Purchase Consideration

The aggregate purchase consideration (“**Aggregate Purchase Consideration**”) payable for the Acquisitions is US\$245.5 million, comprising US\$146.0 million for Sorrento Towers and US\$99.5 million for One Tower Center, and was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuation of each Property.

The independent valuation conducted by an independent valuer, Cushman & Wakefield Western, Inc. (the “**ST Valuer**”), concluded a market value for Sorrento Towers of US\$146.0 million as of 9 June 2021, based on the sales comparison approach and the income capitalisation approach. The independent valuation conducted by another independent valuer, Joseph J. Blake and Associates, Inc. (the “**OTC Valuer**”), concluded a market value for One Tower Center of US\$102.0 million as of 8 June 2021, based on the cost, income capitalisation and sales comparison approaches.

The purchase consideration for Sorrento Towers matches the independent valuation conducted by the ST Valuer and the purchase consideration for One Tower Center represents approximately 2.5% discount to the independent valuation conducted by the OTC Valuer.

#### 3.2 Estimated Total Acquisition Cost

The estimated total cost of the Acquisitions (the “**Total Acquisition Cost**”) is approximately US\$247.7<sup>1</sup> million, comprising:

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<sup>1</sup> Excludes anticipated closing credits of US\$2.5 million for outstanding capital expenditures payable by the sellers.

- 3.2.1 the Aggregate Purchase Consideration of US\$245.5 million, less closing credits of US\$2.5 million<sup>1</sup>;
- 3.2.2 the acquisition fee payable to the Manager for the Acquisitions pursuant to the trust deed dated 7 September 2018 constituting Prime US REIT (as amended and restated) of approximately US\$2.5 million, which the Manager has elected to be paid in cash; and
- 3.2.3 estimated professional and other transaction fees and expenses incurred, or to be incurred, in connection with the Acquisitions (inclusive of financing related expenses, due diligence cost, land transfer taxes and costs to be incurred in relation to the valuation) of approximately US\$2.2 million.

### **3.3 Principal Terms of Purchase Agreements**

#### **3.3.1 ST Purchase Agreement**

The principal terms of the ST Purchase Agreement include the following:

- customary provisions relating to the acquisition, including representations and warranties;
- the conditions precedent to the buyer's obligation to proceed with the closing are that (i) the title company shall be prepared to issue to the buyer the title policy; (ii) the seller shall have made all deliveries required to be made by the seller pursuant to the purchase agreement; (iii) there shall be no pending litigation that was not previously disclosed, which could have a material adverse effect on the Property or expose the buyer to material liabilities; (iv) the seller's representations and warranties under the purchase agreement shall be true and correct in all material respects; (v) the seller shall have duly performed all material covenants and agreements to be performed by the seller under the purchase agreement; (vi) the buyer shall have received an executed contractor's certificate or seller's certificate in accordance with the purchase agreement; and (vii) the seller shall have delivered to the buyer executed estoppels from tenants comprising at least 75% of the of the leased rentable square footage of the property (including all leases covering 5,000 sq ft or more); and
- to the extent that the seller's obligations under the purchase agreement survive the closing, they will survive for nine (9) months following the closing date, and the seller will not have any liability to the buyer for most breaches until the buyer's claims aggregate more than US\$50,000, subject to a cap of 1.5% of the purchase price.

#### **3.3.2 OTC Purchase Agreement**

The principal terms of the OTC Purchase Agreement include the following:

- customary provisions relating to the acquisition, including representations and warranties;
- the conditions precedent to the buyer's obligation to proceed with the closing are that (i) the seller shall have delivered to the buyer executed

estoppels from tenants (including major tenants) comprising at least 75% of the total area in the property leased to tenants; (ii) the seller shall have delivered to the buyer a certificate of compliance from the Florida Department of Revenue; (iii) the title company shall have irrevocably committed (or be willing to irrevocably commit) to issue the title policy to the buyer in accordance with the terms of the purchase agreement; (iv) none of the representations and warranties by the seller in the purchase agreement are materially inaccurate; (v) the seller shall have duly performed all covenants and agreements to be performed by the seller under the purchase agreement; (vi) the buyer shall have received evidence reasonably satisfactory to the buyer in relation to the certain zoning requirements and non-applicability of certain covenants as provided for in the purchase agreement; (vii) the buyer shall have received evidence reasonably satisfactory to the buyer that no party who is a successor to the grantee under the grant of parking easements appearing in the title commitment has exercised their rights as described in the purchase agreement; (viii) the seller shall have delivered to the buyer prior to closing the estoppel certificates from the associations; and

- to the extent that the seller's obligations under the purchase agreement survive the closing, they will survive for nine (9) months following the closing date, subject to a cap of 1.5% of the purchase price.

### **3.4 Structure of the Acquisitions and Transfer of the ST Purchase Agreement and OTC Purchase Agreement**

#### **3.4.1 ST Purchase Agreement**

KBS RA had previously entered into the ST Purchase Agreement with the ST Vendor. Under the terms of the ST Purchase Agreement the purchaser had until 8.00 a.m. on 24 June 2021 (Singapore time) (the "**ST Relevant Time**") to indicate whether it intends to complete the acquisition of Sorrento Towers. KBS RA issued a notice to the ST Vendor that it intends to complete the acquisition of Sorrento Towers, and it transferred the ST Purchase Agreement to Prime US REIT, through its wholly-owned subsidiary, Prime US-Sorrento Towers, LLC, on 24 June 2021 prior to the ST Relevant Time.

#### **3.4.2 OTC Purchase Agreement**

KBS RA had previously entered into the OTC Purchase Agreement with the OTC Vendor. Under the terms of the OTC Purchase Agreement the purchaser had until 8.00 a.m. on 24 June 2021 (Singapore time) (the "**OTC Relevant Time**") to indicate whether it intends to complete the acquisition of One Town Center. KBS RA issued a notice to the OTC Vendor that it intends to complete the acquisition of One Town Center, and it transferred the OTC Purchase Agreement to Prime US REIT, through its wholly-owned subsidiary, Prime US-One Town Center, LLC, on 24 June 2021 prior to the OTC Relevant Time.

