



PRIME US REIT

UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FOURTH QUARTER 2019 AND FINANCIAL PERIOD FROM 19 JULY 2019 (LISTING DATE) TO 31 DECEMBER 2019

TABLE OF CONTENTS

INTRODUCTION.....	2
SUMMARY OF PRIME'S RESULTS.....	3
1(A)(i)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND DISTRIBUTION STATEMENT	4
1(B)(i) STATEMENTS OF FINANCIAL POSITION	7
1(B)(ii) AGGREGATE AMOUNT OF LOANS AND BORROWINGS AND DEBT SECURITIES.....	9
1(C) CONSOLIDATED STATEMENT OF CASH FLOWS.....	10
1 (D)(i) STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS.....	12
1 (D)(ii) DETAILS OF ANY CHANGES IN UNITS	14
1 (D)(iii) TOTAL NUMBER OF ISSUED UNITS	14
1 (D)(iv) SALES, TRANSFERS, DISPOSALS, CANCELLATION AND/OR USE OF TREASURY UNITS	14
2. AUDIT	14
3. AUDITORS' REPORT	14
4. ACCOUNTING POLICIES.....	15
5. CHANGES IN ACCOUNTING POLICIES	15
6. CONSOLIDATED EARNINGS PER UNIT ("EPU") AND DISTRIBUTION PER UNIT ("DPU").....	15
7. NET ASSET VALUE ("NAV") AND NET TANGIBLE ASSET ("NTA") PER UNIT	15
8. REVIEW OF PERFORMANCE	16
9. VARIANCE BETWEEN ACTUAL AND FORECAST RESULTS.....	16
10. PROSPECTS	18
11. DISTRIBUTIONS.....	18
12. DISTRIBUTION STATEMENT	19
13. GENERAL MANDATE RELATING TO INTERESTED PERSON TRANSACTIONS	19
14. NEGATIVE CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL	19
15. CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL	19
16. SEGMENTAL INFORMATION	19
17. MATERIAL CHANGES IN CONTRIBUTION BY THE BUSINESS OR GEOGRAPHIC SEGMENTS	19
18. BREAKDOWN OF REVENUE	20
19. BREAKDOWN OF TOTAL DISTRIBUTION	20
20. CONFIRMATION PURSUANT TO RULE 704(13) OF THE LISTING MANUAL	20

DBS Bank Ltd. was the sole financial adviser and issue manager for the initial public offering ("IPO") of Prime US REIT (the "Offering"). DBS Bank Ltd., Merrill Lynch (Singapore) Pte. Ltd., China International Capital Corporation (Singapore) Pte. Limited, Credit Suisse (Singapore) Limited, Maybank Kim Eng Securities Pte. Ltd. and Oversea-Chinese Banking Corporation Limited were the joint bookrunners and underwriters for the Offering.

INTRODUCTION

Overview

Prime US REIT (“PRIME” or the “Group”) is a Singapore real estate investment trust constituted by the Trust Deed dated 7 September 2018 (as amended) between KBS US Prime Property Management Pte. Ltd., as the Manager of PRIME (the “Manager”) and DBS Trustee Limited, as the Trustee of PRIME (the “Trustee”).

PRIME was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 19 July 2019 (the “Listing Date”). PRIME’s principal investment strategy is to invest, directly or indirectly, in stabilised income-producing office assets, and real estate related assets, in the United States of America (“U.S.”). PRIME’s key objectives are to provide Unitholders with regular and stable distributions and to achieve long-term growth in distribution per Unit (“DPU”) and net asset value (“NAV”) per Unit, while maintaining an appropriate capital structure.

PRIME completed the acquisition of its initial portfolio on the Listing Date. PRIME’s portfolio comprises 11 office properties (the “Properties”) located across the U.S., with an aggregate net lettable area (“NLA”) of 3.4 million sq ft, as follows:

Tower I at Emeryville: Tower I at Emeryville is located in Emeryville, California and is part of the Oakland (North Alameda) submarket within the San Francisco Bay Area (Oakland) primary market. It is a 12-storey Class A office building with an NLA of 222,207 sq ft.

222 Main: 222 Main is located in Salt Lake City, Utah and is part of the CBD submarket within the Salt Lake City primary market. It is a 21-storey Class A office tower with an NLA of 433,346 sq ft and a nine-storey parking structure.

Village Center Station I: Village Center Station I is located in Greenwood Village, Colorado and is part of the Southeast Suburban submarket within the Denver primary market. It is a nine-storey Class A office building with an NLA of 241,846 sq ft and an adjacent parking structure.

Village Center Station II: Village Center Station II is located in Greenwood Village, Colorado and is part of the Southeast Suburban submarket within the Denver primary market. It is a 12-storey Class A single-tenanted office building with attached parking and an additional two-storey building, with an NLA of 325,576 sq ft.

101 South Hanley: 101 South Hanley is located in St. Louis, Missouri and is part of the Clayton submarket within the St. Louis primary market. It is a 19-storey Class A office building with an NLA of 360,505 sq ft and a four-storey parking structure.

