3 December 2020

Property | REITS

Prime US REIT (PRIME SP)

Buy

Primed For Resilience; BUY For 9% Yield

Target Price (Return):	USD1.00 (29.9%)
Price:	USD0.77
Market Cap:	USD809m
Avg Daily Turnover (USD/USD)	0.95m/0.95m

- **Initiate coverage with BUY and USD1.00 TP, 30% upside and c.9% yield.** Prime US REIT derives rental income from a portfolio of 12 freehold office assets in the US. Despite the US' severe COVID-19 situation, we expect the company to see stable rental income, due to its strong asset and tenant quality, and limited near-term lease expiry. Its sustainable yield of 9% is among the highest in the REIT sector, and is unjustified, in our view, compared to the 5.4% S-REIT peer average.
- **Prime is attractive in most metrics, compared to peers**. Our comparative study on US office S-REITs (Figure 1) shows that Prime offers the highest yields and trades at an attractive 0.9x P/BV. It also has the lowest gearing, thus offering good inorganic growth potential. Despite COVID-19, its portfolio has registered a +9% rent reversion YTD, and strong rent collection of 99% (better than peers), with minimal tenant rent relief (only 0.2% rent deferment), underpinning its good asset and tenant quality.
- **Office assets to stay relatively resilient.** Despite near-term headwinds for leasing demand, we do not anticipate a significant long-term structural impact to the office sector, post-COVID-19. We anticipate firms will adopt a more flexible work structure, with more options to Work from Home (WFH), and hot-desking, rather than a complete WFH approach. While this trend may result in a 5-10% reduction in overall office demand in medium to long term, it is likely to be partially offset by de-densification trends.
- **Average asking rent still 7% below market.** Eight of its 12 assets are currently under-rented (Figure 4), with in-place rent 0-31% below asking rent. Only Reston Square's rent is significantly higher, at 12.5% above asking-rent, but we note that this asset has no lease expiry until 2021, and accounts for only 5% of total income. In addition, 99.8% of cash rental income (CRI) has in-built rent escalation, averaging 2%.
- **Limited near-term lease expiry buffers COVID-19 impact.** Its portfolio has a relatively long 4.6-year weighted average lease expiry (WALE). Only 10.7% of portfolio leases are due for expiry until 2021, with expiring leases spread out across its assets. The limited near-term lease expiries mitigate the short-term impact of COVID-19-related leasing uncertainties.
- **Low gearing presents inorganic growth potential.** Prime's gearing of 32.7% is one of the lowest among S-REITs, and presents a debt headroom of USD324m for acquisitions (assuming 45% levels). This, in our view, presents good headroom for accretive acquisitions in 2021.
- **Key risks:** Deep structural negative impact to office leasing demand post COVID-19, changes to tax structure, and a prolonged, deep recession in the US.

Forecasts and Valuation	Dec-19	Dec-20F	Dec-21F	Dec-22F	Dec-23F
Total turnover (USDm)	61	143	147	149	154
Net property income (USDm)	40	97	100	102	105
Reported net profit (USDm)	33.7	40.1	59.8	70.8	92.4
Total distributable income (USDm)	29.2	71.2	74.8	75.9	77.5
DPS (USD)	0.03	0.07	0.07	0.07	0.07
DPS growth (%)	0.0	120.4	0.7	0.8	1.3
P/B (x)	0.86	0.85	0.90	0.90	0.89
Dividend Yield (%)	4.1	9.1	9.2	9.2	9.4
Return on average equity (%)	8.2	4.6	6.6	7.8	10.0
Return on average assets (%)	5.2	2.9	4.1	4.9	6.2

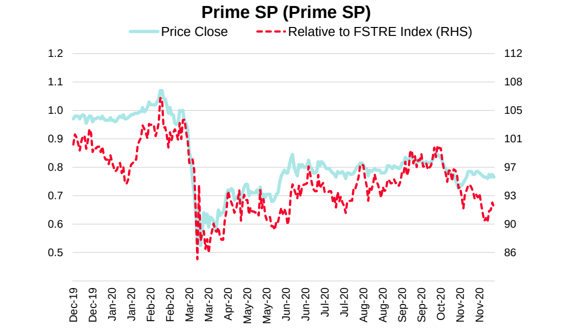
** For 2019 Since listing from 19th July; Source: Company data, RHB*

Analyst

Vijay Natarajan
+65 6320 0825
vijay.natarajan@rhbgroup.com

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(20.7)	5.5	(5.0)	(1.9)	(22.7)
Relative	(6.6)	(2.8)	(4.3)	0.8	(9.7)
52-wk Price low/high (USD)					0.53 – 1.07



Source: Bloomberg

Note:
Small cap stocks are defined as companies with a market capitalisation of less than USD1bn.