#### **4. RATIONALE FOR AND BENEFITS OF THE ACQUISITIONS**

Prime US REIT's focus has been and continues to be on growth cities in the United States of America ("U.S.") which exhibit favourable attributes such as highly educated workforce, strong employment growth, good transportation infrastructure, low density urban environments and affordability.

The Manager believes that the Acquisitions are in line with its broader strategy and focus on increasing exposure to growth sectors like STEM/TAMI and Established Industry sectors, and believes that this transaction will bring the following key benefits to unitholders of Prime US REIT ("Unitholders"):

##### **4.1 Strategic Acquisitions Aligned with Manager's growth objectives**

###### **4.1.1 Further increasing exposure to growth sectors, specifically in STEM/TAMI and Established Industry sectors**

The Manager has identified these Class A properties in San Diego and Boca Raton to be aligned with its strategy of further increasing exposure to the STEM/TAMI and Established Industry sectors, which are poised to benefit from current trends such as the growth of technology and life sciences sector as well as the migration of wealth and population from highly dense and expensive gateway city locations to affordable destinations with lower taxes and better quality of life.

The acquisition of Sorrento Towers in Sorrento Mesa will expand Prime US REIT's foothold to Southern California, gaining exposure to the technology and life science-focused economy of San Diego. San Diego is ranked the 7th Top Tech City in the U.S. with high quality of life and great weather all year round. San Diego's high-tech employment is up 1.5% year over year, compared with near zero for the nation, and tech firms' appetite for more workers is strong. Post-acquisition, Prime US REIT will have a presence in 12 key growth markets, out of which 8 are amongst the Top 25 Tech Markets in the U.S.

On the south-eastern coast, One Town Center in Boca Raton extends Prime US REIT's presence into Florida, which is poised to benefit from the trend of in-migration of businesses, population and wealth towards South-eastern United States, supporting the long term demand outlook of the submarket.



The Manager believes that the addition of these freehold prime properties would achieve portfolio growth through the acquisition of quality income producing properties within high growth markets which is aligned with the REIT’s key investment strategy to enhance the return to Unitholders by tapping on the deep experience of KBS’ acquisition team with a proven track record.

Against the backdrop of gradual reopening of workspaces in the U.S., these properties have been selected by the Manager based on their attributes of income resilience which stems from their high-quality tenant base, as well as favourable lease expiry profiles. Sorrento Towers and One Town Center have a WALE by NLA of 6.6 years and 6.2 years as at 31 March 2021 respectively, both of which will help to extend Prime US REIT’s portfolio WALE.

In addition, the two properties have minimal near-term lease expiry with only 10.7% and 5.4% of leases by NLA, respectively, expiring in the next 3 years. The Manager believes that these attributes will help to relieve near-term leasing pressures and enhance long term income stability for Prime US REIT.

## 4.2 Expansion into San Diego via Sorrento Towers

### 4.2.1 San Diego is the 7<sup>th</sup> top tech city in the U.S.

San Diego is now at the centre of the convergence of the technology sector and rapidly growing, venture capital-fuelled life science vertical that is reshaping the marketplace. Local start-ups raised US\$5.3 billion of venture funding in 2020, more than double the amount raised in 2019. San Diego also has diversified economic engines – ranging from a dominant military and defence industry, flourishing technology sector, large biotechnology cluster and strong tourism industry. San Diego is also seen as a top place to live in with regional attractions and beautiful year-round weather.

As a result, San Diego offers access to one of the most skilled and highly educated work forces in the country with nearly 10% of local workers – double the U.S. average – being employed in high-tech industries. The unique demographics and economic base make San Diego a marketplace strategically positioned for continued long-term upside potential.

Within San Diego, the Sorrento Mesa submarket has historically been one of the most desirable office submarkets due to its central location, access to regional transportation centres, proximity to major educational and research institutions, and reputation for being the technology hub in the market area.

The Sorrento Mesa submarket has long been recognised as San Diego’s technology epicentre and serves as the headquarters location for some of the nation’s most innovative companies, including Qualcomm, Dexcom, Peregrine Semiconductor and Transcore. Qualcomm has defined the Sorrento Mesa’s landscape since the establishment of its headquarters in 1985 and as a leader of today’s 5G standards, Qualcomm attracts related businesses and talents from the info-communications sector.



In addition, Sorrento Mesa is well positioned for “Medtech” and technology focused companies with a supporting ecosystem of related supply chain companies located in the vicinity. Research centres and universities such as University of California San Diego and Salk Institute for Biological Studies are also located nearby.

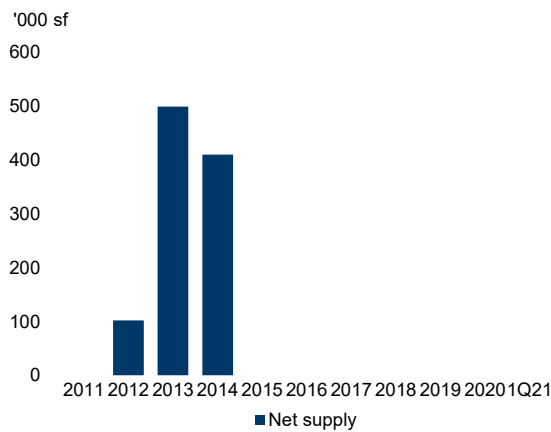
The intensification of life science uses in the adjacent submarkets has spread to Sorrento Mesa in the past 4 to 5 years, and today, many low-rise office buildings in Sorrento Mesa have been and are being converted into laboratory uses to



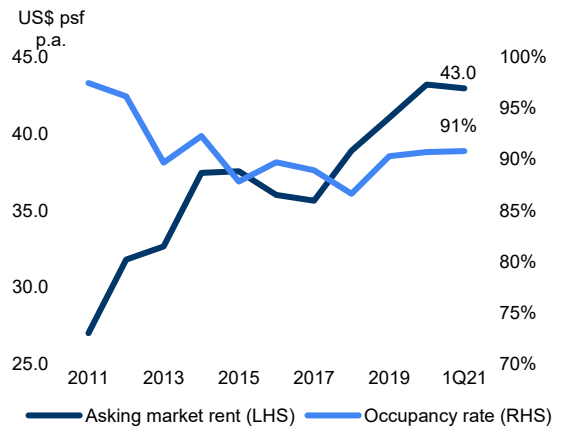
accommodate the surging demand for biotechnology space and life science campuses. In addition, there are currently very few available sites for future development. With no new Class A office inventory anticipated in Sorrento Mesa in coming periods, such dynamics are putting sustained, upward pressure on rental rates and resulting in declining vacancy rate especially for those few remaining office buildings with rare and coveted westerly locations in Sorrento Mesa such as the Sorrento Towers.

