

NEWS RELEASE

PRIME's 1H2022 Distributable Income Up 16.7% YoY Gross Revenue & NPI Increase 13.5% & 9.7% YoY

- Portfolio occupancy held steady at ~90%; Healthy WALE of 4 years
- Leasing activity remained strong in 1H2022
- Rental reversion of 10.9% for 85,733 sq ft leased in 2Q2022
- Consistent healthy rent collections above 99%
- Minimal interest rate exposure; 86% of debt is fixed or hedged
- Proactive leasing and growth strategy to maximise Unitholders' long-term value
- Attractive annualised distribution yield of 10.5% p.a.¹

Singapore, 3 August 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 financial results for the half year ended 30 June 2022 (“**1H2022**”).

PRIME's gross revenue and net property income for 1H2022 increased 13.5% and 9.7% year-on-year (“**YoY**”) to US\$81.8 million and US\$50.8 million, respectively. Distributable income increased 16.7% YoY to US\$41.3 million. The notable performance was mainly attributable to Sorrento Towers and One Tower Center, both of which were acquired in July 2021. Distributions per Unit (“**DPU**”) for 1H2022 of US 3.52 cents translated to an attractive annualised distribution yield of 10.5% per annum based on closing unit price as at 30 June 2022.¹

Well-diversified and Proactively Managed Portfolio

PRIME's diversified portfolio and proactive lease management continues to demonstrate resilience with eight consecutive quarters of positive rental reversion despite the COVID-impacted environment. Lease renewal and executing new leases continue to be a key focus of management. During the quarter, 85,733 sq ft of leases were executed at a positive rental reversion of 11.2% (excluding leases with less than one year term, 10.9% including short term leases). New leases constituted 47% of leases signed in the quarter, with new tenants diversified across finance, professional services and health care tenants. In place rents continue to be below asking rents by 5.3%, providing potential for future rental reversions.

¹ Based on annualised DPU against closing unit price of US\$0.675 as at 30 June 2022.



Collections remained above 99% in 1H2022 with no deferrals, and occupancy remained stable at 89.6%, above the U.S. Class A 4/5 Star office average of 83.1% reported by CoStar.²

The resilience of the portfolio is further supported by a weighted average lease expiry (“**WALE**”) of 4 years. The expiry is well-staggered and well-spread across the portfolio, reducing single asset and market exposure, with the largest single asset lease expiry in 2022 constituting 2.7% of portfolio cash rental income (“**CRI**”).

Prudent Capital Structure Amidst Rising Interest Rate Environment

PRIME maintains a prudent capital structure and a strong balance sheet. As at 30 June 2022, gearing was at 37.8%, with ample debt headroom of US\$417 million to the 50% leverage limit, and with US\$222 million of undrawn facilities.

86% of PRIME’s debt is fixed rate or swapped from floating to fixed rates, and its fully extended weighted average debt maturity is 3.2 years mitigating near-term interest rate and refinancing risks in the current rising interest rate environment. As at 30 June 2022, interest coverage was 4.9 times and effective interest cost remained low at 2.8%. PRIME continues to monitor leasing, capital and operating expenses across its portfolio.

Facilitating Return-to-Office on a Hybrid Basis

Physical occupancy is expected to increase steadily as more tenants implement their return-to-office plans. Although the year began with setbacks due to the surge in COVID cases from the Omicron variant, these concerns have since abated and most jurisdictions in the U.S. have removed or relaxed COVID-related restrictions during 2Q2022.

Work-life balance continues to be a high priority for employees, with many companies currently implementing hybrid working arrangements. Return-to-office planning will largely focus on purpose-focused time in office, generally two to three days per week for collaboration and social interaction, complemented by remote working for more independent work tasks.

The Manager continues to utilise an active approach to asset optimisation to increase the attractiveness of its portfolio in the post-pandemic operating environment. This is done through selective investment of capital in assets whose market fundamentals are showing improvement in leasing activity.

² CoStar as of 13 July 2022, 4/5 star properties

Consolidation of Property Management Services

PRIME made a strategic decision to consolidate its property management function to Lincoln Property Group (“LPC”). 13 of PRIME’s 14 properties were transitioned over to LPC in 2Q2022.

PRIME’s Manager made the decision to appoint LPC given its extensive commercial real estate property management capabilities across the United States, its core commitment to ESG and technology, and its deep real estate expertise in PRIME’s existing and new markets to supplement PRIME and its outsourced service provider KBS’s existing capabilities.

The consolidation will enable more consistency in property level activities across PRIME’s portfolio, generate efficiencies emanating from standardised processes and greater coordination, and will facilitate the implementation of best-in-class, holistic incorporation of ESG and technology practices with measurable, data-driven solutions.

PRIME remains focused on growth and continues to actively evaluate strategic acquisition opportunities of both individual assets and portfolios, to grow in size, scale, and market capitalisation. These include opportunities in growing urban U.S. office markets which benefit from diverse talent pools, highly educated workforces, and reliable infrastructure.

Ms Barbara Cambon, Chief Executive Officer and Chief Investment Officer of the Manager of PRIME, said, “We are pleased to record another commendable performance for PRIME amidst the uncertainty in the current operating environment. This is testament to the strength and resilience of our well-diversified portfolio and tenant base across key growth markets and sectors in the U.S.

We are drawing on synergies from our recent appointment of Lincoln Property Company to standardise and improve property management processes across our portfolio, and to leverage on their extensive footprint to facilitate PRIME’s growth strategies.

We continue to take a proactive approach to leasing, asset management as well as capital allocation, and we remain strategic and deliberate in our evaluation of quality, accretive acquisitions that add value to Unitholders.”

Distribution for the period from 1 January to 30 June 2022:

DPU	US 3.52 cents
Ex-date	11 August 2022
Record Date	12 August 2022
Payment Date	26 September 2022

– End –



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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\$1.7 billion as at 30 June 2022.

About the Sponsor

KBS Asia Partners Pte. Ltd. ("KAP") is the Sponsor of PRIME. The shareholders of KAP include founding members of KBS, one of the largest owners 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.

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