

**NEWS RELEASE**
**FY 2020 DPU Outperforms IPO Forecast by 3.6%**

- **DPU of US 3.42 cents for 2H 2020 and US 6.94 cents for FY 2020 outperforms forecasts by 2.1% and 3.6%, respectively**
- **Robust leasing momentum continues in 2H 2020 with 142,673 sq ft at positive rental reversion of 8.7%**
- **Income resilience resulting from high occupancy of 92.4%, WALE of 4.4 years and high rental collection rate of 99% throughout FY 2020**
- **PRIME's portfolio valuation holds steady with small decrease of 0.9% from last year, underpinning the strength of our diversified portfolio**
- **Well-positioned for growth with strong balance sheet and low gearing of 33.5%, interest coverage of 5.8 times and debt headroom of US\$303 million**

**Singapore, 17 February 2021** – 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 (“**2H 2020**”) and full year (“**FY 2020**”) ended 31 December 2020.

**Summary of Results**

	2H 2020			FY 2020		
	1 July to 31 December 2020			1 January to 31 December 2020		
	Actual (US\$'000)	Forecast <sup>1</sup> (US\$'000)	Variance (%)	Actual (US\$'000)	Forecast (US\$'000)	Variance (%)
<b>Gross Revenue</b>	72,360	67,362	+7.4	143,557	134,724	+6.6
<b>Net Property Income</b>	47,539	44,089	+7.8	94,989	88,178	+7.7
<b>Distributable Income to Unitholders</b>	36,200	31,185	+16.1	72,078	62,369	+15.6
<b>DPU (US cents)</b>	3.42	3.35	+2.1	6.94	6.70	+3.6
<b>DPU Yield<sup>2</sup></b>	-	-	-	8.8%	8.5%	+0.3

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

<sup>1</sup> The forecast figures were derived from the apportionment of Forecast for Projection Year 2020's financials as disclosed in the Prospectus.

<sup>2</sup> Based on DPU against closing unit price of US\$0.79 as at 31 December 2020.



PRIME's gross revenue and net property income (“**NPI**”) in 2H 2020 continued to outperform IPO forecasts. The outperformance was driven by contributions from Park Tower, which was acquired in February 2020, and partially offset by temporary declines in parking revenues.

Distributable income and Distributions Per Unit (“**DPU**”) in 2H 2020 benefited from higher NPI, lower interest costs and other trust expenses. Consequently, 2H 2020 DPU of US 3.42 cents and FY 2020 DPU of US 6.94 cents exceeded IPO forecasts by 2.1% and 3.6%, respectively. PRIME has outperformed IPO DPU forecasts for both 2019 and 2020.

### **Strong Tenant and Asset Management**

PRIME's asset portfolio remained highly resilient throughout 2020 with strong collections, which averaged 99% for the year as well as for 2H 2020, with minimal rental deferrals, and a portfolio occupancy of 92.4% as at December 2020. In addition, approximately 99.9% of leases have annual rental escalations averaging 2%, generating organic NPI growth.

PRIME's diversified portfolio is supported by its favourable tenant exposure in the established<sup>3</sup> and STEM/TAMI<sup>4</sup> sectors, with a portfolio weighted average lease expiry (“**WALE**”) of 4.4 years and a Top 10 tenant WALE of 5.2 years. Leasing momentum picked up in 2H 2020 with 142,673 sq ft leased at an 8.7% rental reversion, bringing FY 2020 leasing volumes to 225,222 sq ft at a positive rental reversion of 7.2%. Leveraging on KBS' and the Manager's asset management experience, PRIME continues to build resiliency with the use of technology in leasing strategies, and to provide prospective and existing tenants a safe and healthy environment for their return to office.

### **Robust Capital Structure – Positioned for Growth**

PRIME's balance sheet remained strong as its year-end asset valuations decreased slightly by 0.9% compared to end 2019. Net asset value (“**NAV**”) per Unit of US\$0.86 is underpinned by PRIME's strategic locations, quality asset portfolio and strong tenant base. PRIME's gearing stood at 33.5% as at 31 December 2020, which along with US\$90.4 million of undrawn bank

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<sup>3</sup> Established: Finance, Real Estate, Legal and Government.

<sup>4</sup> STEM/TAMI: Communications, Health Care, Scientific R&D Services, Information and Professional, Scientific and Technical Services.

lines, access to additional capital sources, and debt headroom of US\$303 million (based on 45% leverage) provides considerable financial flexibility to execute its growth strategies.

Fixed interest rates on 89.8% of total gross borrowings mitigate against near-term interest rate risks for PRIME. With a fully extended debt maturity of 4.6 years (assuming an exercise of options to extend debt tranches maturing in 2022 and 2023), PRIME also has no near-term refinancing requirements until 2024. The effective interest rate on borrowings was a low 2.7%, with an interest coverage ratio of 5.8 times, as at 31 December 2020.

### **Looking ahead**

While some uncertainty remains as tenants continue to review their requirements and flexible working arrangements, there is optimism for the return to office in 2021 with the introduction of the COVID-19 vaccine in late 2020. Cushman and Wakefield<sup>5</sup> expects real GDP to grow in the 5% range for most of 2021 and reference the results of the December 2020 National Association for Business Economics (“**NABE**”) consensus survey, 73% of economists now expect real GDP to return to pre-crisis levels by the end of 2021.

The U.S. eliminated 1.15 million office-using jobs last year. The low point was the second quarter of 2020 when 2.6 million office jobs were initially cut. Since then, office-using employment has rebounded as businesses resume rehiring plans. Cushman and Wakefield predicts that the U.S. will return to peak office-using employment by the first quarter of 2022.

The resounding sentiment among industry leaders is that flight to quality will continue, which should benefit PRIME’s well-located and highly amenitised assets. PRIME’s favourable target tenant mix and strong property fundamentals in non-gateway markets are expected to maintain superior risk-adjusted returns and provide exposure to growth segments.

With a strong property portfolio, healthy debt headroom, and by leveraging deep acquisition prowess, PRIME will look to execute on its growth plans through accretive acquisitions in high growth markets.

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<sup>5</sup> Cushman and Wakefield, U.S. OFFICE SECTOR: THE ROAD AHEAD IN 2021, Part 1, 1/26/2021 and Part 2, 2/1/2021



**Ms Barbara Cambon, Chief Executive Officer and Chief Investment Officer of the Manager of PRIME**, said, “I am pleased to announce a strong set of results for FY 2020 during which we have outperformed our FY 2020 DPU IPO forecast by 3.6%. PRIME’s robust performance has been consistent since its listing which is a testament to our focus on maximising long-term Unitholder value. Our strategy to build a well-diversified portfolio in favourable US office markets, and our focus in the technology and established industry sectors, continues to underpin our success and demonstrates PRIME’s diversity and income resiliency in these uncertain times.

“As tenants gradually return to office, our experienced asset management team continues to employ technological solutions to assist existing tenants in office planning as well as to enhance PRIME’s leasing prospects.

“We have our goal set on inclusion in the FTSE EPRA NAREIT index, and are well-positioned to grow through accretive acquisition opportunities.”

**Distribution for the period from 1 July to 31 December 2020:**

<b>DPU</b>	US 3.42 cents
<b>Ex-Date</b>	24 Feb 2021
<b>Record Date</b>	25 Feb 2021
<b>Payment Date</b>	30 Mar 2021

**– 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 12 Class A freehold office properties which are strategically located in 10 key U.S. office markets. PRIME's portfolio has a total carrying value of US\$1.405 billion as at 31 December 2020.

**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\$42 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](http://www.primeusreit.com).



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