Financial Exhibits

Asia
Singapore
Property
Prime US REIT
Prime SP
Buy

Valuation basis

DDM

Key drivers

i. Under-rented portfolio presenting rent growth potential and downside buffer;
ii. Inbuilt rent escalations providing organic growth;
iii. Low gearing present inorganic growth potential via acquisitions.

Key risks

i. Prolonged and deep recession in the US due to COVID-19;
ii. Rising WFH trends resulting in steep decline in office demand;
iii. Regulatory changes and changes to tax efficient structure.

Company Profile

Prime US REIT ("PRIME") is a diversified Singapore real estate investment trust ("REIT") with a focus on stabilised income-producing office assets in the 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 USD 1.42 bn.

Financial summary	Dec-19	Dec-20F	Dec-21F	Dec-22F	Dec-23F
Recurring EPS (USD)	0.04	0.04	0.06	0.07	0.09
EPS (USD)	0.04	0.04	0.06	0.07	0.09
DPS (USD)	0.03	0.07	0.07	0.07	0.07
BVPS (USD)	0.89	0.90	0.85	0.85	0.86
Return on average equity (%)	8.2	4.6	6.6	7.8	10.0
Weighted avg adjusted shares (m)	924.32	1,023.71	1,066.86	1,074.66	1,082.68

Valuation metrics	Dec-19	Dec-20F	Dec-21F	Dec-22F	Dec-23F
Recurring P/E (x)	20.98	19.51	13.64	11.62	8.96
P/E (x)	20.98	19.51	13.64	11.62	8.96
P/B (x)	0.9	0.9	0.9	0.9	0.9
FCF Yield (%)	5.6	11.2	8.0	9.9	11.7
Dividend Yield (%)	4.1	9.1	9.2	9.2	9.4
EV/EBITDA (x)	- 4.23	- 1.84	- 1.30	- 1.23	- 1.45
EV/EBIT (x)	- 4.23	- 1.84	- 1.30	- 1.23	- 1.45

Income statement (USDm)	Dec-19	Dec-20F	Dec-21F	Dec-22F	Dec-23F
Total turnover	60.7	143.5	146.6	149.3	153.9
EBITDA	36.1	88.3	90.5	92.3	95.1
Operating profit	36.1	88.3	90.5	92.3	95.1
Net interest	(7.0)	(14.1)	(13.5)	(13.8)	(14.5)
Pre-tax profit	41.0	28.9	55.7	70.8	100.8
Taxation	(7.3)	11.3	4.2	0.0	(8.4)
Recurring net profit	33.7	40.1	59.8	70.8	92.4

Cash flow (USDm)	Dec-19	Dec-20F	Dec-21F	Dec-22F	Dec-23F
Change in working capital	9	10	(2)	1	1
Cash flow from operations	44	100	79	95	111
Capex	(5)	(13)	(14)	(14)	(14)
Cash flow from investing activities	(1,223)	(175)	(14)	(14)	(14)
Dividends paid	0	(71)	(75)	(76)	(77)
Cash flow from financing activities	1,216	82	(78)	(79)	(81)
Cash at beginning of period	0	38	39	42	43
Net change in cash	38	7	(13)	2	16
Ending balance cash	38	39	42	43	45

Balance sheet (USDm)	Dec-19	Dec-20F	Dec-21F	Dec-22F	Dec-23F
Total cash and equivalents	38	39	42	43	45
Total investments	1,255	1,392	1,392	1,406	1,448
Total assets	1,297	1,440	1,443	1,459	1,503
Total long-term debt	433	485	499	513	527
Total liabilities	472	523	535	549	573
Shareholders' equity	825	917	909	909	931
Total equity	825	917	909	909	931
Net debt	395	446	457	470	482
Total liabilities & equity	1,297	1,440	1,443	1,459	1,503

Key metrics	Dec-19	Dec-20F	Dec-21F	Dec-22F	Dec-23F
Revenue growth (%)	0.0	136.6	2.1	1.9	3.0
Recurrent EPS growth (%)	0.0	7.6	43.0	17.4	29.6
Operating EBITDA margin (%)	59.5	61.5	61.8	61.8	61.8
Net profit margin (%)	55.6	28.0	40.8	47.4	60.1
Dividend payout ratio (%)	86.6	177.4	125.0	107.3	83.8
Capex/sales (%)	8.4	8.7	9.5	9.3	9.1
Interest cover (x)	5.10	6.27	6.71	6.66	6.56