Tower 909: Tower 909 is located in Irving, Texas and is part of the Las Colinas submarket within the Dallas primary market. It is a 19-storey Class A office building with an NLA of 374,251 sq ft and a seven-storey parking structure.

Promenade I & II: Promenade I & II is located in San Antonio, Texas and is part of the West submarket within the San Antonio primary market. The property consists of two four-storey Class A office buildings with a total NLA of 205,773 sq ft.

CrossPoint: CrossPoint is located in Wayne, Pennsylvania and is part of the King of Prussia submarket within the Philadelphia primary market. It is a three-storey Class A office building with an NLA of 272,360 sq ft.

One Washingtonian Center: One Washingtonian Center is located in Gaithersburg, Maryland and is part of the Suburban Maryland (Gaithersburg), submarket within the Washington D.C. Area (Suburban Maryland) primary market. It is a 13-storey Class A office tower with an NLA of 314,284 sq ft.

Reston Square: Reston Square is located in Reston, Virginia, and is part of the Suburban Virginia (Reston) submarket within the Washington D.C. Area (Suburban Virginia) primary market. It is a six-storey Class A office building with an NLA of 139,018 sq ft.

171 17th Street: 171 17th Street is located in Atlanta, Georgia and is part of the Midtown/Pershing/ Brookwood

submarket within the Atlanta primary market. It is a 22-storey Class A office building with an NLA of 510,268 sq ft.

Financial Statements Presentation

PRIME is announcing its financial results for the fourth quarter ended 31 December 2019 ("4Q 2019"), and for the period from the Listing Date to 31 December 2019 ("FY 2019"). No comparative periods have been presented as PRIME was dormant from its date of constitution (7 September 2018) to the Listing Date.

Any discrepancies in the tables included in this announcement between the listed amounts and the totals thereof are due to rounding.

Distribution Policy

PRIME intends to make distributions to Unitholders on a semi-annual basis. The first distribution will be for the period from 19 July 2019 to 31 December 2019 and will be paid on 30 March 2020.

PRIME'S distribution policy is to distribute 100.0% of distributable income for the period from the Listing Date to 31 December 2019 and for the financial year from 1 January 2020 to 31 December 2020. Thereafter, PRIME will distribute at least 90% of its annual distributable income for each financial year. The actual level of distribution will be determined at the Manager's discretion.

SUMMARY OF PRIME'S RESULTS

	4Q 2019			FY 2019		
	1 October 2019 to 31 December 2019			19 July 2019 to 31 December 2019		
	Actual	Forecast ⁽¹⁾	+/(-) ⁽²⁾	Actual	Forecast ⁽¹⁾	+/(-) ⁽²⁾
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue	33,528	32,869	2.0	60,657	59,376	2.2
Net Property Income	22,257	21,607	3.0	40,170	39,031	2.9
Income available for distribution to Unitholders.....	16,380	15,051	8.8	29,176	27,189	7.3
Available DPU (US cents).....	1.77	1.62	9.0	3.15	2.93	7.5

(1) The Prospectus disclosed a 9-month profit forecast for the period from 1 April 2019 to 31 December 2019. Forecast numbers for 4Q 2019 and FY 2019 were derived by pro-rating the forecast figures for the 9-months as disclosed in the Prospectus.

(2) Refer to the section "Variance Between Actual and Forecast Results" for the reasons behind the variance.

1(A)(i)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND DISTRIBUTION STATEMENT

		Group	
		4Q 2019⁽¹⁾	FY 2019⁽¹⁾
		1 October 2019 to 31 December 2019	19 July 2019 to 31 December 2019
Note		US\$'000	US\$'000
<u>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</u>			
	Gross revenue	33,528	60,657
	Property operating expenses.....	(11,272)	(20,486)
	Net property income	22,257	40,170
	Manager's base fee	(1,672)	(2,977)
	Trustee's fee	(43)	(76)
	Other trust expenses	(435)	(1,008)
	Net change in fair value of derivatives.....	2,331	(6,895)
	Finance expenses.....	(3,878)	(7,078)
	Finance income	7	40
	Net income before tax and net fair value change in investment properties	18,568	22,176
	Net fair value change in investment properties	18,795	18,795
	Net income before tax	37,363	40,971
	Tax expense	(6,035)	(7,268)
	Net income attributable to Unitholders	31,329	33,704
 <u>DISTRIBUTION STATEMENT</u>			
	Net income attributable to Unitholders	31,329	33,704
	Distribution adjustments	(14,949)	(4,528)
	Income available for distribution to Unitholders.....	16,380	29,176

Footnote:

(1) No comparative period has been presented as PRIME was dormant from its date of constitution (7 September 2018) to the Listing Date.