Market rent continues to grow and is currently trending above Sorrento Tower's contracted rents. Therefore, there is a current opportunity for positive rental reversion ranging from 7% to 10% once current leases revert to market rents.

**Net Supply of Sorrento Class A Office**



**Asking Market Rents & Occupancy Rates of Sorrento Class A Office**



Source: CoStar June 2021

Sorrento Tower will be acquired at a purchase price of US\$493 per sq ft which is well below the estimated replacement cost of approximately US\$700 per sq ft<sup>2</sup> and indicates that rent levels would have to be substantially higher to support new construction of similar quality in this sub-market.

2 Based on the Manager's estimates.

**4.2.2 Sorrento Towers: Quality Class A office situated in the nexus of San Diego's life science and technology marketplace**



Sorrento Towers is a two-building Class A, trophy office development situated in the Sorrento Mesa office market – the nexus of San Diego's Life science and technology marketplace.

It is located in the western side of Sorrento Mesa, and benefits from excellent access to the Inland Freeway ("I-805") and the primary arterials in the submarket. The location also provides for strong visibility from I-805, making the property among the most recognizable in the submarket. Additionally, the property has direct access to the Sorrento Court shopping centre, which is expected to promote desirability of the location over the long run.

The property achieved the WELL Health Safety Rating by the international WELL Building Institute, LEED® Gold recertification by the U.S. Green Building Council and the ENERGY STAR label for its operating efficiency. Such ESG features are well-sought after and improves the property's attractiveness.

In particular, Sorrento Towers has recently undergone significant capital upgrades totalling more than US\$8.4 million including a modernized and repositioned building façade, expanded first-floor curtain wall capturing additional ground-floor area and fully renovated open-air plaza, lobbies, elevator cabs and restrooms. Completing the renovation are new amenity spaces that include a state-of-the-art fitness centre, conferencing spaces, a training centre, and multiple outdoor, collaborative meeting areas. The property is primed to benefit from two of the most well-capitalised and resilient drivers in San Diego, life science and technology with walkable amenities and easy access to San Diego's major thoroughfare.

Sorrento Towers has 11 tenants largely within STEM/TAMI sectors with an occupancy rate of 95.6%<sup>3</sup> as at 31 March 2021. The anchor tenant at Sorrento

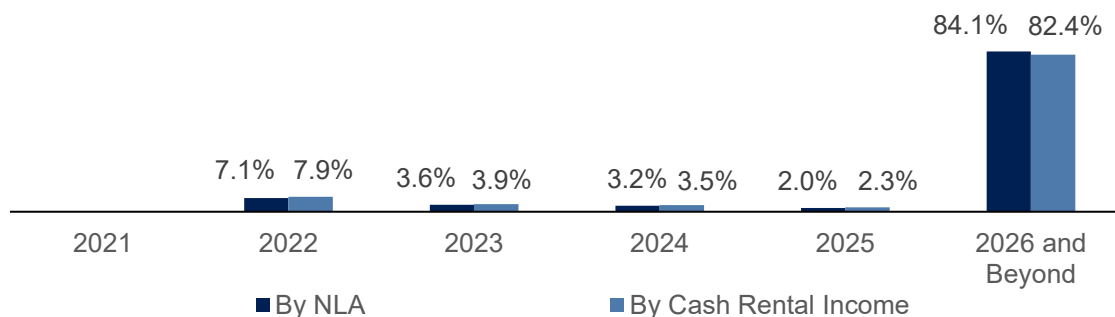
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3 95.6% represents occupancy rate as at 31 March 2021. However, a new lease has been executed for 7,610 sq ft with a tenure of 7.5 years, increasing the leased occupancy to 98.2%.

Towers is Dexcom which fully occupies the eastern tower representing approximately 50% of the NLA. Dexcom is listed on the NASDAQ (DXCM) and is a market leader in transforming diabetes care and management. Initially occupying 29.5% of the NLA, just two years later in August 2020, Dexcom committed to expanding further in Sorrento Towers and executed a lease amendment commencing in 2021, expanding their footprint by an additional three floors (20.5% of NLA) for a tenure of seven years. As part of this expansion, Dexcom also amended and extended the term of their existing lease by an additional six (6) years to bring all of their space in Sorrento Towers coterminous. These leases now expire in May 2028. This evidences the resilience of the “Medtech” sector during the pandemic. Other prominent tenants in the building include Fairfield Residential, a fully integrated nationwide multi-family real estate services company providing development, construction, renovation, asset and property management, and acquisition and disposition services, and a number of tenants from the semiconductor sector industry, including Anokiwave, TSMC, and ARM.

Additionally, Sorrento Towers has a long WALE by NLA of 6.6 years as at 31 March 2021. The stability of cash flow provided by commitment of the anchor tenant Dexcom and the lease expiry profile with minimal near-term expirations translates into income resilience for the enlarged portfolio and high visibility on the revenue stream.

**Lease Expiry Profile of Sorrento Towers<sup>(1)</sup>**



**Note:**

(1) For the month of March 2021.

