



## NEWS RELEASE

### PRIME US REIT 1Q 2020 KEY BUSINESS AND OPERATIONAL UPDATES; NET PROPERTY INCOME OUTPERFORMS IPO PROJECTION BY 6.7%

- **AUM up 13.6% to US\$1.42 billion<sup>1</sup> with the maiden acquisition of Park Tower**
- **High portfolio occupancy rate of 94.9% with long WALE of 4.9 years**
- **Strong balance sheet with gearing ratio of 33.7% and interest coverage of 5.8x<sup>2</sup>**
- **Resilient net property income reinforced by diversified portfolio with established tenants**

**Singapore, 28 April 2020** – 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 posted its key business and operational review for 1 January 2020 to 31 March 2020 (“1Q 2020”).

#### Summary

	1Q 2020		
	1 January 2020 to 31 March 2020		
	Actual (US\$'000) <sup>3</sup>	Projection <sup>4</sup> (US\$'000)	Variance (%)
Gross Revenue	35,060	33,681	+4.1
Net Property Income	23,512	22,044	+6.7
Distributable Income	17,601	15,592	+12.9

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

<sup>1</sup> Based on appraised valuation of US\$1.25 billion as at 31 December 2019.

<sup>2</sup> 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 interest expense and commitment fees on debt for the period from 01 January 2020 to 31 March 2020.

<sup>3</sup> Not audited or reviewed by external auditors.

<sup>4</sup> Refers to IPO Portfolio’s projection figures for Projection Year 2020 as disclosed in the Prospectus, pro-rated by months.



Gross revenue and net property income ("NPI") for 1Q 2020 of US\$35.1 million and US\$23.5 million outperformed IPO projections by 4.1% and 6.7% respectively. Distributable income of US\$17.6 million exceeded the IPO projection by 12.9%. This outperformance was primarily driven by the accretive acquisition of Park Tower in Sacramento on 24 February 2020, higher net property income from the IPO portfolio, and lower finance and other trust expenses.

**Ms Barbara Cambon, Chief Executive Officer and Chief Investment Officer of the Manager of PRIME**, said, "We continue to deliver a strong set of results and outperform our IPO projections. PRIME's diversified portfolio characteristics and strong balance sheet, with no refinancing until 2024 (assuming extension options built in debt facility are exercised), will provide stability in these uncertain times.

We are actively working with our tenants to navigate through the economic impact of COVID-19. To date, we have collected substantially all of our rent. We remain focused on delivering stable performance and managing our capital structure prudently while continuing to seek acquisitions that will provide long term value to unitholders."

### **Disciplined Capital Structure**

Underpinned by a disciplined capital structure with a prudent capital management strategy, PRIME maintains a conservative debt maturity profile and a healthy gearing ratio of 33.7%. PRIME has fixed interest rates on 89.1% of its debt which removes any near-term interest rate risk and an interest coverage of 5.8 times. The Manager is actively reviewing options to take advantage of current low interest rate environment to generate interest cost savings. The total outstanding debt amount of US\$488 million has a weighted average debt to maturity of 4.8 years with no near-term refinancing risk.

### **Portfolio Management**

To sustain cash flow stability, PRIME continues to adopt a proactive lease management approach through regular dialogue with tenants ahead of lease expiries and frequent outreach to understand tenants' changing requirements. PRIME has a high portfolio occupancy of 94.9% and approximately 98.0% of leases have rental escalations. The weighted average lease expiry ("WALE") is 4.9 years, with no more than 6.0% of leases by net lettable area ("NLA") expiring in 2020.



Sustained by a resilient and diversified portfolio with a high-quality tenant mix, no single geographical market contributes more than 13.5% of total cash rental income ("CRI") while no single asset makes up more than 15.5% of PRIME's portfolio by valuation.

### **Outlook**

The management is cognisant of the challenges which COVID-19 brings. While portfolio assets are located away from the core outbreak zones, PRIME is closely monitoring developments across all its markets. All of PRIME's properties remain open and accessible, and strict protocols have been implemented across all assets to ensure the health and safety of tenants. The management is also actively working with tenants directly impacted by mandated business closures.

PRIME has 33.4% exposure in the growing STEM/TAMI sectors which have been and are expected to be key drivers of demand for office space in the near term. PRIME's assets are situated in key markets with lower population density and live-work-play environments, and these attributes may serve to shape office space trends in the medium term as companies address social distancing and other health and safety measures.

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**For media and analysts' queries, please contact:**

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### **About Prime US REIT**

Prime US REIT ("PRIME") is a diversified Singapore real estate investment trust ("REIT") with a focus on stabilised income-producing office assets in the United States ("U.S."). PRIME offers investors a unique exposure to a high-quality portfolio of 12 prime and freehold office properties, strategically located in ten primary markets in the U.S., with a total appraised value of US\$1.42 billion.

With a geographically diversified portfolio of strategically-located prime office assets in key U.S. office markets, PRIME is well-positioned to achieve its key objectives to provide Unitholders with regular and stable distributions through long-term growth in distributions per unit and net asset value per unit growth while maintaining an appropriate capital structure.

### **About the Sponsor**

KBS Asia Partners Pte. Ltd. ("KAP") is the sponsor of PRIME. KAP's shareholders include founding members of KBS, who is one of the largest U.S. commercial real estate managers with US\$11.6 billion of assets under management as at 31 December 2019, and more than US\$41.8 billion of transactional volume 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.



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