



# 3Q 2020 Key Business & Operational Updates

5 November 2020



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This document 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.

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The information presented in this document as at and for the quarter ended 30 September 2020 is not audited or reviewed by the external auditors.

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

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# 3Q 2020

## Key Highlights

1

### Outperformed IPO Financial Projections<sup>1</sup>

3Q NPI exceeded IPO projections by 9.8%, and distributable income exceeded by 15.4%

2

### Resilient Portfolio

- Portfolio occupancy stable at 92.6%
- WALE of 4.6 years
- Over 70% of tenants in growth and established sectors
- Consistent rental collections of 99%

3

### Strong Balance Sheet through Prudent and Proactive Capital Management

- Low gearing ratio of 32.7%
- Interest coverage ratio 5.8x
- Debt headroom of US\$324M at 45% leverage limit

4

### Robust Leasing Activity Continues in 3Q

- 83,168 sq ft leased with 8.9% positive rental reversion in 3Q
- 165,717 sq ft leased YTD

[1] Refers to forecast figures derived from the apportionment of Forecast for Projection Year 2020 financials as disclosed in the Prospectus.

# Outperformance of Distributable Income by 15.4%

	3Q 2020 1 July to 30 September 2020			9M 2020 1 January to 30 September 2020		
	Actual <sup>1</sup> (US '000)	IPO Projection <sup>2</sup> (US\$ '000)	Variance (%)	Actual <sup>1</sup> (US '000)	IPO Projection <sup>2</sup> (US\$ '000)	Variance (%)
	<b>Gross Revenue</b>	36,733	33,681	+9.1	107,930	101,043
<b>Net Property Income</b>	24,207	22,044	+9.8	71,656	66,134	+8.3
<b>Distributable Income</b>	17,987	15,592	+15.4	53,865	46,777	+15.2

# Prudent Capital Structure

	30 September 2020
NAV per unit (US\$)	<b>0.86</b>
Aggregate Leverage	<b>32.7%</b>
Interest Coverage <sup>1</sup>	<b>5.8x</b>
% Fixed Rate	<b>91.4%</b>
Average Debt Maturity	<b>4.4 years</b> <b>4.9 years [fully extended]<sup>2</sup></b>
Available Undrawn Facility	<b>US\$98.9 M</b>
Effective Interest Cost <sup>3</sup>	<b>2.7%</b>

[1] 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 finance expenses, including amortisation of upfront debt-related costs and commitment fees, for trailing 12-month period ended 30 September 2020.

[2] Fully extended debt maturity. Extension options are available to the borrower to extend the 4-year term loan and revolver maturities to 2024.

[3] Based on interest expense (excluding amortisation of upfront debt-related transaction costs and commitment fees) on loans and borrowings outstanding as of 30 September 2020.

# Resilient Income

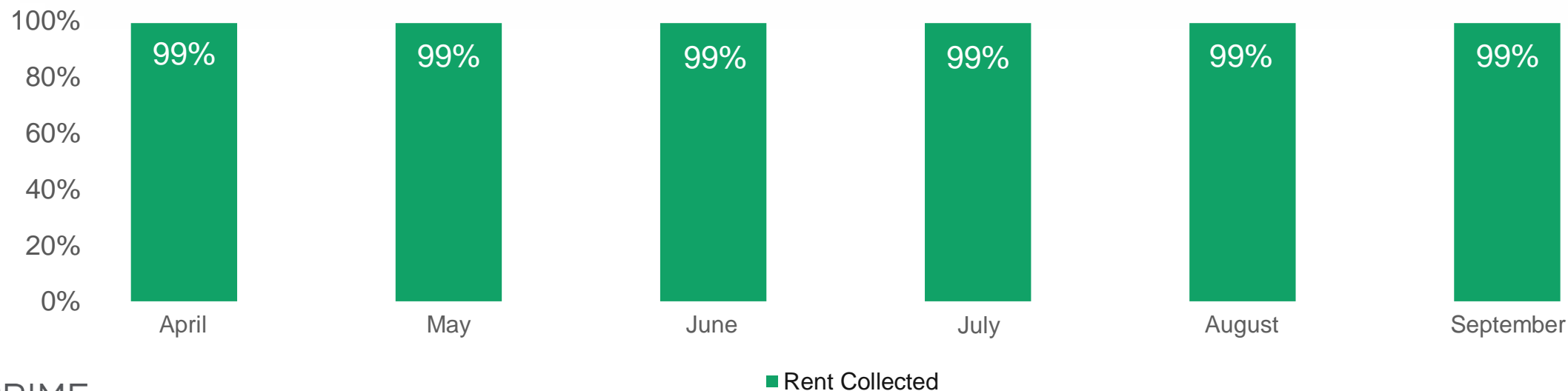
Solid rent collection rate of 99% maintained