Source: Company data, RHB

Figure 1: US Office S-REITS comparison*

	Factors	Manulife US REIT	Keppel Pacific Oak US REIT	Prime US REIT
		Asset and sponsor details		
1	Total number of assets	9 freehold properties	13 freehold properties	12 freehold properties
2	Asset size (USDbn)	2.0	1.3	1.43
3	Total NLA (m sqf)	4.7	>4.7	3.9
4	Asset class	Trophy & Class A	Class A & Class B	Class A
5	Market locations (as % of AUM)	Atlanta - 21%, Jersey City (17%), Los Angeles (16%), Irvine (16%), Sacramento (10%) Washington D.C. (9%), Virginia (6%), and Secaucus (6%)	Seattle (49.3%), Houston (10.7%), Denver (10.5%), Dallas (8.1%), Orlando (7.6%), Austin (7.2%), Atlanta (3.4%) and Sacramento (3.2%)	Salt lake City (16%), Denver (16%), Atlanta (13%), Sacramento (12%), Washington D.C. (10%), San Francisco Bay area (9%), Philadelphia (7%), St. Louis (6%), Dallas (6%) and San Antonio (5%)
6	Key tenants (Top 3) - as % of gross rental income	The William Carter Co. - 6.3%, TCW Group - 4.0%, and Kilpatrick Townsend -3.7%	Ball Aerospace - 3.4%, Oculus VR -2.5%, and Lear - 2.2%	Charter Communications -9.0%, Goldman Sachs -6.1% and Sodexo Operations (5.6%)
7	Key trade sector (Top 3) - as % of gross rental income	Legal - 22.1%, Finance and Insurance - 18.0%, Retail Trade -13.6%	Professional Services - 28.4%, Technology - 28.3%, Finance and Insurance - 21.4%.	Communications - 16.0%, Finance - 15.5%, Legal Services - 12.1%
8	Sponsor	Manulife	Keppel Capital and Pacific Oak Capital Advisors (KPA)	KBS Asia Partners, Keppel Capital, Singapore Press Holdings Ltd and AT Capital
9	Sponsor stake (%)	Manulife -9.2%	KPA - 7.6% , Keppel Capital - 7.6%	KBS Units - 27.4%, Tiku Family - 8.1%, SPH - 6.5% ,Keppel Corporation - 5.9%
10	Sponsor size AUM	Manulife Global Real Estate AUM - USD 18.8bn	Pacific Oak Capital Advisors - >USD 3.2bn	KBS AUM - USD 11.6bn
		Operating metrics		
11	Portfolio occupancy	94.3%	92.8%	92.6%
12	Rental reversion (9m)	7.9%	14.1%	8.7%
13	Total tenants	182.0	>440	~230
14	Top 10 tenant contribution (%)	35.4	19.7	41.6
15	Rent escalations	1.9%p.a	2.7%p.a	2%p.a
16	WALE - by cash rental income	5.5 years	4.0 years	4.6 years
		Balance Sheet metrics		
17	Gearing	39.9%	37.7%	32.7%
18	Debt profile	Fixed - 92.7%	Fixed – 85.3%	Fixed - 91.4%
19	Weighted average debt maturity	2.6 years	3.1 years	4.9 years (fully extended)
20	Debt cost	3.21%p.a	3.35%p.a	2.7%p.a
21	Portfolio unencumbered	32%	100%	n.a.
22	Management fees paid in units	100%	100%	80%
		COVID-19 impact and trends		
23	Rental collection (3Q)	94%	98%	99%
24	Rental relief	Rental deferment - 0.3% Rental abetment -0.2%	Rent relief ~1.1% of 9m NPI and Rent deferment for <0.5% of NLA	0.2% rent deferrals with no abetment
25	Co-working exposure (%)	~2	~2%	2%
		Valuation metrics		
26	Share price (USD)	0.75	0.705	0.78
27	Market cap (USD m)	1179.0	660.0	819.8
28	Dividend yield - FY20F	8%	9%	9%
29	Payout ratio (%)	100%	100%	100%
30	NAV per share (USD)	0.76	0.77	0.86
31	P/BV (x)	1.0	0.9	0.9
32	Free float (%)	91%	84%	52%

*Note: * Based on latest available company data and price close as at 27 Nov*
Source: Respective Companies, Bloomberg, RHB

Investment Highlights

Diversified portfolio across 10 key US office markets. Prime's portfolio comprises 12 freehold Class A office buildings located across 10 key markets in the US. The portfolio has a total NLA of 3.9m sqf, and is currently valued at USD1.43bn. The assets are well spread across the East Coast (31%), Central (57%) and West Coast (12%).

- Assets located across low density urban environments, which have highly educated workforce

The assets are well-diversified with no asset accounting for more than 15% of total portfolio value. Its key assets are 222 Main (15%), Village Center Station I & II (16%), and 171 17th Street (13%), which account for c.44% of total value. Similarly, there is no concentration risk to any single market, with Denver (16%), Salt Lake City (13%), and Sacramento (12%), being the Top 3 markets in terms of portfolio value.