Notes to the Consolidated Statement of Comprehensive Income and Distribution Statement

a) Gross revenue

	Group	
	4Q 2019	FY 2019
	1 October 2019 to 31 December 2019	19 July 2019 to 31 December 2019
	US\$'000	US\$'000
Rental income	26,602	48,130
Recoveries income ⁽¹⁾	5,179	9,365
Other operating income	1,747	3,161
Gross revenue	33,528	60,657

Footnote:

- (1) Recoveries income includes, amongst others, charges to tenants for reimbursements of certain operating costs and real estate taxes and is estimated in accordance with the individual tenant leases.

b) Property operating expenses

	Group	
	4Q 2019	FY 2019
	1 October 2019 to 31 December 2019	19 July 2019 to 31 December 2019
	US\$'000	US\$'000
Utilities	1,495	2,886
Repair and maintenance expenses	1,571	2,586
Property management fees	1,444	2,513
Property taxes	4,156	7,471
Other property operating expenses	2,606	5,031
Property operating expenses	11,272	20,486

c) Manager's base fee

The Manager's base fee is calculated as 10.0% of income available for distribution to unitholders before accounting for the Manager's base fee. The Manager has elected to receive 80.0% of its base fee in the form of units for the period from 19 July 2019 to 31 December 2019.

d) Other trust expenses

	Group	
	4Q 2019	FY 2019
	1 October 2019 to 31 December 2019	19 July 2019 to 31 December 2019
	US\$'000	US\$'000
Audit fees paid/payable to auditors of the Group	319	581
Tax compliance fees	74	277
Valuation fees	(29)	85
Other expenses	70	65
Other trust expenses	435	1,008

e) Net change in fair value of derivatives

This relates to net fair value changes on the interest rate swaps held by the Group for hedging purposes. Interest rates were lower on 31 December 2019 than when the interest rate swaps were entered into prior to the IPO, resulting in a loss for FY 2019 from mark-to-market of these swaps. However, interest rates were higher on 31 December 2019 than on 30 September 2019, resulting in a gain for 4Q 2019 2019 from mark-to-market of these swaps. This is a non-cash item and therefore does not affect income available for distribution to Unitholders.

f) Finance expenses

	Group	
	4Q 2019 1 October 2019 to 31 December 2019	FY 2019 19 July 2019 to 31 December 2019
	US\$'000	US\$'000
Interest expense on loans and borrowings.....	3,553	6,572
Amortisation of upfront debt-related transaction costs ⁽¹⁾	279	440
Commitment fees.....	34	54
Dividends on preferred shares	12	12
Finance expenses	3,878	7,078

Footnote:

(1) Upfront debt-related transaction costs are amortised over the life of the borrowings.

g) Net fair value change in investment properties

PRIME obtains independent appraisals on an annual basis and the latest appraisal was obtained on 31 December 2019 which resulted in a net increase in the appraised fair value of investment properties.

h) Tax expense

Tax expense comprise deferred tax expenses. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

i) Distribution adjustments

	Group	
	4Q 2019 1 October 2019 to 31 December 2019	FY 2019 19 July 2019 to 31 December 2019
	US\$'000	US\$'000
Property related non-cash items ⁽¹⁾	(1,516)	(2,792)
Manager's base fee paid/payable in Units.....	1,338	2,382
Trustee's fee	43	76
Amortisation of upfront debt-related transaction costs ⁽²⁾	279	440
Net change in fair value of derivatives.....	(2,331)	6,895
Net fair value change in investment properties	(18,795)	(18,795)
Deferred tax expense	6,035	7,268
Distribution adjustments	(14,949)	(4,528)

Footnotes:

(1) Mainly comprise straight-line rent adjustments and amortisation of lease incentives.

(2) Upfront debt-related transaction costs are amortised over the life of the borrowings.

1(B)(i) STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December 2019	
		Group	Trust
		US\$'000	US\$'000
Current assets			
Cash and cash equivalents.....		37,862	1,170
Trade and other receivables.....		2,411	1,356
Amount due from subsidiaries.....		-	19,466
Prepaid expenses.....		2,200	1
Total current assets.....		42,473	21,993
Non-current assets			
Investment properties.....	a	1,254,700	-
Investment in subsidiaries.....		-	786,517
Total non-current assets.....		1,254,700	786,517
Total assets.....		1,297,173	808,510
Current liabilities			
Trade and other payables.....		16,646	309
Amount due to related parties.....	b	476	421
Rental security deposits.....		276	-
Rent received in advance.....		5,061	-
Total current liabilities.....		22,459	730
Non-current liabilities			
Loans and borrowings.....		432,824	-
Rental security deposits.....		2,294	-
Derivative liability.....	c	6,895	-
Preferred shares.....		125	-
Deferred tax liabilities.....		7,268	-
Total non-current liabilities.....		449,405	-
Total liabilities.....		471,864	730
Net assets attributable to Unitholders		825,310	807,780
Represented by:			
Unitholders' funds.....		825,310	807,780
Units in issue and to be issued ('000).....		926,379	926,379
Net asset value per Unit (US\$).....		0.89	0.87

Footnote:

- (1) No comparative period has been presented as PRIME was dormant from its date of constitution (7 September 2018) to the Listing Date.

Notes to the Statements of Financial Position

a) Investment properties

Investment properties are stated at fair value based on 31 December 2019 appraisals conducted by Cushman & Wakefield Western, Inc.