99.8% of Cash Rental Income (CRI) has built in rental escalations averaging 2%

Well diversified with no one property contributing more than 13.4% to CRI

Granted rent deferral to tenants of small retail businesses and other specific impacted industries, amounting to an aggregate of approximately US\$0.2M in 3Q and US\$0.27M YTD

Focus on leasing and property expense management to drive property performance



# Proactive Lease Management

Strong leasing activity of **83,168 sq ft** in 3Q 2020 with positive rental reversion of 8.9%<sup>1</sup>

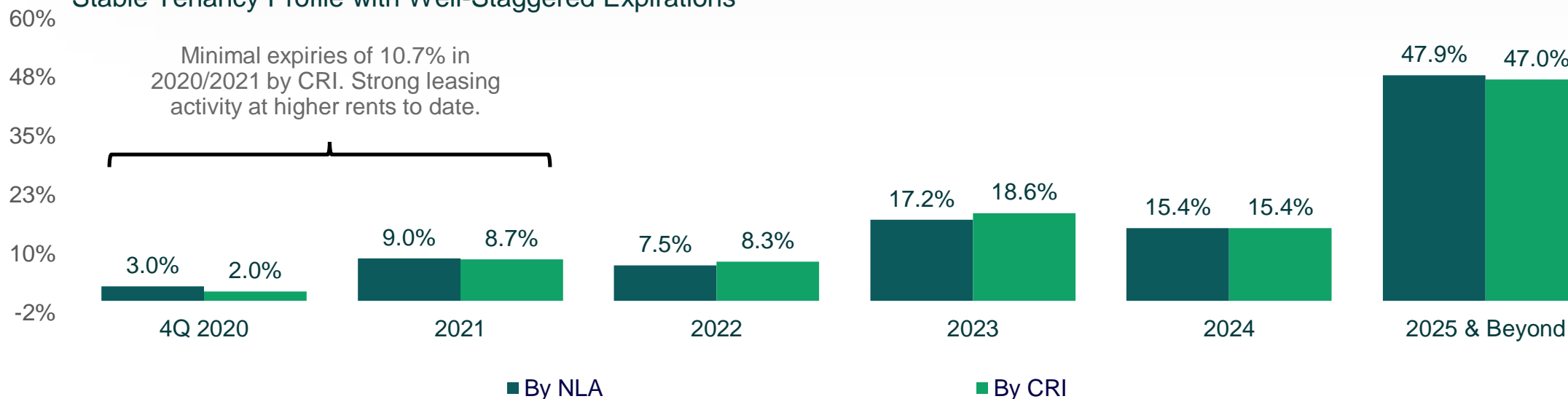
- YTD, **165,717 sq ft** with over 60% from renewal/expansion by existing tenants
- New tenants largely from established and technology sectors
- Key new/renewal tenants include Nutraceutical, California Nurses Association and State Farm Insurance