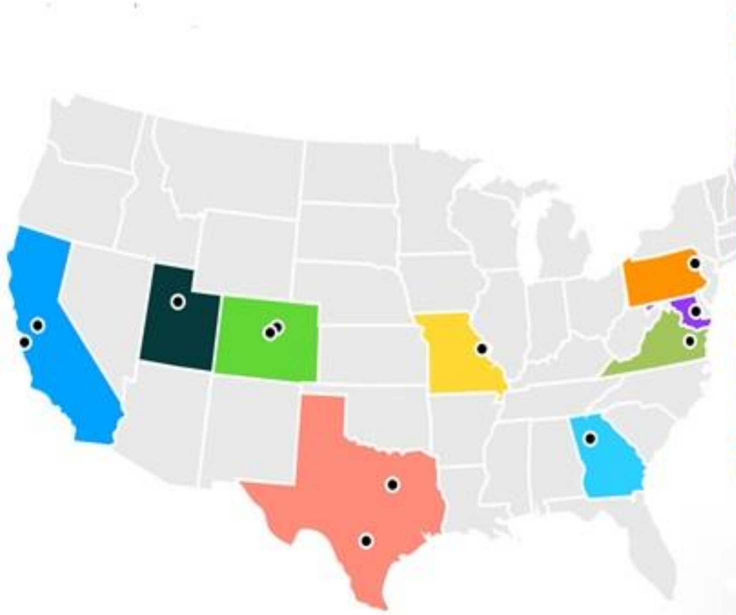
- Diversified portfolio with no asset or market contributing >16% by value.

Most of its assets are new or recently refurbished, with good amenities, and located across low density urban environments, which have a highly educated workforce.

Strong rent collection and limited rent relief. Despite the US economy suffering a sharp negative impact from COVID-19, Prime has maintained a high rent collection rate of 99%, between March and September this year. This, in our view, highlights the good credit quality of its tenants, and portfolio exposure to the right market sectors. It also granted only USD0.2m in rent deferrals in 3Q (YTD: USD0.27m) to tenants of small retail businesses and other impacted industries. Management does not expect any significant requests for rent waivers or deferrals in the near future.

- 99% rent collection rate since March, highlighting strong credit quality of tenants

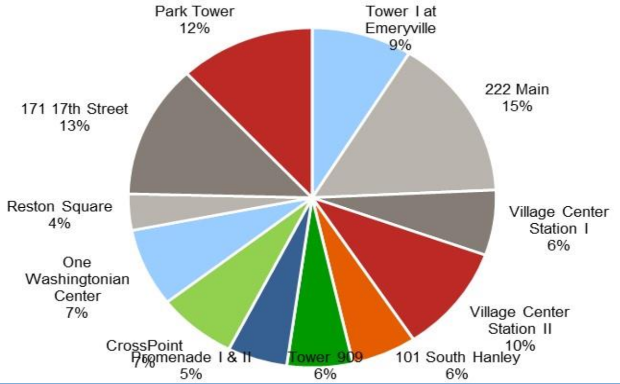
Figure 2: Prime's portfolio overview



State	Metro	Property	Sq. Ft.	Occupancy
California	Sacramento	Park Tower	489,171	93.6%
	San Fran/Oakland	Tower I at Emeryville	222,207	94.5%
Utah	Salt Lake City	222 Main	433,346	94.9%
Colorado	Denver	Village Center Station I	241,846	65.1%
		Village Center Station II	325,576	100.0%
Texas	Dallas	Tower 909	374,251	90.3%
	San Antonio	Promenade I & II	205,773	97.5%
Missouri	St. Louis	101 S. Hanley	360,505	97.6%
Pennsylvania	Philadelphia	Crosspoint	272,360	99.3%
Washington DC	Washington DC (VA)	Reston Square	139,018	100.0%
Washington DC	Washington DC (MD)	One Washingtonian	314,284	95.5%
Georgia	Atlanta	171 17th St.	510,268	86.3%

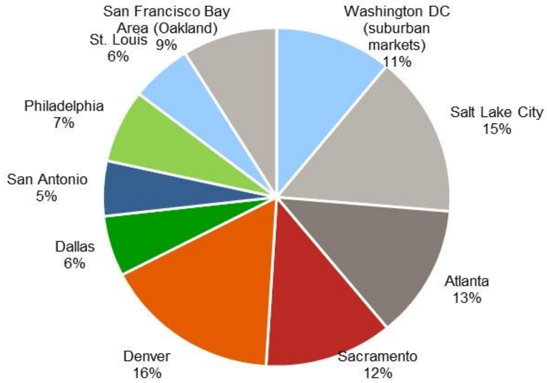
Source: Company

Figure 3: Asset value breakdown



Source: Company data, RHB

Figure 4: Portfolio breakdown by markets



Source: Company data, RHB

Positive rent reversions of 9% YTD. Despite the US's leasing activities taking a big hit on the back of COVID-19, Prime has managed to sign 165,517 sqf of leases (4% of portfolio) YTD 2020, with nearly half of them signed in 3Q.