<u>Property</u>	<u>Primary Market</u>	<u>Carrying Value</u> <u>US\$'000</u>
Tower 1 at Emeryville	San Francisco Bay Area (Oakland)	125,800
222 Main	Salt Lake City	220,000
Village Center Station I	Denver	88,500
Village Center Station II	Denver	145,800
101 South Hanley	St. Louis	81,500
Tower 909	Dallas	82,400
Promenade I & II	San Antonio	75,000
CrossPoint	Philadelphia	99,500
One Washingtonian Center	Washington D.C. Area (Suburban Maryland)	106,000
Reston Square	Washington D.C. Area (Suburban Virginia)	49,200
171 17th Street	Atlanta	181,000
Investment properties		<u>1,254,700</u>
		7 September 2018 to 31 December 2019
		<u>US\$'000</u>
As at 7 September 2018 (Date of constitution).....		-
Acquisitions (including acquisition costs) ⁽¹⁾		1,226,129
Capital expenditure, tenant improvements, straight-line rent, lease commissions and other items capitalised		9,776
Net fair value change in investment properties		18,795
As at 31 December 2019.....		<u>1,254,700</u>

Footnote:

(1) The actual cash acquisition consideration was net of capital expenditure and leasing costs under seller's responsibility.

b) Amount due to related parties

Relates primarily to IPO related costs that were initially paid by a related party.

c) Derivative liability

Relates to the interest rate swaps entered into by the Group for hedging purpose. Interest rates were lower on 31 December 2019 than when the interest rate swaps were entered into prior to the IPO, resulting in losses from mark-to-market of these swaps.

1 (B)(ii) AGGREGATE AMOUNT OF LOANS AND BORROWINGS AND DEBT SECURITIES

	Group
	As at 31 December 2019⁽¹⁾
	US\$'000
Secured loans and borrowings	
Amount repayable after one year	437,596
Less: Unamortised upfront debt-related transaction costs	(4,772)
Total secured loans and borrowings	432,824
Unsecured loans and borrowings	-
Total loans and borrowings	432,824

Footnote:

- (1) No comparative period has been presented as PRIME was dormant from its date of constitution (7 September 2018) to 19 July 2019.

Details of loans and borrowings, and collaterals

	Maturity	As at 31 December 2019
		US\$'000
Non-current loans and borrowings		
Revolving credit facility ⁽¹⁾⁽²⁾	July 2022 ⁽³⁾	52,596
Four-year term loan facility ⁽²⁾	July 2023	140,000
Five-year term loan facility ⁽²⁾	July 2024	140,000
Ten-year term loan facility ⁽⁴⁾	August 2029	105,000
Total non-current loans and borrowings		437,596
Less: Unamortised upfront debt-related transaction costs		(4,772)
Total loans and borrowings		432,824

Footnotes:

- (1) The total amount available under this facility is US\$100.0 million.
(2) The borrower is Prime US-Lower Tier, LLC, which has pledged its equity interest in each of the property-owning entities (apart from the entity owning the 222 Main property).
(3) The facility has two one-year extension options.
(4) The borrower is Prime US-222 Main, LLC, and the facility is secured by the 222 Main property.

As at 31 December 2019, the Group had total gross loans and borrowings of US\$437.6 million and US\$47.4 million unutilised under the revolving credit facility to meet its future obligations. The interest rate on the four- and five-year term loans have been hedged using floating-for-fixed interest rate swaps and the ten-year term loan has a fixed interest rate. The weighted average interest rate (excluding amortisation of upfront debt-related transaction costs and commitment fees) on loans and borrowings from 19 July 2019 to 31 December 2019 was 3.32% per annum (taking into account the interest rate swaps), and for 4Q 2019 was 3.30% per annum (taking into account the interest rate swaps). Aggregate leverage, as defined in the Property Funds Appendix, as at 31 December 2019 was 33.7%.

1 (C) CONSOLIDATED STATEMENT OF CASH FLOWS

Group	Notes	4Q 2019	FY 2019
		1 October 2019 to 31 December 2019	19 July 2019 to 31 December 2019
		US\$'000	US\$'000
Cash flows from operating activities			
Net income before tax		37,363	40,971
Adjustments for:			
Property related non-cash items		(1,516)	(2,792)
Manager's fee paid/payable in Units		1,338	2,382
Net change in fair value of derivatives		(2,331)	6,895
Foreign exchange gains.....		(4)	(18)
Finance expenses.....		3,878	7,078
Finance income.....		(7)	(40)
Net fair value change in investment properties		(18,795)	(18,795)
Operating income before working capital changes		19,925	35,681
Changes in working capital:			
Trade and other receivables		(488)	(2,411)
Prepaid expenses		1,409	(2,200)
Trade and other payables		(50)	7,762
Amount due to related parties		(3,443)	475
Rental security deposits.....		114	56
Rent received in advance.....		2,567	5,061
Net cash generated from operating activities		20,034	44,422
Cash flows from investing activities			
Acquisition of investment properties and related assets and liabilities ..	a	-	(1,214,185)
Settlement of liabilities in relation to the acquisition of investment properties		(5,075)	(5,075)
Additions to investment properties	b	(712)	(3,646)
Interest received.....		7	40
Net cash used in investing activities.....		(5,780)	(1,222,867)
Cash flows from financing activities			
Proceeds from issuance of Units.....	c	-	813,000
Payment for transaction costs relating to issuance of Units		(11,445)	(23,776)
Proceeds from loans and borrowings.....		19,000	471,196
Payment of transaction costs related to loans and borrowings		(1,164)	(5,175)
Repayment of loans and borrowings.....		(11,100)	(33,600)
Interest paid on loans and borrowings		(3,550)	(5,433)
Proceeds from preferred shares		125	125
Transaction costs related to preferred shares.....		(37)	(37)
Dividends on preferred shares		(12)	(12)
Net cash (used in)/generated from financing activities		(8,183)	1,216,287
Net increase in cash and cash equivalents		6,071	37,843
Cash and cash equivalents at beginning of the period.....		31,787	1
Effect of exchange rate fluctuations on cash held in foreign currency...		4	18
Cash and cash equivalents at end of the period.....		37,862	37,862