**2.5%**  
by CRI of portfolio  
leased in 3Q 2020

**4.6yrs**  
WALE

**8.9%**  
Positive rental  
reversion

## Stable Tenancy Profile with Well-Staggered Expirations

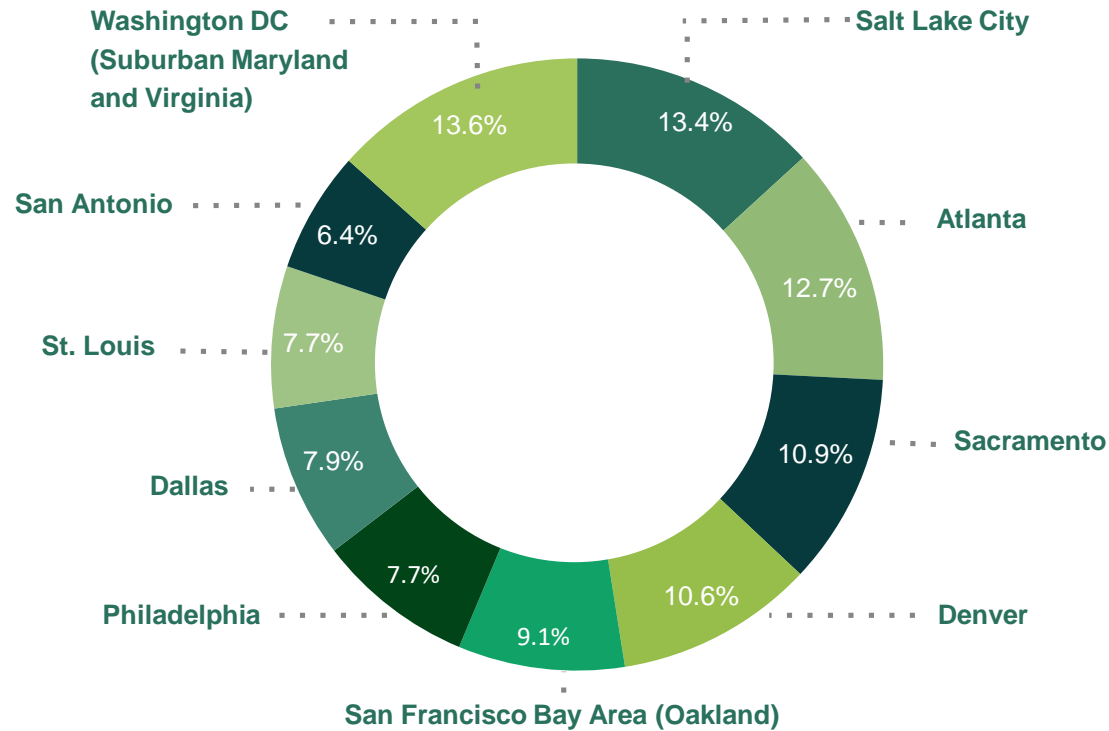




# Capture Growth & Minimize Risks

## Geographic Diversification

CRI<sup>1</sup> by Primary Market



10 Primary Markets

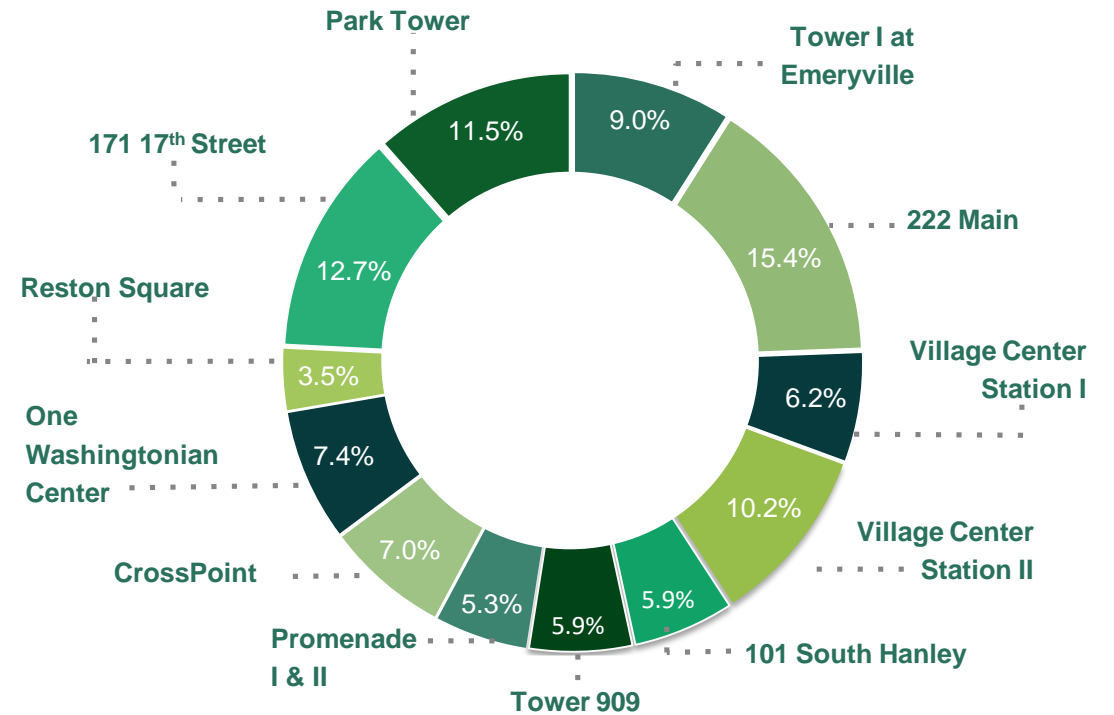
No single market contributing more than

13.6%

Total CRI

## Asset Diversification

Asset by Valuation



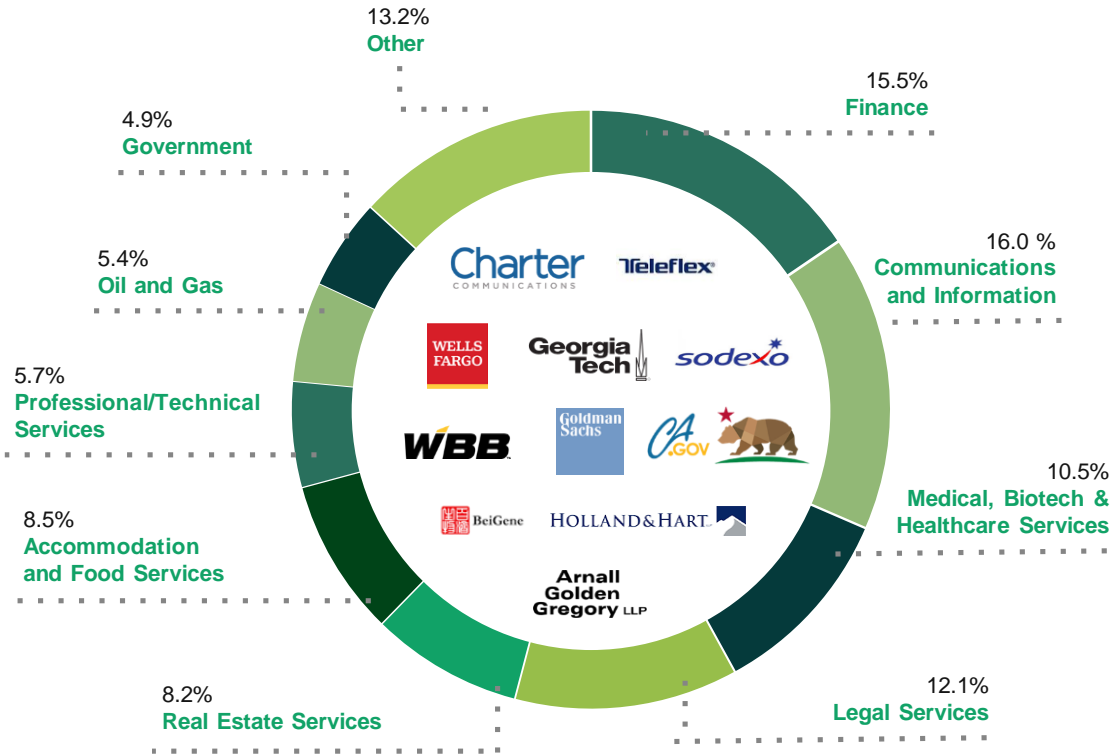
12 Assets

No single market contributing more than

15.4%

Total Portfolio Valuation

# Balanced Industry Sector Diversification



**>70%** In Established + Growth (STEM/TAMI)<sup>2</sup> Sectors

## Top 10 Tenants

Tenant	Industry	Credit Rating	Property	Leased Sq Ft	% of Portfolio CRI <sup>1</sup>
Charter Communications	Communications and Information	Moody's: Ba1	Village Center Station I & II	419,881	9.0%
Goldman Sachs Group Inc.	Finance	Moody's: A3 S&P: BBB+ Fitch: A	222 Main	177,206	6.1%
Sodexo Operations LLC	Accommodation and Food Services	S&P: A-	One Washingtonian Center	190,698	5.6%
Wells Fargo Bank NA	Finance	Moody's: a1 S&P: A+	171 17th Street	106,030	3.4%
Arnall Golden Gregory LLP	Legal Services	Private Firm	171 17th Street	122,240	3.4%
Holland & Hart	Legal Services	Private Firm	222 Main	89,960	3.3%
State of California	Government	Fitch: AA Moody's: Aa2	Park Tower	140,772	3.2%
Whitney, Bradley & Brown	Professional/Technical	Private Firm	Reston Square	73,511	2.8%
WeWork	Real Estate Services	Fitch: CCC	Tower I at Emeryville	56,977	2.4%