About 60% of them are from renewals/ expansions by existing tenants. New tenant signings were mainly from established sectors, including the technology sector. Key new/renewal tenants include Nutraceutical, California Nurses Association and State Farm Insurance.

- Leasing demand driven by technology and other established sectors.
- 60% of demand YTD were from renewals and lease expansions.

While we expect some downsizing or right sizing of tenants in the future, we see strong demand from technology, healthcare and government-related tenants to partly offset the impact. In addition, the ongoing de-densification trend – by which tenants need more psf space per employee for safety and social distancing measures – is also likely to have a positive impact on office demand.

Portfolio average rent still 7% below market. Rent at eight of Prime's 12 assets in place are still 0-31% below asking rents, as seen in Figure 4. Only Reston Square's rents are significantly higher at 12.5% above asking rents. However, we note that the asset has no lease expiry until 2021, and accounts for only 5% of total income. In FY21F, we expect flattish to slightly positive rent reversion for Prime's portfolio.

- Only Reston Square, which accounts 5% of NPI, has significantly higher rents

Figure 5: Properties in place rent vs asking rents

Name of Property	Annual In Place Rent (USD)	Annual Asking Rent (USD)	Potential Rental Reversion	WALE	Occupancy	Lease expiry through 2021 by CRI
Tower I at Emeryville	52.93	54.60	3.1%	6.1	94.50%	0.10%
222 Main	37.50	36.90	-1.6%	4.3	94.90%	2.10%
Village Center Station I	24.00	24.00	0.0%	3	65.10%	0.00%
Village Center Station II	24.21	23.50	-2.9%	7.8	100.00%	0.00%
101 South Hanley	27.50	30.00	9.1%	4.3	97.60%	1.20%
Tower 909	29.15	32.24	10.6%	4.1	90.30%	1.30%
Promenade I & II	25.97	28.00	7.8%	3.7	97.50%	1.60%
CrossPoint	33.23	38.00	14.3%	3.5	99.30%	0.40%
One Washingtonian Center	33.21	36.00	8.4%	3.4	95.50%	1.50%
Reston Square	42.29	37.00	-12.5%	3.4	100.00%	0.00%
171 17th Street	27.50	27.00	-1.80%	4.9	86.30%	0.80%
Park Tower	31.03	40.50	30.50%	4.7	93.60%	1.60%
Total / Weighted Average	**31.70**	**33.81**	**6.70%**	**4.6**	**92.60%**	**10.70%**

Source: Company data

In-built rent escalation of 2% provides organic DPU growth. A key highlight of the US office rental structure, is that most of the office leases have inbuilt annual rent escalation clauses attached – unlike Singapore's office leases, which are typically signed on fixed terms during the lease period – with the exception of certain long-term leases. In Prime's case, 99.8% of CRI has built-in rental escalations, averaging 2%. Note that these positive rental reversions are on top of annual rent escalations. This inbuilt rent escalation clause provides good organic growth visibility to unit holders in the current low-inflation environment.

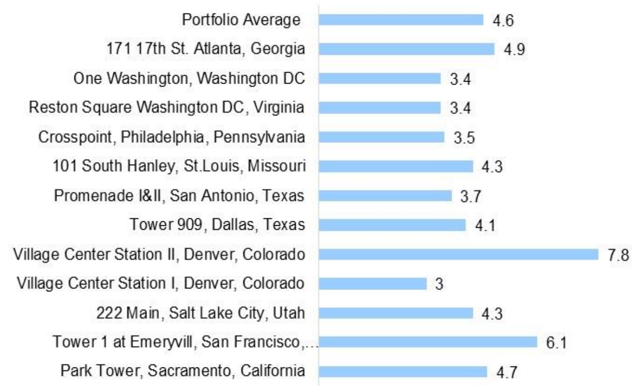
Less than 11% of leases expiring until 2021. In 4Q20, Prime has only 2% of leases (by CRI) due for renewal, and for FY21 there are c.9% leases due for renewal. Upcoming leases are well spread out across assets, with no more than 2% of leases due for renewal in any single asset until 2021. This, in our view, provides good near-term buffers in light of current market uncertainties. Overall WALE also remains healthy at 4.6 years.

- Long WALE of 4.6 years with no more than 2% of leases up for renewal in any single asset until 2021.