**4.3 Entry into Florida via One Town Center**

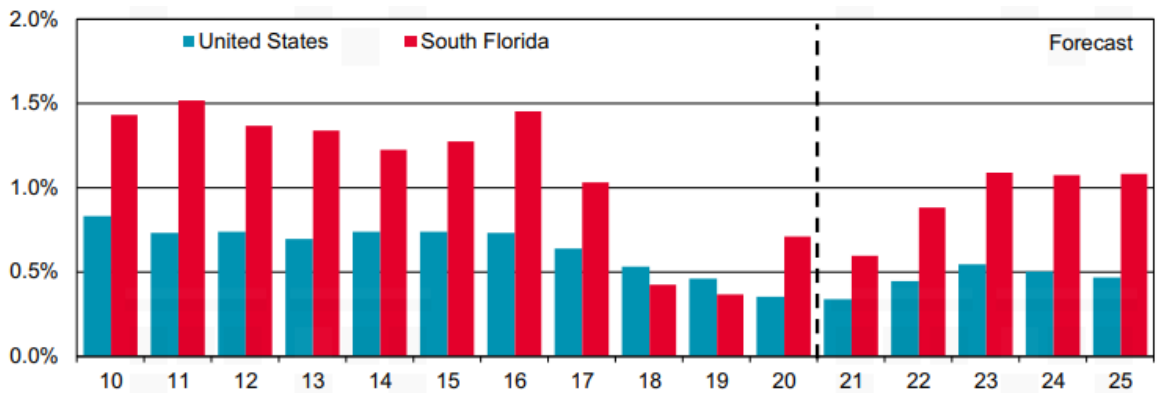
**4.3.1 South Florida market is benefiting from demand growth led by in-migration of wealth and businesses**

The state of Florida continues to benefit from a lack of state income taxes which has increasingly encouraged the in-migration of the rich and growing businesses. Such migration of wealth to Florida has steadily risen over the past decade and accelerated during the Covid-19 pandemic, as remote working and the pleasant warm climate drew the wealthy to Florida, commonly known as the “Sunshine State”. Individuals and business are moving to Florida to take advantage of large savings in state and local taxes, now more than ever, as other northern states such as New York are considering proposals to raise the already high income tax rates for its

wealthy residents. The region’s distinction as the southernmost metropolitan area in the US and therefore its proximity to Latin America has spurred its growth as a significant international gateway.

According to the U.S. Census, Florida had the highest level of net domestic migration between July 1, 2017 to July 1, 2018, with an increase of 132,602. Since 2010, Florida has gained a total of 1.3 million people from net domestic migration and an additional 1.1 million from net international migration. The increasing population growth and in-migration from corporate relocations and expansions is expected to continue to act as a catalyst for Florida’s growing economy. In particular for South Florida, population growth is expected to nearly double that of the U.S. in each of 2021 to 2025.

**Population Growth By Year  
South Florida vs. United States, 2010 – 2025**

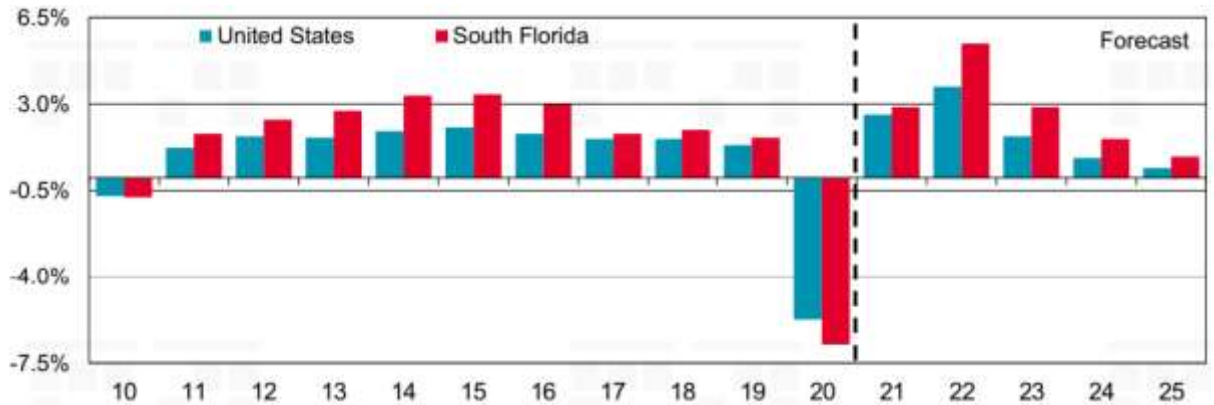


Source: Independent market research report for One Town Center by Cushman & Wakefield Regional, Inc.

The South Florida region is home to five *Fortune 500* corporations – Lennar (129), AutoNation (145), World Fuel Services (147), Carrier Global (171) and Ryder System (357) – and many Fortune 1000 companies. The region’s largest employers are national and multinational corporations spanning over a variety of industries including healthcare, retail, and technology.

Prior to the Covid-19 pandemic, South Florida’s employment growth outpaced the national average. Between 2010 and 2020, annual employment growth averaged 1.5% per annum in the South Florida region. Through 2025, employment growth is projected to measure 2.7% per annum.

**Total Employment Growth By Year  
South Florida vs. United States, 2010 – 2025**

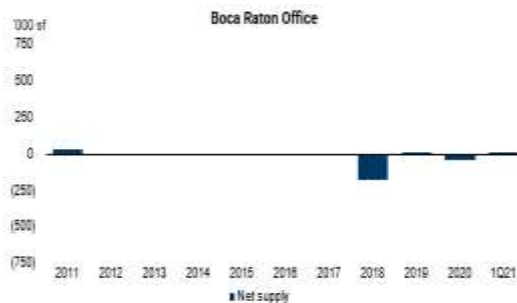


Source: Independent market research report for One Town Center by Cushman & Wakefield Regional, Inc.

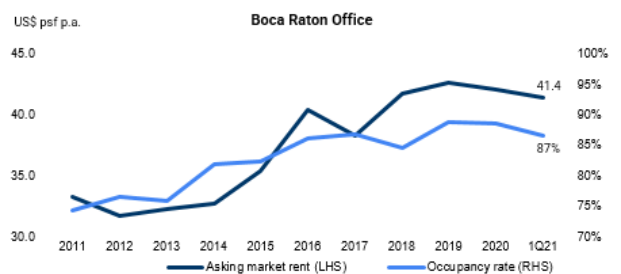
Boca Raton is one of the nation’s most attractive communities to wealthy individuals with an abundance of top-rated amenities including golf courses, marinas and country club communities. Boca Raton consistently ranks amongst the more desirable places to live within the US as it surrounded by numerous work and lifestyle amenities. This has resulted in strong demand for office space due to the continued relocation of businesses to the region.