Teleflex	Medical, Biotech & Healthcare	S&P: BB+	CrossPoint	84,008	2.3%
<b>Total</b>				<b>1,461,283</b>	<b>41.6%</b>
<b>WALE Top 10</b>				<b>5.4 Years</b>	

# Solid Markets with Rental Reversion Potential

- Portfolio asking rent higher than in place rent by 6.7%
- Upcoming lease expiries well spread across portfolio reducing single asset exposure
- High occupancy of 92.6%

Name of Property	Annual In Place Rent (US\$)	Annual Asking Rent (US\$)	Potential Rental Reversion	WALE	Occupancy	Lease expiry through 2021 by CRI
Tower I at Emeryville	\$52.93	\$54.60	3.1%	6.1	94.5%	0.1%
222 Main	\$37.50	\$36.90	-1.6%	4.3	94.9%	2.1%
Village Center Station I	\$24.00	\$24.00	0.0%	3.0	65.1%	0.0%
Village Center Station II	\$24.21	\$23.50	-2.9%	7.8	100.0%	0.0%
101 South Hanley	\$27.50	\$30.00	9.1%	4.3	97.6%	1.2%
Tower 909	\$29.15	\$32.24	10.6%	4.1	90.3%	1.3%
Promenade I & II	\$25.97	\$28.00	7.8%	3.7	97.5%	1.6%
CrossPoint	\$33.23	\$38.00	14.3%	3.5	99.3%	0.4%
One Washingtonian Center	\$33.21	\$36.00	8.4%	3.4	95.5%	1.5%
Reston Square	\$42.29	\$37.00	-12.5%	3.4	100.0%	0.0%
171 17th Street	\$27.50	\$27.00	-1.8%	4.9	86.3%	0.8%
Park Tower	\$31.03	\$40.50	30.5%	4.7	93.6%	1.6%
<b>Total / Weighted Average</b>	<b>\$31.70</b>	<b>\$33.81</b>	<b>6.7%</b>	<b>4.6</b>	<b>92.6%</b>	<b>10.7%</b>

# What Our Tenants Say



Office is Central to Collaboration and Relational Equity

“As a bank, our first priority is our customers. Being available for them is very important to us. Collaboration and relational equity are the two things we gain most from being in the office together. We have a stronger opportunity to thrive when we are able to connect personally.”