Figure 6: Well-spread lease expiry profile

Source: Company data

Figure 7: WALE by assets



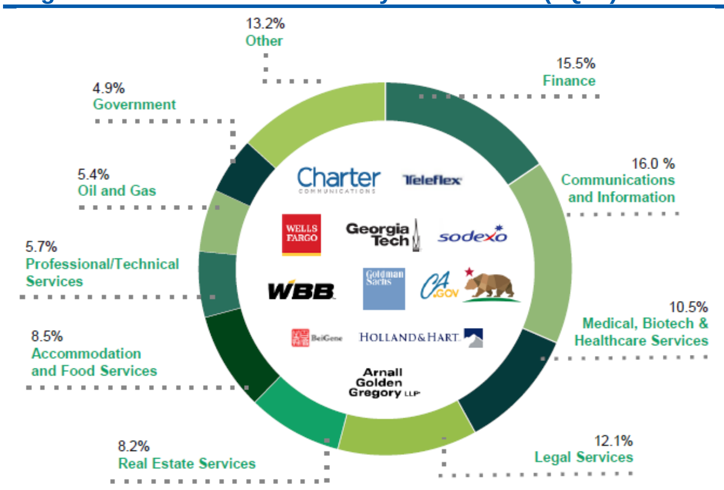
Source: Company data

Diversified sector and tenant profile. Prime has a wide range of exposure to various industries, with no one sector accounting for more than 16% of total income. More than 70% of its rental income is derived from established growth sectors such as communications & information; medical, biotech & healthcare, and professional/ technical services.

Prime has exposure to c.230 tenants across its portfolio, with its Top 10 tenants accounting for c.42% of its CRI. Most of its Top 10 tenants are blue chip names, with the Top 3 contributions coming from Charter Communications, a leading American telecommunication and mass media company, which recently expanded its office space at Village Center Station, followed by Goldman Sachs, a leading global investment bank, and Sodexo, a food service and facility management service company. One risk to watch out for, would be that of Prime's exposure to the co-working firm WeWork, (2.4% by CRI) which recently saw its credit rating downgraded by Fitch.

- Well-diversified exposure to various trade categories, with no sector accounting for >16% of income
- Top 10 tenants are mainly blue chip names

Figure 8: Income contribution by trade sector (3Q20)



Source: Company data

Figure 9: Top 10 tenants by CRI – 3Q20

Tenant	Industry	Credit Rating	Property	Leased Sq Ft	% of Portfolio CRI[1]
Charter Communications	Communications and Information	Moody's: Ba1	Village Center Station I & II	419,881	9.0%
Goldman Sachs Group Inc.	Finance	Moody's: A3 S&P: BBB+ Fitch: A	222 Main	177,206	6.1%
Sodexo Operations LLC	Accommodation and Food Services	S&P: A-	One Washingtonian Center	190,698	5.6%
Wells Fargo Bank NA	Finance	Moody's: a1 S&P: A+	171 17th Street	106,030	3.4%
Arnall Golden Gregory LLP	Legal Services	Private Firm	171 17th Street	122,240	3.4%
Holland & Hart	Legal Services	Private Firm	222 Main	89,960	3.3%
State of California	Government	Fitch: AA Moody's: Aa2	Park Tower	140,772	3.2%
Whitney, Bradley & Brown	Professional/ Technical	Private Firm	Reston Square	73,511	2.8%
WeWork	Real Estate Services	Fitch: CCC	Tower I at Emeryville	56,977	2.4%
Teleflex	Medical, Biotech & Healthcare	S&P: BB+	CrossPoint	84,008	2.3%
Total				1,461,283	41.6%
WALE Top 10					5.4 Years

Source: Company data

Low gearing provides inorganic growth opportunities. Since its listing in Jul 2019, Prime has grown its distributable income both organically and inorganically. In February, it announced its maiden acquisition of Park Tower, Sacramento, which was accretive to both its pro forma DPU (+3%), and NAV (+0.1%).