Notes to the Consolidated Statement of Cash Flows

a) Acquisition of investment properties and related assets and liabilities

	Group
	19 July 2019 to 31 December 2019
	US\$'000
Agreed purchase consideration for investment properties	1,222,150
Acquisition costs	5,859
Capital expenditure and leasing costs under seller's responsibility	(1,880)
Net cash consideration for investment properties	1,226,129
Liabilities assumed	
Accrued expenses and other payables	(9,429)
Rental security deposits.....	(2,514)
Acquisition of investment properties and related assets and liabilities	1,214,185

b) Additions to investment properties

Includes spending on capital expenditure and tenant improvement allowances.

c) Proceeds from issuance of Units

On Listing Date, an aggregate of 923,864,000 Units were issued at US\$0.88 per unit for gross proceeds of US\$813.0 million.

The proceeds from the issue of Units and loan facilities drawn on were used in accordance with the stated uses as disclosed in the Prospectus and are set out below.

	Actual	Prospectus	Variance
	US\$'000	US\$'000	US\$'000
Acquisition of the properties ⁽¹⁾⁽²⁾	1,220,270	1,222,150	(1,880)
Transaction costs ⁽³⁾⁽⁴⁾	35,991	39,171	(3,180)
Working capital	4,000	4,000	-
Total	1,260,261	1,265,321	(5,060)

Footnotes:

- (1) The actual amount consists of the agreed purchase consideration for investment properties net of capital expenditure and leasing costs under seller's responsibility. Acquisition costs are included as part of transactions costs to be consistent with the disclosure in the Prospectus.
- (2) The favourable variance is due to capital expenditure and leasing costs under seller's responsibility. PRIME will utilise the funds to pay for the capital expenditure and leasing costs when due.
- (3) Transaction costs include expenses incurred in relation to the acquisition of the Properties, the issue of units at the IPO, and debt upfront costs.
- (4) The favourable variance is mainly from lower than expected IPO related costs. These savings have been reallocated for general working capital purposes.

1 (D)(i) STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

Group

	Units in issue and to be issued	Retained earnings	Total
	US\$'000	US\$'000	US\$'000
At 7 September 2018 (Date of constitution)	_(1)	-	_(1)
Operations			
Net income from constitution to 30 September 2019	-	2,375	2,375
Unitholders' transactions			
Issue of new Units on the Listing Date	813,000	-	813,000
Issue costs ⁽²⁾	(24,327)	-	(24,327)
Manager's base fee paid in Units	1,044	-	1,044
Total Unitholders' transactions	789,717	-	789,717
Total Unitholders' funds as at 30 September 2019	789,717	2,375	792,092
Operations			
Net income for 4Q 2019	-	31,329	31,329
Unitholders' transactions			
Issue costs ⁽³⁾	551	-	551
Manager's base fee payable in Units	1,338	-	1,338
Total Unitholders' funds as at 31 December 2019	791,606	33,704	825,310

Footnotes:

(1) Less than US\$1,000.

(2) Issue costs comprise underwriting and selling commissions, professional and other fees, and other issue expenses.

(3) Net reversal of issue costs accrued but not incurred.

Trust

	Units in issue and to be issued	Retained earnings	Total
	US\$'000	US\$'000	US\$'000
At 7 September 2018 (Date of constitution)	-(1)	-	-(1)

Operations

Net loss from constitution to 30 September 2019	-	(1,349)	(1,349)
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Unitholders' transactions

Issue of new Units on the Listing Date	813,000	-	813,000
Issue costs ⁽²⁾	(24,327)	-	(24,327)
Manager's base fee paid in Units	1,044	-	1,044
Total Unitholders' transactions	789,717	-	789,717
Total Unitholders' funds as at 30 September 2019	789,717	(1,349)	788,368

Operations

Net income for 4Q 2019.....	-	17,523	17,523
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Unitholders' transactions

Issue costs ⁽³⁾	551	-	551
Manager's base fee payable in Units	1,338	-	1,338
Total Unitholders' funds as at 31 December 2019	791,606	16,174	807,780

Footnotes:

(1) Less than US\$1,000.

(2) Issue costs comprise underwriting and selling commissions, professional and other fees, and other issue expenses.

(3) Net reversal of issue costs accrued but not incurred.