— InBank (Village Center Station I, Denver, Colorado)



Office is the Heart of Company Culture

“Our collaborative workspace provides opportunities for enhanced productivity, development of trust, and creative thinking. It brings a level of energy to the environment that leads to optimal results.”

— Starbucks (Village Center Station I, Denver, Colorado)



Office is a Component of Growth and Success

“I love officing here in this building. I believe it has helped make my business more successful. It is a very impressive building with a great view. When people visit my office, they often say, “Wow, nice office.” It reinforces that my company is successful. My employees love it here too. Now that we have restaurants in walking distance, we like it even more. Plus, I live just 2 miles away – that’s really convenient.”

— TransSynergy (Tower 909, Dallas, Texas)

# Return to Work Initiatives



## Leveraging Technology

- Working with tenants to use Maptician software to manage social distancing, staggered work schedules and proximity contact tracing.
- Installation of contactless building access through DataWatch.



## Building Operations

- Installed high efficiency, Merv-13 air filters.
- Designated stairwells for one directional (up/down) traffic.
- Conducting Microsoft "Teams" Town Halls with tenant contacts.



## Facilitating Social Distancing and Hygiene

- Sanitation stations available in common area and multi-tenant floors.
- Using Oxivir electrostatic fogger nightly in common areas and weekly in tenant space.
- Installed NanoSeptic, self-cleaning buttons in elevators.