In the Boca Raton submarket, there has been no significant construction of new office buildings since 2011, and currently no new office buildings in the construction pipeline. This is partly due to high barriers of entry due to high construction costs. As a result, vacancy continues to decline while market rent continues to be elevated beyond the current contracted rent of One Town Center’s leases. This provides the upside opportunity from positive rental reversion in the future when rents revert to market.

**Net Supply of Boca Raton Office**



**Asking Market Rents & Occupancy Rates of Boca Raton**



Source: Cushman & Wakefield Research

Prime US REIT will be acquiring One Town Center at a purchase price of US\$520 per sq ft, well below the estimated replacement cost of approximately US\$650 per sq ft<sup>4</sup>, implying market rents would need to be significantly higher for similar quality in the sub-market.

**4.3.2 One Town Center: Strategically located iconic property serving as a wealth management and financial services hub**



One Town Center is a Class A office building located in the Boca Raton submarket, one of the wealthiest growing enclaves in the U.S. It is one of the tallest and most iconic office buildings in Boca Raton providing excellent visibility, signage and panoramic views. The office tower was developed by Crocker Partners to be the preeminent, multi-tenant office building in the area, suitable as the headquarters for Fortune 500 companies.

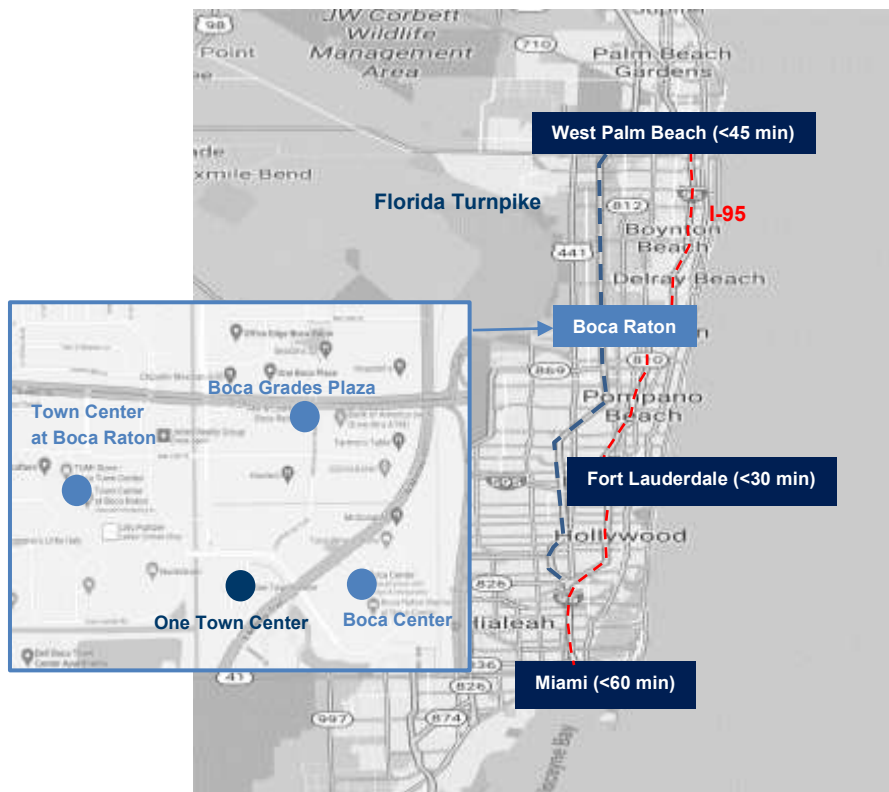
One Town Center's efficiency and flexibility is afforded by its virtually column-free work space, exceptional views and being one of the newest buildings in the submarket. These unique characteristics place One Town Center in a class of its own within the Boca Raton submarket.

One Town Center recently underwent asset enhancements of about US\$1.2 million which include exterior renovations including landscaping upgrades, roadway repavement, LED lighting for surface parking lot, sidewalk enhancement and a new foundation.

One Town Center is situated in the heart of the most desirable office location in Boca Raton, offering ideal access to the area's many amenities. One Town Center is within walking distance to Town Center Mall, Boca Center and Glades Plaza surrounded by ample retail amenities, restaurants, national and boutique retail, and hotels just a few steps away. Adjacent to the property, there are also plans to develop Midtown Boca, a mixed-use development comprising of residential and retail units. If approved, it would add to the vibrancy of the property's surroundings.

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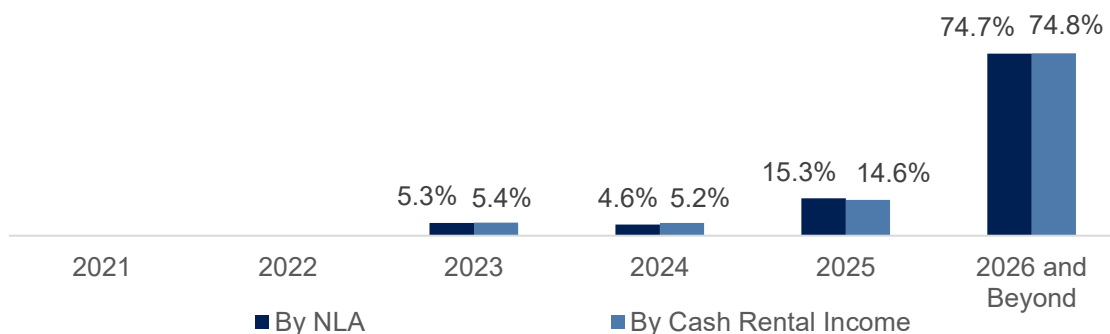
4 Based on the Manager's estimates.



One Town Center has 14 tenants with an occupancy rate of 94.7%, a majority of which are of high quality and strong creditworthiness in addition to being well-positioned within the Established Industry sector of financials. One Town Center is anchored by Bank of America Merrill Lynch, which occupies about 34% of the building by NLA, and Raymond James. Both tenants are well-established financial institutions and provide wealth management services at this location. Other prominent tenants in the building include Kayne Anderson, which is a real estate investment firm and SunTrust, which provides financial services.

One Town Center has a long WALE by NLA of 6.2 years. With no expirations within the next two years (i.e. 2021 and 2022), the property will enhance the enlarged portfolio's cash flow stability, income resilience and high visibility on the revenue stream.