1 (D)(ii) DETAILS OF ANY CHANGES IN UNITS

	Group and Trust	
	4Q 2019	
	1 October 2019 to 31 December 2019	7 September 2018 to 31 December 2019
Units in issue:		
At the beginning of the period.....	923,864,000	1
New Units issued on the Listing Date.....	-	923,863,999
Manager's base fee paid in Units	1,139,872	1,139,872
Total issued Units at period end	925,003,872	925,003,872
Units to be issued:		
Manager's base fee payable in Units ⁽¹⁾	1,374,720	1,374,720
Total units issued and to be issued as at period end	926,378,592	926,378,592

Footnote:

- (1) The Manager has elected to receive 80.0% of the Manager's base fee in units for 4Q 2019. The number of units is calculated based on the volume weighted average traded price of the Units on the SGX-ST for the last 10 business days for the period ended 31 December 2019 of US\$0.973.

1 (D)(iii) TOTAL NUMBER OF ISSUED UNITS

PRIME does not hold any treasury units as at 31 December 2019. The total number of issued units as at 31 December 2019 was 925,003,872.

1 (D)(iv) SALES, TRANSFERS, DISPOSALS, CANCELLATION AND/OR USE OF TREASURY UNITS

Not applicable.

2. AUDIT

The figures have neither been audited nor reviewed by the auditors.

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation as described in the Prospectus in the preparation of the consolidated financial statements for the current reporting period.

5. CHANGES IN ACCOUNTING POLICIES

Not applicable.

6. CONSOLIDATED EARNINGS PER UNIT ("EPU") AND DISTRIBUTION PER UNIT ("DPU")

	Group	
	4Q 2019	FY 2019
	1 October 2019 to 31 December 2019	19 July 2019 to 31 December 2019
EPU		
Net income for the period (US\$'000)	31,329	33,704
Weighted average number of Units in issue and to be issued ⁽¹⁾ ...	924,324,979	924,119,482
Basic and diluted EPU (US cents) ⁽²⁾	3.39	3.65
DPU		
Income available for distribution to Unitholders (US\$'000)	16,380	29,176
Number of Units in issue at the end of the period ⁽³⁾	925,003,872	925,003,872
DPU (US cents)	1.77	3.15

Footnotes:

- (1) Based on the weighted average number of units in issue during the period and the units to be issued as part payment of the Manager's base fee incurred for the period from 1 October 2019 to 31 December 2019.
- (2) Diluted EPU is equivalent to basic EPU as there were no dilutive instruments in issue during the period.
- (3) Number of units in issue as at 31 December 2019.

7. NET ASSET VALUE ("NAV") AND NET TANGIBLE ASSET ("NTA") PER UNIT

	As at 31 December 2019	
	Group	Trust
Net assets (US\$'000).....	825,310	807,780
Number of Units in issue and to be issued ⁽¹⁾	926,378,592	926,378,592
NAV and NTA per Unit ⁽²⁾ (US\$)	0.89	0.87

Footnotes:

- (1) Based on the number of units in issue during the period and the units to be issued as part payment of the Manager's base fee.
- (2) NAV and NTA is the same as there are no intangible assets as at the end of the period.

8. REVIEW OF PERFORMANCE

Please refer to “9. Variance Between Actual and Forecast Results” for a review of the actual results for the period from 1 October 2019 to 31 December 2019 and 19 July 2019 (Listing Date) to 31 December 2019 against the forecast as disclosed in the Prospectus.

9. VARIANCE BETWEEN ACTUAL AND FORECAST RESULTS

	4Q 2019			FY 2019		
	1 October 2019 to 31 December 2019			19 July 2019 to 31 December 2019		
	Actual	Forecast ⁽¹⁾	Change	Actual ⁽²⁾	Forecast ⁽¹⁾	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME						
Gross Revenue	33,528	32,869	2.0	60,657	59,376	2.2
Property operating expenses	(11,272)	(11,262)	0.1	(20,486)	(20,344)	0.7
Net Property Income	22,257	21,607	3.0	40,170	39,031	2.9
Manager's base fee.....	(1,672)	(1,536)	8.9	(2,977)	(2,774)	7.3
Trustee's fee	(43)	(61)	(30.4)	(76)	(110)	(31.5)
Other trust expenses.....	(435)	(875)	(50.3)	(1,008)	(1,581)	(36.2)
Net change in fair value of derivatives ..	2,331	-	n.m.	(6,895)	-	n.m.
Finance expenses.....	(3,878)	(3,963)	(2.2)	(7,078)	(7,160)	(1.1)
Finance income.....	7	-	n.m.	40	-	n.m.
Net income before tax and net fair value change in investment properties	18,568	15,171	22.4	22,176	27,406	(19.1)
Net fair value change in investment properties	18,795	(3,000)	n.m.	18,795	(5,418)	n.m.
Net income before tax.....	37,363	12,172	207.0	40,971	21,988	86.3
Tax expense	(6,035)	(1,444)	318.0	(7,268)	(2,608)	178.7
Net income attributable to Unitholders	31,329	10,728	192.0	33,704	19,380	73.9
DISTRIBUTION STATEMENT						
Net Income attributable to Unitholders..	31,329	10,728	192.0	33,704	19,380	73.9
Distribution adjustments.....	(14,949)	4,323	n.m.	(4,528)	7,809	n.m.
Income available for distribution to Unitholders	16,380	15,051	8.8	29,176	27,189	7.3