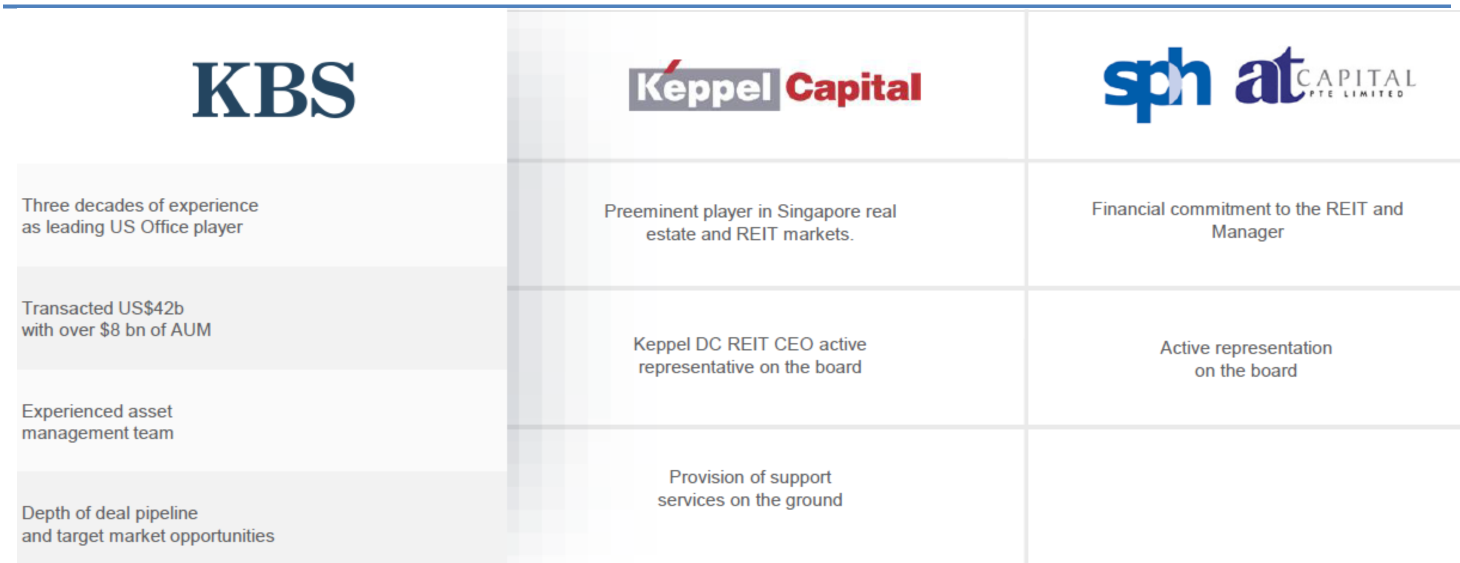
Prime's gearing of 32.7% is one among the lowest among S-REITs, and presents a debt headroom of USD324m for acquisitions (assuming 45% levels). This, in our view, presents good headroom for accretive acquisitions in 2021. Management noted that it is on the lookout, but does not see any distressed opportunities in the market. Key potential markets for acquisitions are Nashville, Salt Lake, Atlanta and Philadelphia. Future acquisitions will be guided by the principle of diversification accretion and market fundamentals.

- Currently among the lowly-geared REITs in the SREIT universe, presenting it with good inorganic growth potential.

Backed by strong sponsor names in the US and Singapore. One of the key strength of Prime, is its strong sponsor backing from KBS group (40% stake in REIT manager), which is one of the leading US office players with USD8bn assets under management (AUM). Keppel Capital, the asset management arm of Singapore-listed Keppel Corp owns a 30% stake in the manager, and provides support services on the ground. Other than this, Singapore-listed media and property company Singapore Press Holdings (SPH SP, NR) owns a 20% stake in the REIT manager, and has active board representation. The remaining 10% stake is owned by AT Capital, one of Asia's leading private investment firms.

- Four quality and committed sponsor names lend confidence to REIT management

Figure 10: Good quality and committed sponsors



Source: Company data

Fee structure in line with peers. The base fees (10% of distributable income) and performance fees (25% of DPU growth) are well-aligned to deliver stable DPU returns, and generate better shareholder value. In comparison, the majority of office S-REITs' base and performance fees are pegged as a proportion of portfolio value and NPI.

Property management fees – 0.85-3% of gross revenue – are on the lower side compared to the majority of its office REIT peers. The acquisition fee rate is set at 1%, but can be adjusted lower (at the manager's discretion) for acquisitions from the sponsor.

- Management fee structure is based on DPU income growth
- Relatively low property management fees

Figure 11: Office REITs' fee structure

	Property management fees	REIT management fees		Trustee fees	Acquisition fee	Divestment fees
		Base	Performance	% of property value	% of purchase price	% of sale price
Prime US REIT	**0.85% to 3.0% of gross revenue income except Village Center Station II, for which property management fee is USD2,750 pm**	**10.0% of distributable income**	**25.0% YoY DPU difference * weighted avg no. of units**	**0.1% subject to a minimum of SGD 15,000 pa**	**1.0% or lower**	**0.5% or lower**
Keppel Pacific Oak US REIT	1.5% - 3.0% of gross revenue	10.0% of distributable income	25.0% YoY DPU difference * weighted avg no. of units	0.015% subject to minimum of SGD 14,000 pa	1.0% or lower	0.50%
Manulife US REIT	2.5% of gross income >300k sqft of NLA and 3.0% for gross income with <300k sqft of NLA	10.0% of distributable income	25.0% YoY DPU difference * weighted avg no. of units	0.10%	0.75% for related parties, 1.0% for all others	0.50%
Keppel REIT	3.0% of gross revenue	0.50% of portfolio value	3.0% of NPI	0.03%	1.00%	0.50%
OUE Commercial REIT	2.0% of gross rev + 2.0% of NPI + 0.5% of NPI for lease management fee	0.30% p.a. of portfolio value	25.0% YoY DPU difference * weighted avg no of units	0.02%	0.75% for related parties, 1.0% for all others	0.50%
Suntec REIT	3.0% of gross rev	0.30% p.a. of portfolio value	4.5% of NPI	0.25%	1.00%	0.50%

