



NEWS RELEASE

PRIME US REIT FY2021 DISTRIBUTABLE INCOME INCREASES 4.9% TO US\$75.6M

- Acquisitions contribute to growth and diversification of income in 2H2021
- Leasing activity in 2H2021 more than doubles from 1H2021; 414,632 sq ft executed at a strong positive rental reversion of 14.1% for FY2021
- Rent collections remain robust at above 99% throughout FY2020 and FY2021
- Stable portfolio occupancy at 90.3% with WALE of 4.2 years
- 2H2021 distribution of US 3.45 cents, including US 0.09 cents paid as part of a cumulative distribution for 1 - 5 July 2021, bringing total distribution for FY2021 to US 6.78 cents
- Proactive capital management continues to provide ample debt headroom and access to capital, supporting PRIME's focus on yield-accretive, quality asset investment opportunities and enhancement initiatives that support employers' long-term needs

Singapore, 16 February 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 (“**2H2021**”) and full year (“**FY2021**”) ended 31 December 2021.

PRIME's gross revenue and net property income (“**NPI**”) for 2H2021 increased by 17.0% and 14.3% year-on-year (“**yoy**”) to US\$84.7 million and US\$54.4 million, respectively. Distributable income increased by 11.0% yoy to US\$40.2 million for 2H2021 and 4.9% to US\$75.6 million for FY2021, attributed to new acquisitions. Available distributions per unit (“**DPU**”) for 2H2021 of US 3.45 cents, an increase of 0.9% yoy, and 3.6% from 1H2021, contributed to a full year DPU of US 6.78 cents for FY2021.

Resilient operations reflect asset quality in growth markets

PRIME continued its strong positive rental reversions as well as over 99% rent collections throughout the last six quarters in the pandemic impacted environment. Leasing volume for 2H2021 more than doubled from 1H2021 with 282,199 sq ft leased, bringing FY2021 leasing volumes to 414,632 sq ft at a positive rental reversion of 14.1% (15.8% excluding leases less than one year). New leases represented 21% of total leasing volume in FY2021. Approximately two thirds of the 95,123 sq ft leased in 4Q2021 were renewals, while 31,083 sq ft were new

leases that mitigate expiries and downsizing. Leasing in 4Q2021 was diversified across industry sectors including legal, finance, government, IT, real estate and general industries. 4Q2021 rent collections remained strong, with 99.5% average rent collections and no deferrals for the quarter. Portfolio in place rents are below asking rents by 7.3%, presenting potential rental reversion opportunities.

PRIME's portfolio occupancy of 90.3% remains well above U.S. Class A 4/5 Star office average of 83.5% reported by CoStar¹. PRIME's long portfolio weighted average lease expiry ("WALE") of 4.2 years and diversified portfolio with favourable tenant exposure continue to provide sustainable organic growth as more than 99% of leases have rental escalations. Upcoming lease expiries are well-spread across the portfolio with the largest single asset lease expiry for FY2022 at 2.7% of portfolio CRI. This reduces single asset exposure where no single property contributes more than 11.4% of CRI.

With the acquisitions of Sorrento Towers and One Town Center, PRIME's enlarged portfolio value stood at US\$1.65 billion as at 31 December 2021, a 17.6% increase from the preceding year. PRIME's portfolio valuation remained stable reflecting the quality of the assets and tenants, as well as the strength of PRIME's diversified portfolio.

Financial flexibility to support growth in Unitholder value

PRIME remains in the market for yield-accretive, quality asset investment opportunities, well-supported by its active capital management strategies and strong balance sheet position.

Gearing remains low at 37.9% with available credit facilities in excess of US\$230 million and debt headroom of US\$405.8 million at 50% leverage limit. PRIME's fixed interest rates on 87% of its debt and a fully extended weighted average debt maturity of 3.7 years mitigates against any near-term interest rate and refinancing risks in the potential rising interest rate environment. Interest coverage was 5.4 times as at 31 December 2021 with effective interest cost further reduced to 2.5%. PRIME declared distribution of US 3.36 cents for the period from 6 July 2021 to 31 December 2021. Total distributions declared for FY2021 is US 6.78 cents.

Well positioned for the eventual recovery

The U.S. economy is continuing its recovery. Employers are hiring as evidenced by more than 6.1 million new jobs created over the past year, with office-using workers continuing to make

¹ CoStar as of 4 January 2022, 4/5 star properties



up a significant share of this growth². Given widespread vaccine availability, the development of new therapeutic treatments, and business and leisure travel trending toward pre-COVID levels, optimism is growing for continued recovery in 2022. With 156.9 million sq ft of gross leasing in 2021, the U.S. has seen a 14.6% year over year increase³. Confidence in leasing has also increased, with average lease terms up to 7.8 years – a 5.4% increase⁴.

High quality assets continue to be an important criterion for tenants in the market for new space. Tech remains as the dominant leasing driver, representing 21% of fourth quarter activity. With the economy accelerating and increased consumer activity, job growth is expected to continue in 2022. Return to office continues to be impacted by the recent Omicron outbreak, and while many companies have avoided stating another return-to-work date, it is expected that employees will be returning to the office as soon as feasible given the increase in leasing activity. PRIME's resiliency is supported by its industry sector diversification, with favourable tenant exposure to STEM/TAMI.

Ms Barbara Cambon, Chief Executive Officer and Chief Investment Officer of the Manager of PRIME, said, “Our strategy to capture leasing and growth opportunities in key non-gateway markets as the economy regains momentum continues support our strong performance. As job growth and recent leasing activity indicate a nascent recovery and tenants’ confidence in the return to office, we continue to identify market and asset attributes that employers seek, to best support their long-term workspace needs.

We have a strong balance sheet and access to capital which underpin our growth strategies as we scale our portfolio further into strategic markets and sectors, and as we address evolving tenant needs through asset enhancement initiatives.

We continue to pursue operational excellence by taking a prudent and proactive approach to asset and capital management, to maximise Unitholder returns through the economic cycle.”

Distribution for the period from 6 July 2021 to 31 December 2021:

DPU	US 3.36 cents
Ex-date	23 February 2022
Record Date	24 February 2022
Payment Date	31 March 2022

– End –

² Cushman & Wakefield Q4 2021 MarketBeat – US National Office

³ JLL Research Office Outlook 4Q 2021



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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\$1.65 billion as at 31 December 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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