Footnotes:

- (1) The Prospectus disclosed a 9-month profit forecast for the period from 1 April 2019 to 31 December 2019. Forecast results for the periods were derived by pro-rating the forecast figures.
- (2) PRIME was a dormant private trust up to 19 July 2019. Therefore, the actual income derived from the properties for was from 19 July 2019 to 31 December 2019.
- (3) n.m.: not meaningful

Actual vs Forecast for 4Q 2019

Gross revenue of US\$33.5 million was 2.0% or US\$0.7 million above forecast largely due to higher rental income and recoveries income.

Net property income of US\$22.3 million was 3.0% or US\$0.6 million higher than forecast primarily due to the higher gross revenue.

Manager's base fee of US\$1.7 million was 8.9% or US\$0.1 million higher than forecast as income available for distribution to Unitholders was 8.8% higher than forecast. Manager's base fee is 10.0% of income available for distribution to Unitholders (calculated before accounting for the Manager's base fee).

Other trust expenses of US\$0.4 million were 50.3% or US\$0.4 million lower than forecast largely due to lower than forecast tax compliance fees, investor relations costs and miscellaneous expenses.

Net change in fair value of derivatives resulted in a gain of US\$2.3 million as interest rates were higher on 31 December than on 30 September 2019, resulting in a gain from mark-to-market of these swaps. The forecast did not assume any changes in interest rates. This is a non-cash item and therefore does not affect income available for distribution to Unitholders.

The properties were revalued as of 31 December 2019, resulting in a net fair value change in investment properties gain of US\$18.8 million. This was US\$21.8 million higher than forecast as the forecast did not assume a change in valuation and the loss in fair value was largely as a result of acquisitions costs and straight line rent adjustments. This is a non-cash item and therefore does not affect income available for distribution to Unitholders.

Tax expense of US\$6.0 million was 318.0% or US\$4.6 million higher than forecast. This was due to actual deferred taxes being higher than forecast as a result of the fair value gain in investment properties.

Due to the net effects of the above, net income attributable to Unitholders of US\$31.3 million was 192.0% or US\$20.6 million higher than forecast.

Overall, income available for distribution to Unitholders of US\$16.4 million was 8.8% or US\$1.3 million higher than forecast.

Actual vs Forecast for FY 2019

Gross revenue of US\$60.7 million was 2.2% or US\$1.3 million above forecast largely due to higher rental income and recoveries income.

Net property income of US\$40.2 million was 2.9% or US\$1.1 million higher than forecast primarily due to the higher gross revenue.

Manager's base fee of US\$3.0 million was 7.3% or US\$0.2 million higher than forecast as income available for distribution to Unitholders was 7.3% higher than forecast. Manager's base fee is 10.0% of income available for distribution to Unitholders (calculated before accounting for the Manager's base fee).

Other trust expenses of US\$1.0 million were 36.2% or US\$0.6 million lower than forecast largely due to lower than forecast tax compliance fees, investor relations costs and miscellaneous expenses.

Net change in fair value of derivatives resulted in a loss of US\$6.9 million as interest rates were lower on 31 December 2019 than when the interest rate swaps were entered into prior to the IPO, resulting in losses from mark-to-market of these swaps. The forecast did not assume any changes in interest rates. This is a non-cash item and therefore does not affect income available for distribution to Unitholders.

The properties were revalued as of 31 December 2019, resulting in a net fair value change in investment properties gain of US\$18.8 million. This was US\$24.2 million higher than forecast as the forecast did not assume a change in valuation and the loss in fair value was largely as a result of acquisitions costs and straight line rent adjustments. This is a non-cash item and therefore does not affect income available for distribution to Unitholders.

Tax expense of US\$7.3 million was 178.7% or US\$4.7 million higher than forecast. This was due to actual deferred taxes being higher than forecast as a result of the fair value gain in investment properties.

Due to the net effects of the above, net income attributable to Unitholders of US\$33.7 million was 73.9% or US\$14.3 million higher than forecast.

Overall, income available for distribution to Unitholders of US\$29.2 million was 7.3% or US\$2.0 million higher than forecast.

10. PROSPECTS

U.S. businesses continued to add jobs at a healthy pace in the fourth quarter of 2019. Job gains boosted demand for office space, keeping absorption levels consistent with levels over the past three years despite uncertainty surrounding tariffs and trade issues. Employment in the key office-using sectors of financial services, professional services and information increased by 150,000 jobs during the fourth quarter according to Cushman & Wakefield, which drives healthy positive absorption. The Federal Reserve cut its benchmark rate three times in 2019 and lifted commercial real estate valuations in the second half of 2019 according to CoStar.