# Market Perspective: Salt Lake City, Utah

# Utah

**#1 Fastest-Growing Tech Industry**

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**#1 Pro-Business State - 12<sup>th</sup> Consecutive Year**

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**#1 For Economic Outlook Rankings - 11<sup>th</sup> Consecutive Year**

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**#1 Most Diversified Job Market**

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**#1 Ranked State for Economic Momentum**

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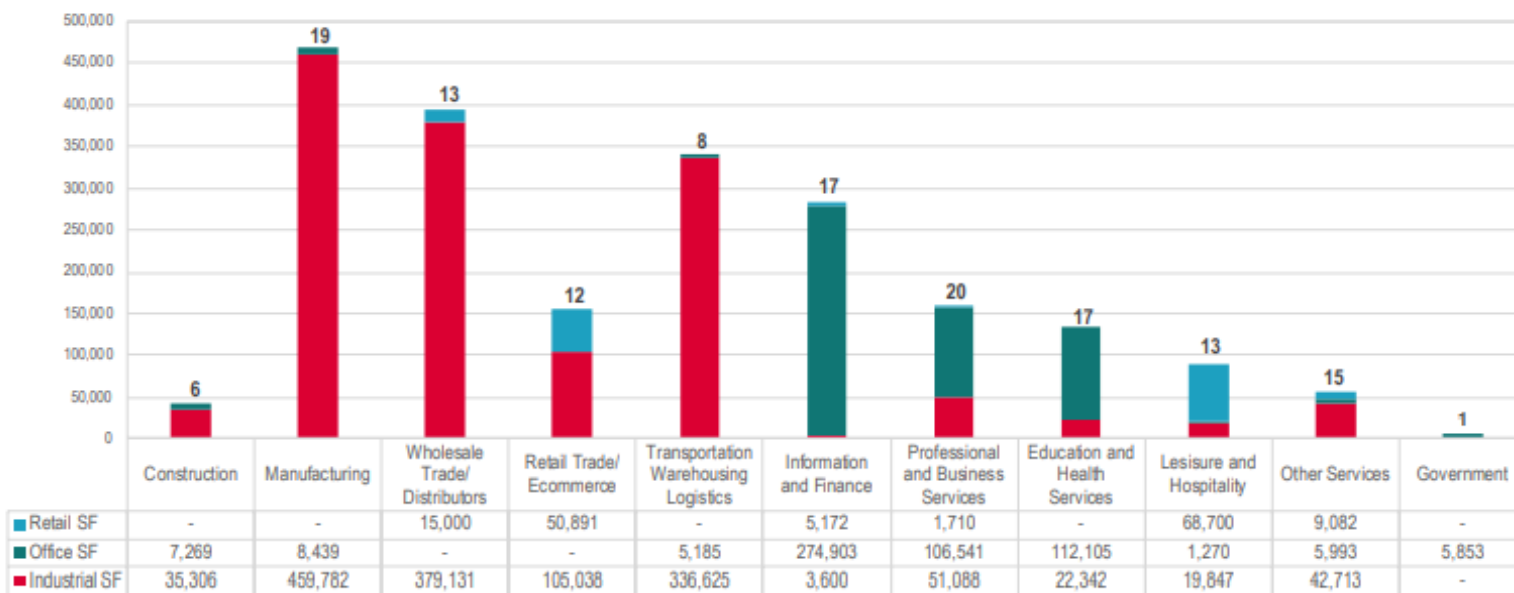
**#2 Best State for Business**

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**2019's One of the Best Cities to Start a Business**

# Utah's Resiliency Through Covid-19

## Utah Leased SF Signed by Industry Type Since "Stay Home, Stay Safe" Directive



Source: NKF Research 2020 Midyear Utah Market Report  
Data label indicates total number of transactions. New leases signed between 03/27/2020-05/31/2020.