### Lease Expiry Profile of One Town Center<sup>(1)</sup>



**Note:**

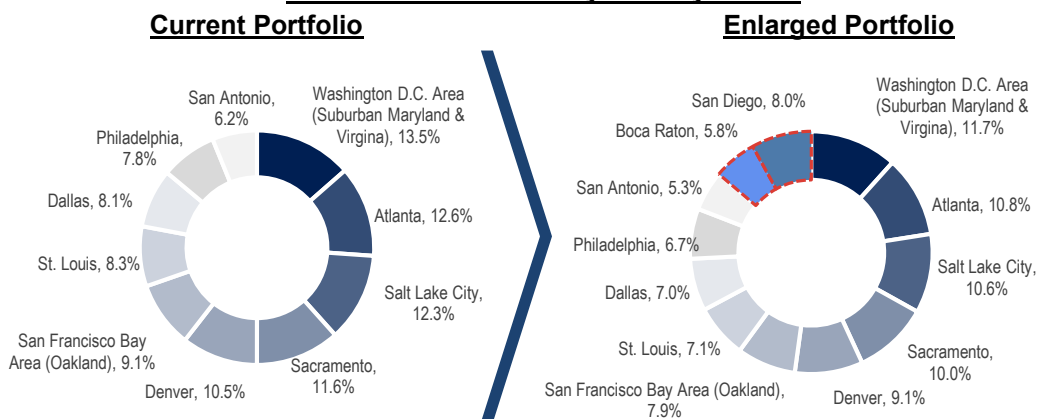
(1) For the month of March 2021.

## 4.4 Enhance portfolio exposure to growing sectors and improve income resilience

### 4.4.1 Increase presence in growth markets

The Acquisitions will expand the REIT’s footprint in two new target markets, San Diego and Boca Raton. Post-acquisitions, no single market will contribute more than 11.7% of the REIT’s enlarged portfolio Cash Rental Income.

### Cash Rental Income<sup>(1)</sup> by Primary Market



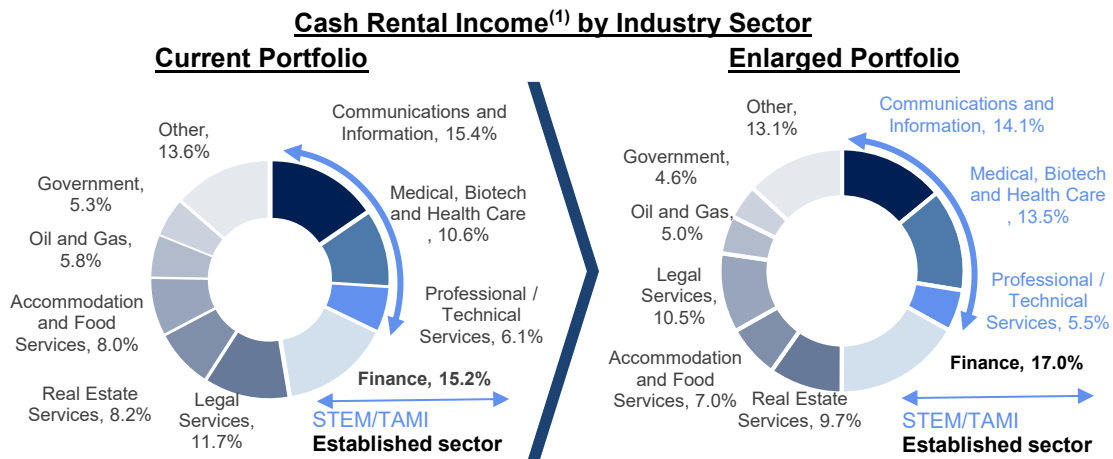
**Note:**

(1) For the month of March 2021.

### 4.4.2 Increase exposure to key industry sectors

Post-acquisition, Prime US REIT’s current portfolio will be enlarged by an additional 25 tenants from a diverse range of industry sectors. The addition of the two properties will not only enhance the REIT’s portfolio tenant diversification, but more importantly increase the contribution to Cash Rental Income from STEM/TAMI sectors like Medical, Biotech and Healthcare by 1% and Established Industry sectors like financial services by 1.8%, in line with the Manager’s objectives.





**Notes:**

(1) For the month of March 2021.

(2) STEM: Science, Technology, Engineering and Math; TAMI: Technology, Advertising, Media and Information.

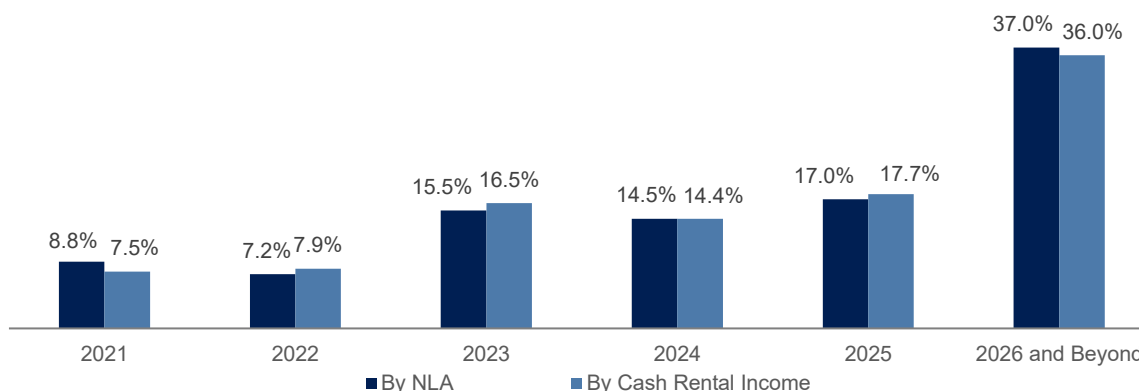
Post-acquisition, the Cash Rental Income contributed by the top 10 tenants of Prime US REIT will reduce from 41.2% to 37.7% on a pro forma basis, with the largest tenant accounting for only 7.7% of the Cash Rental Income. Dexcom, which is a US-listed “Medtech” company with a market capitalisation of c.US\$39 billion as at 17 June 2021, will be the 4<sup>th</sup> largest tenant by Cash Rental Income for Prime US REIT, contributing 4.4% of Cash Rental Income.<sup>5</sup>

**4.4.3 Income resilience through lengthened WALE and favourable lease profile with minimal rollover in early years**

In aggregate, the Acquisitions have a long WALE of 6.5 years by NLA and 6.6 years by Cash Rental Income, with minimal proportion of leases expiring before 2025, adding to increased earnings visibility and stability for the enlarged portfolio in the near to medium term. Post-acquisition on a pro forma basis, the WALE of the enlarged portfolio will increase to 4.5 years by NLA and 4.6 years by Cash Rental Income.