In total, CoStar recorded net absorption of about 53 million square feet for the year with the fourth quarter posting the strongest absorption in 2019. With a similar amount of new supply delivered, the vacancy rate remained stable at year-end, matching the expansion-low of 9.7%. Further, according to Cushman & Wakefield, technology was once again the top leasing sector. Financial services firms increased their share of major leases to 16.7% in the fourth quarter compared to 13.2% in the third. Overall, technology companies accounted for 26.4% of major leasing—roughly double the 14.3% of major leases by the financial services sector. While demand and supply vary quarterly, the vacancy trend is likely to remain stable. The technology sector dominated leasing in 2019 and is expected to remain so in 2020.

As of 31 December 2019, the portfolio occupancy of PRIME remained resilient at 95.8%, and approximately 98% of leases have rental escalations. PRIME's diversified portfolio is supported by its favourable tenant exposure in the STEM/TAMI sectors, and CoStar expects the technology sector to continue its outperformance in 2019 through 2020. The Manager maintains a proactive and prudent approach in its leasing and asset management activities to maximise returns to Unitholders.

With the coronavirus outbreak continuing to unfold in China and globally, we continue to monitor the situation closely on its impact on the global economy. Barring any unforeseen circumstances, we remain cautiously optimistic about the U.S. office market.

11. DISTRIBUTIONS

(a) Current Financial Period reported on

Any distribution recommended for the current financial period reported on?

Yes

Distribution period : 1st distribution for the period from 19 July 2019 to 31 December 2019

Distribution type/rate: Distribution of US 3.15 cents per Unit comprising of:
a. Tax-exempt income: US 2.00 cents per Unit
b. Capital: US 1.15 cents per Unit

Tax rate : Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders.

Capital distribution represents a return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of PRIME Units, the amount of capital distribution will be applied to reduce the cost base of PRIME Units for Singapore income tax purpose.

Unitholders who do not submit required U.S. tax forms completely and accurately by Friday, 6 March 2020 date will be subject to 30% withholding taxes on the distribution.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any distribution declared for the corresponding period of the immediately preceding financial year?

Not applicable.

(c) Book closure date 20 February 2020

(d) Date payable 30 March 2020

12. DISTRIBUTION STATEMENT

Not applicable.

13. GENERAL MANDATE RELATING TO INTERESTED PERSON TRANSACTIONS

The Group has not obtained a general mandate from Unitholders for interested party transactions.

14. NEGATIVE CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

Not applicable for announcement of full year results.

15. CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

16. SEGMENTAL INFORMATION

Not applicable as PRIME operates within a single business segment and within a single geographic segment in the U.S.

17. MATERIAL CHANGES IN CONTRIBUTION BY THE BUSINESS OR GEOGRAPHIC SEGMENTS

Refer to "9. Variance Between Actual and Forecast Results" for the review of actual performance.

18. BREAKDOWN OF REVENUE

The first financial results reported were for the period from 19 July 2019 to 30 September 2019. As such, there were no financial results for the first half of 2019. Gross revenue and net income for the financial period from 19 July to 31 December 2019 is reported in the table below.

	FY 2019		
	19 July 2019 to 31 December 2019		
	Actual ⁽¹⁾	Forecast ⁽²⁾	+/(-)
	US\$'000	US\$'000	%
Gross Revenue.....	60,657	59,376	2.2%
Net Income.....	33,704	19,380	73.9%

- (1) No comparative period has been presented as PRIME was dormant from its date of constitution (7 September 2018) to the Listing Date.
- (2) The Prospectus disclosed a 9-month profit forecast for the period from 1 April 2019 to 31 December 2019. Forecast numbers for FY 2019 were derived by pro-rating the forecast figures for the 9-months as disclosed in the Prospectus.

19. BREAKDOWN OF TOTAL DISTRIBUTION

	FY 2019
	19 July 2019 to 31 December 2019 ⁽¹⁾
	US\$'000
In respect of the period 19 July to 31 December 2019 ⁽²⁾	29,176

- (1) No comparative period has been presented as PRIME was dormant from its date of constitution (7 September 2018) to the Listing Date.
- (2) Refer to the section "11. Distributions" for details of the distribution.

20. CONFIRMATION PURSUANT TO RULE 704(13) OF THE LISTING MANUAL

Pursuant to Rule Pursuant to Rule 704(13) of the Listing Manual, the Manager confirms that there is no person occupying a managerial position in the Manager who is a relative of a director, chief executive officer, substantial shareholder of the Manager or substantial unitholder of PRIME.

On behalf of the Board
KBS US Prime Property Management Pte. Ltd.
(Company Registration Number: 201825461R)
As Manager of Prime US REIT

Mr. Charles J. Schreiber Jr.
Chairman

Professor Annie Koh
Director

12 February 2020

This announcement 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.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events. The value of units in Prime US REIT (the "Units") and the income derived from them may fall as well as rise. 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 affiliates.

An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Holders of Units (the "Unitholder") 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 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.

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.

The past performance of Prime US REIT is not necessarily indicative of its future performance.

**By Order of the Board
KBS US Prime Property Management Pte. Ltd.
(Company Registration Number: 201825461R)
As Manager of Prime US REIT**

**Tan Lay Hong
Company Secretary
12 February 2020**