## Unemployment Rate through Covid-19

Month	Utah	U.S.
March	4.1%	4.5%
April	10.4%	14.4%
May	8.5%	13.0%
June	5.5% (P)	11.2% (P)

\*Not Seasonally Adjusted  
Source: Bureau of Labor Statistics



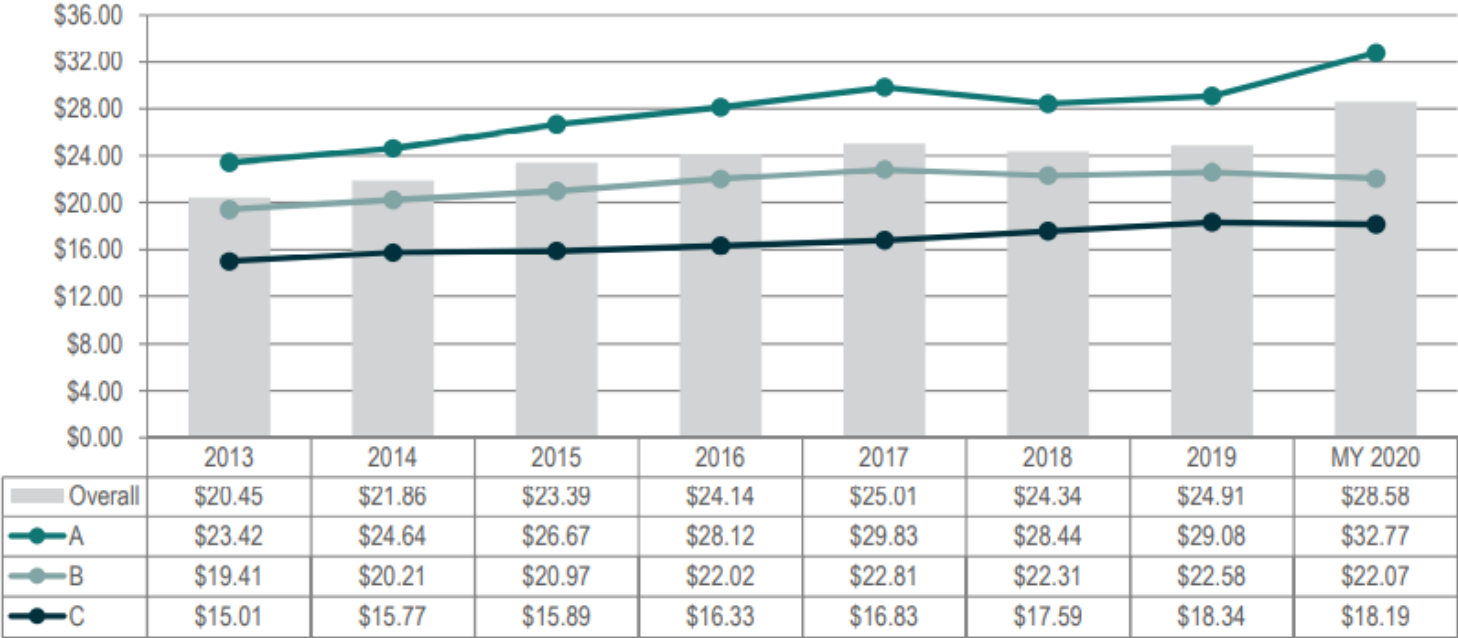
# Salt Lake City, Utah

- On the Forbes list, **Top 10 Cities Best-Positioned to Recover from Coronavirus**, two of the cities listed are in Utah – Salt Lake City and Provo.
- U.S. News & World Report ranked Utah **#4 as Best State Overall, #2 in Best State Economy** and coming in **#3 for Infrastructure**.
- Forbes Magazine ranked Utah **#3 as a Best State for Business** – for the past decade, Utah has been included in the **top 3 states while hitting #1 six times**.
- Both Amazon and Forbes stated Utah is the **Best State for Entrepreneurs in 2019**.



