



NEWS RELEASE

PRIME US REIT 3Q2021 KEY BUSINESS AND OPERATIONAL UPDATES; DISTRIBUTABLE INCOME INCREASES 11.3% TO US\$20.0M

- Leasing activity in 3Q2021 more than tripled from 2Q2021 with 187,076 sq ft executed at a strong positive rental reversion of 19.2%, excluding short-term leases
- Accretive acquisitions of Sorrento Towers and One Town Center contribute to the growth and diversification of PRIME's income
- Stable portfolio occupancy at 91.4% with long WALE of 4.5 years
- Rent collections remain robust at above 99% throughout FY2020 and FY2021
- Strong balance sheet and ample debt headroom through proactive and prudent capital management positions PRIME well to continue capturing growth opportunities

Singapore, 3 November 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 key business and operational updates for the quarter ended 30 September 2021 ("**3Q2021**").

PRIME's gross revenue and net property income ("**NPI**") for 3Q2021 grew by 10.1% and 10.7% year-on-year to US\$40.4 million and US\$26.8 million, respectively. Distributable income of US\$20.0 million increased by 11.3% compared to 3Q2020 and was in line with the higher NPI performance which benefitted from lower interest costs and the contributions from the acquisitions of Sorrento Towers and One Town Center.

Resilient Portfolio

PRIME's well-diversified portfolio occupancy remains resilient at 91.4% well above U.S. Class A 4/5 Star office average of 83.8% reported by CoStar¹. The portfolio maintained solid rent collections of 99.7% in 3Q2021, which have remained robust above 99% throughout FY2020 and FY2021. Strong focus on high-quality tenants and proactive lease management continues to see positive outcomes with 187,076 sq ft of mainly renewals with positive rental reversion of 19.1%. This was more than triple the leases executed in 2Q2021, with a significant proportion of this leased space having start dates beyond 2022, reflecting tenants' long-term commitment

¹ CoStar as of 5 October 2021, 4/5 star properties

to office and to PRIME's properties. Despite the pandemic, rental reversions over last five quarters have consistently remained positive. Portfolio in place rents are also below asking rents by 7.5%, reflecting continued potential for rental reversion.

Of the leases executed, most leases were renewals including Arnall Golden Gregory, New Leaf and Regus Management while 32,802 sq ft of total were new leases, mitigating expiries and downsizing. Weighted average lease expiry ("**WALE**") also extended from 4.1 to 4.5 years with the addition of One Town Center and Sorrento Towers, and 3Q2021 leasing with over 80% of volume with lease expiry in 2027 and beyond. Upcoming lease expiries are well spread across the portfolio, thus reducing single asset exposure. Lease-up of this space is a key focus for the Manager.

Positioned for Growth

PRIME maintains a strong balance sheet through prudent and proactive capital management. With a gearing of 38.4%, available credit facilities in excess of US\$200 million and debt headroom of US\$393 million at 50% leverage limit, PRIME is well-positioned to continue executing on its growth strategy. PRIME's fixed interest rates on 85% of its debt and a fully extended weighted average debt maturity of 4.0 years mitigates against any near-term interest rate and refinancing risks. Interest coverage was 5.5 times for the period ended 30 September 2021 with effective interest cost further reduced to 2.6%.

Economy Bottoming Out

3Q2021 economic fundamentals remained strong with the continued support from government spending and significant improvement in vaccination rates, and U.S. office markets are showing positive signs of recovery². Unemployment rate fell to 4.8%. Jobs gains continue in professional and business services sectors³. Despite the delay in the return to office, leasing activity rose by 7.8% in 3Q2021, bringing quarterly transaction volumes to nearly 40 million sq ft as tenants begin to make long-term real estate decisions, according to JLL². Most notably, activity increased in fast growing secondary markets, while sublease space contracted modestly, and occupancy losses slowed. For the first time since the onset of the pandemic, deals of over 10 years composed more than 40% of leasing in 3Q2021². As a result, average

² JLL Research Office Outlook 3Q 2021

³ U.S. Bureau of Labor Statistics, 8 Oct 2021



lease terms have increased to 7.7 years, from 7.4 years in 2Q2021, providing further evidence of firming.

As return to work plans continue to evolve, there is increasing focus on hybrid work strategies, highlighting the Manager's continued effort on tracking tenants' changing space configurations along with the health, wellness and safety needs of their employees.

Ms Barbara Cambon, Chief Executive Officer and Chief Investment Officer of the Manager of PRIME, said, "We are pleased to announce yet another strong performance. As we scale our portfolio, our focus on quality assets and tenants, and markets with strong fundamentals, has allowed us to remain resilient.

Our recent inclusion into the FTSE EPRA NAREIT Global Developed Index also positions us well to further enhance our trading liquidity and visibility to global institutional investors.

We will look to continue capturing leasing and growth opportunities in key non-gateway markets as the economy regains momentum and we remain committed to delivering long-term sustainable growth through prudent capital management, to maximise Unitholder value."

– 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\$1.67 billion as at 30 September 2021.

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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