<sup>5</sup> Pro forma for the month of March 2021

### Lease Expiry Profile of Enlarged Portfolio<sup>(1)</sup>



**Note:**

(1) For the month of March 2021.

100% of the leases at Sorrento Towers and One Town Center, based on Cash Rental Income for the month of March 2021, offers visible organic growth having built-in rental escalation with a weighted average built-in escalation rate of approximately 3% per annum.

Moreover, both Sorrento Towers and One Town Center have positive office market dynamics with in-place rents that are currently below market as elaborated in the sections above. This offers a rare combination of both long-term stability and the opportunity to unlock additional value from the current below-market rents and capturing net property income growth.

#### **4.5 Continued focus on improving Unitholders' returns through accretive acquisitions**

Sorrento Towers would be acquired at valuation whilst One Town Center will be acquired at a discount of 2.5% of its appraised value, representing an aggregate discount of 1%. At the purchase price, the implied capitalisation rate for Sorrento Towers and One Town Center is approximately 5.3% and 5.8% respectively.

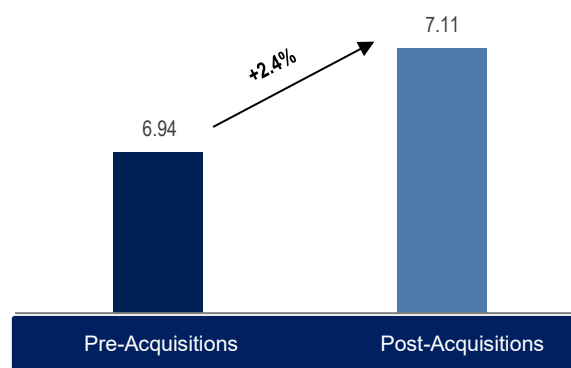
The returns from the Acquisitions are further enhanced by low cost of borrowings, which the Manager has been able to negotiate with its lending banks.

The Acquisitions are expected to provide a distribution per Unit ("DPU") accretion of 2.4%<sup>6</sup>.

<sup>6</sup> Assumes that New Units in relation to the Private Placement were issued at an illustrative price of US\$0.809 per Unit, based on the Private Placement base offering size of US\$80 million. In the event that the upside option of US\$20 million is exercised, the pro forma post-acquisition DPU will be 6.99 US cents, which translates to an accretion of 0.7%.

**Pro Forma DPU for FY2020<sup>(1)</sup>**  
**(1 Jan 2020 to 31 Dec 2020)**

(US cents)



**Note:**

- (1) Assuming that the upside option of US\$20 million is exercised, the pro forma post-acquisition DPU will be 6.99 US cents, which translates to a DPU accretion of 0.7%.

Following the proposed issuance of new Units to fund the Acquisitions, the pro forma market capitalisation of the REIT is expected to increase by 9.4% from US\$0.9 billion to US\$1.0 billion<sup>7</sup>. The free float market capitalisation of the REIT will increase by approximately 24%, from US\$0.37 billion<sup>8</sup> to US\$0.46 billion, potentially improving trading liquidity of Prime US REIT.

<sup>7</sup> Enlarged market capitalisation and free float based on Units in issue as at 23 June 2021 and assumes that 98.9 million New Units will be issued at an illustrative price of US\$0.809 per New Unit for the Private Placement.

<sup>8</sup> Based on 1,062.1 million Units in issue and last traded price of US\$0.88 per Unit on the SGX-ST on 23 June 2021. Free float excludes total equity interest of 641.7 million Units held by the sponsor of Prime US REIT, the Manager and substantial Unitholders as at 23 June 2021.

### Pro Forma Market Capitalisation<sup>(1)</sup>

(US\$ billion)



**Note:**

(1) Data as at March 2021

## 5. METHOD OF FINANCING AND PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITIONS

### 5.1 Method of Financing

The Total Acquisition Cost will be funded by a combination of (a) loans, and (b) a private placement (“**Private Placement**”) of new units in Prime US REIT (“**Units**” and the new Units, “**New Units**”). (See the announcement titled “Launch of Private Placement to Raise Gross Proceeds of No Less than Approximately US\$80.0 million” dated 24 June 2021 for further details of the Private Placement.)

### 5.2 Pro Forma Financial Effects of the Acquisitions

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisitions on the DPU and NAV per Unit presented below are strictly for illustrative purposes and were prepared based on the audited financial statements of Prime US REIT and its subsidiaries (the “**Prime US REIT Group**”) for the financial year ended 31 December 2020 (the “**Prime US REIT Group 2020 Financial Statements**”) and unaudited management accounts for the Properties to be acquired and assuming:

- (i) approximately 98.9 million New Units were issued in the Private Placement at an illustrative Unit price of approximately US\$0.809 (the “**Illustrative Issue Price**”) to raise gross proceeds of approximately US\$80.0 million and the net proceeds will be used to partially finance the Total Acquisition Cost; and

- (ii) the remainder of the Total Acquisition Cost will be funded by two new loans secured by the Acquisitions and an existing credit facility with an aggregate amount of US\$169.6 million.

The pro forma financial effects are for **illustrative purposes only** and do not represent Prime US REIT's DPU and NAV per Unit following the completion of the Acquisitions.