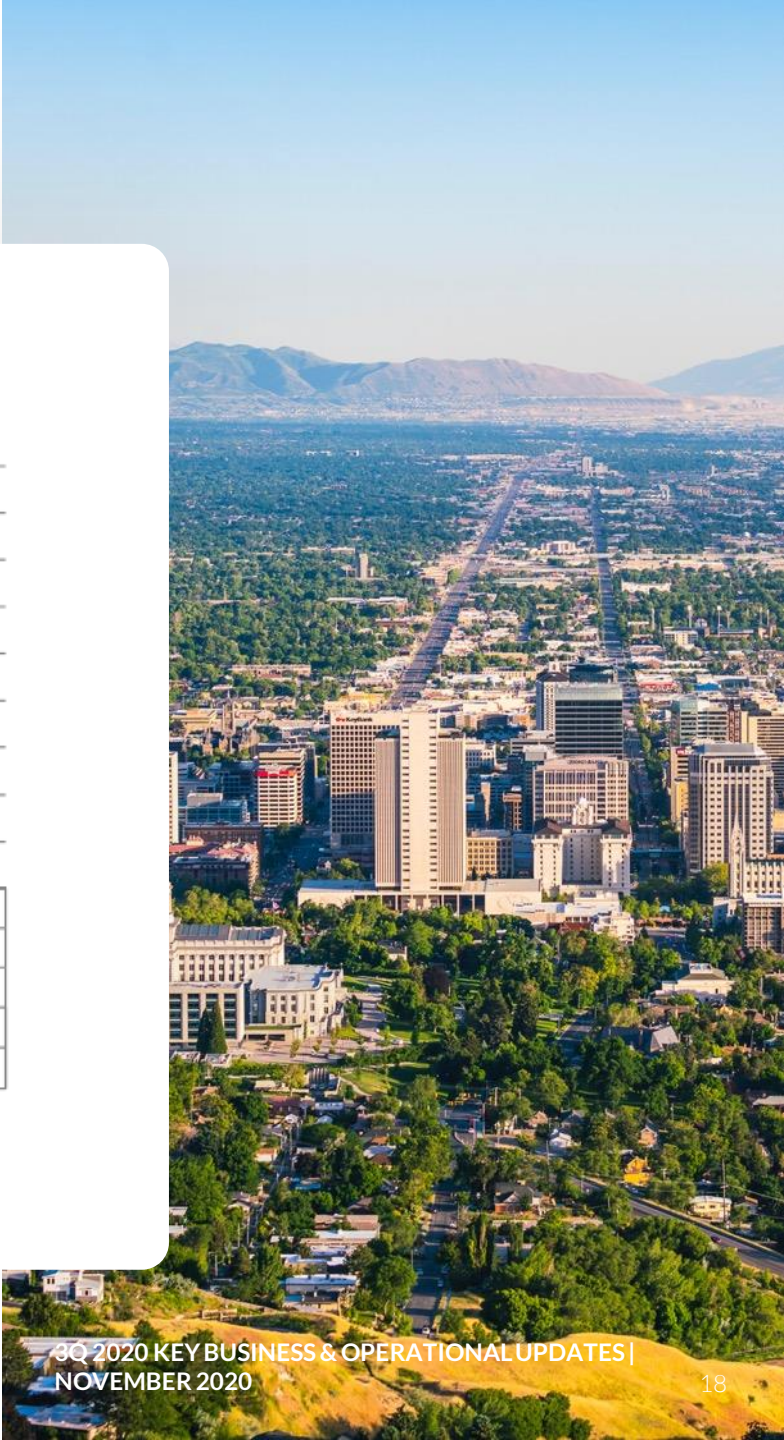
# Salt Lake City, Utah

Continued Growth in Class A Lease Rates (PSF FS)



All average lease rates are square foot weighted averages and are grossed up to a full service yearly PSF equivalent. All lease transaction data includes renewals.

Source: NFK 2020 Midyear Utah Office Market Report



# 222 Main Street

## Well Positioned for the Future

- High quality Class A asset
- Highly desirable market with diversified economy and highly educated workforce in business-friendly state
- 94.9% leased as at 3Q 2020
- Over 32,000 sq ft of leases to new tenants completed in 3Q 2020
- Strong leasing activity in 4Q 2020 to date



# PRIME Strengths in the Current Environment

## Resilient income with organic growth

- Strong tenant base with >70% in established and growth sectors
- 4.6 year WALE, modest expiry to end of 2021
- Stable occupancy of 92.6%, with organic growth of 2% in 99.8% of leases
- Consistent strong monthly rental collections of 99% through 9 months YTD

## Robust leasing in current environment

- Leased 83,168 sq ft in 3Q 2020 and 165,717 sq ft YTD 2020
- Portfolio asking rent is 6.7% higher than in place rent, providing sufficient cushion
- Strong rental reversions and over 60% tenant retention

## Strong balance sheet with low gearing of 32.7% and ample liquidity