### 5.3 Pro Forma DPU

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on Prime US REIT's DPU for FY2020, as if the Acquisitions were completed on 1 January 2020 and Prime US REIT held and operated the Properties in FY2020 are as follows:

	Effects of the Acquisitions	
	Before the Acquisitions	After the Acquisitions <sup>(1)</sup>
Net Property Income (US\$'000)	94,989	107,560
Distributable Income (US\$'000)	72,078	80,900
Units in Issue ('000)	1,057,791	1,157,445 <sup>(2)</sup>
DPU (US cents)	6.94	7.11 <sup>(3)</sup>
DPU Accretion (%)	-	2.4% <sup>(3)</sup>

**Notes:**

- (1) Nine of the current tenants at Sorrento Towers and seven of the current tenants at One Town Center commenced their leases after 1 January 2020. For this illustration, it has been assumed that the leases for these tenants had commenced from 1 January 2020 on the same terms. In addition, property tax has been adjusted to reflect the future assessed value.
- (2) Includes (a) approximately 98.9 million New Units issued at the Illustrative Issue Price and (b) approximately 0.8 million New Units issued to the Manager as payment of 80% of the base fees in Units in relation to the services rendered to the Properties for the periods 1 January 2020 to 31 March 2020, 1 April 2020 to 30 June 2020 and 1 July 2020 to 30 September 2020, based on the historical issue prices of management fees paid in Units for Prime US REIT for such quarters.
- (3) Assuming that the upside option of US\$20 million is exercised, the pro forma post-acquisition DPU will be 6.99 US cents, which translates to a DPU accretion of 0.7%

### 5.4 Pro Forma NAV

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisitions on the NAV per Unit as at 31 December 2020, as if the Acquisitions were completed on 31 December 2020, are as follows:

	Before the Acquisitions	After the Acquisitions
NAV (US\$'000)	907,792	982,432
Units in Issue and to be Issued ('000)	1,060,437	1,159,324 <sup>(1)</sup>
NAV per Unit (US\$)	0.86	0.85 <sup>(2)</sup>

**Note:**

- (1) Includes approximately 98.9 million New Units issued at the Illustrative Issue Price.
- (2) Assuming that the upside option of US\$20 million is exercised, the pro forma post-acquisition NAV per Unit will be US\$0.85.

## 5.5 Pro Forma Aggregate Leverage

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisitions on the PRIME US REIT's Aggregate Leverage as at 31 March 2021, as if the Acquisitions were completed on 31 March 2021, are as follows:

	Effects of the Acquisitions	
	Before the Acquisitions	After the Acquisitions
Aggregate Leverage (%)	33.8	39.1 <sup>(1)</sup>

**Note:**

(1) Assuming that the upside option of US\$20 million is exercised, the pro forma post-acquisition Aggregate Leverage will be 37.9%.

## 6. OTHER INFORMATION

### 6.1 Disclosure under Rule 1010(13) of the Listing Manual

The relative figures for the Acquisitions using the applicable bases of comparison in Rule 1006 of the Listing Manual are set out in the table below.

Comparison of	Acquisitions (US\$ million)	Prime US REIT (US\$ million)	Relative figure (%)
<b>Rule 1006(b)</b> Net property income <sup>(1)</sup> attributable to the assets acquired compared to Prime US REIT's net property income	12.6	95.0 <sup>(3)</sup>	13.2%
<b>Rule 1006(c)</b> Aggregate value of consideration <sup>(2)</sup> to be given compared with Prime US REIT's market capitalisation <sup>(3)</sup>	245.5	926.6 <sup>(4)</sup>	26.5%

**Notes:**

- (1) In the case of a real estate investment trust, the net property income is a close proxy to the net profits attributable to its assets.
- (2) For the purposes of computation under Rule 1006(c), the aggregate consideration given by Prime US REIT is the purchase consideration for the Properties.
- (3) Based on the Prime US REIT Group 2020 Audited Financial Statements.
- (4) Based on 1,062.1 million Units in issue and the weighted average price of US\$0.8724 per Unit on the SGX-ST on 23 June 2021, being the market day immediately prior to the date the Purchase Agreement was transferred to Prime US REIT.

The relative figure in Rule 1006(d) in relation to the number of Units issued by Prime US REIT as consideration for the Acquisitions, compared with the number of Units previously in issue, is not applicable to the Acquisitions as the Aggregate Purchase Consideration is payable entirely in cash.

The Manager is of the view that the Acquisitions are in the ordinary course of Prime US REIT's business as the Properties are within the investment mandate of Prime US REIT and are in the same asset class and country as the existing properties in Prime US REIT's

portfolio and accordingly, the Acquisitions do not change the risk profile of Prime US REIT. As such, the Acquisitions are not subject to Chapter 10 of the Listing Manual notwithstanding that the relevant figure calculated under Rule 1006(C) exceeds 20.0%.

## **6.2 Directors' Service Contracts**

No person is proposed to be appointed as a director of the Manager in connection with the Acquisitions or any other transactions contemplated in relation to the Acquisitions.

## **6.3 Interest of Directors and Controlling Unitholders**

Save for the Units in Prime US REIT held by the directors, none of the directors has an interest, direct or indirect, in the Acquisitions. There are no controlling Unitholders in Prime US REIT.

## **7. DOCUMENTS FOR INSPECTION**

A copy of the following is available for inspection during normal business hours at the registered office of the Manager located at 1 Raffles Place, #40-01 One Raffles Place, Singapore 048616 for a period of three months commencing from the date of this announcement, prior appointment would be appreciated:

- (i) a copy of the ST Purchase Agreement;
- (ii) a copy of the OTC Purchase Agreement
- (iii) a copy of the valuation report by the ST Valuer;
- (iv) a copy of the valuation report by the OTC Valuer;
- (v) a copy of the independent market research report for Sorrento Towers as of 17 June 2021 by Cushman & Wakefield Western, Inc.; and
- (vi) a copy of the independent market research report for One Town Center as of 7 June 2021 by Cushman & Wakefield Regional, Inc..

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)

24 June 2021

### **IMPORTANT NOTICE**

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of Prime US REIT 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.

This announcement may contain forward-looking statements that involve 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 other companies and venues for the sale or distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.

This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States, European Economic Area, Canada or Japan, and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations. The securities described herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold in the United States unless registered under the Securities Act, or except pursuant to an applicable exemption from registration. There will be no public offer of securities in the United States.

The value of the units in Prime US REIT ("**Units**") and the income derived from them may fall as well as rise. The 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 respective affiliates.

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.