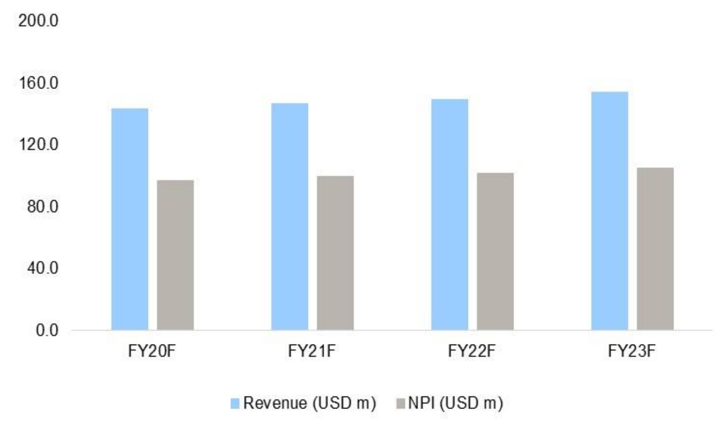
Source: Respective Companies, RHB

Financials

Expecting stable revenue and NPI for the next three years. Prime's revenue (3-year CAGR) and NPI are expected to grow at 2% pa, as anticipated slight occupancy reductions are offset by built-in rent escalations (2%) and positive rent reversions. Our DPU forecasts assume a 100% payout ratio.

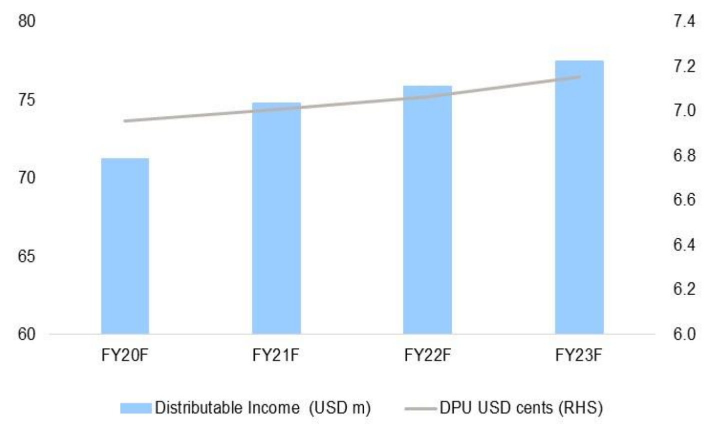
Occupancy and rent assumptions. We estimate that overall portfolio occupancy will slightly dip to 93% in FY21F (FY20F: 94.8%), as some leases could be non-renewed or take longer to backfill, in light of current uncertainties. Our sensitivity analysis on occupancy changes shows that every +/-5% change in overall portfolio occupancy will have a corresponding +/-7% impact on our FY21F-23F DPU estimates. For rent, we have assumed that new leases are secured at a 5-10% discount to current asking rents.

Figure 12: Revenue and NPI forecasts



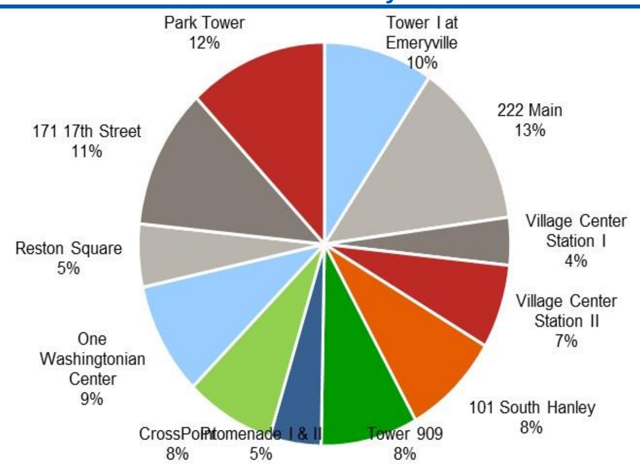
Source: RHB

Figure 13: Distributable income and DPU growth



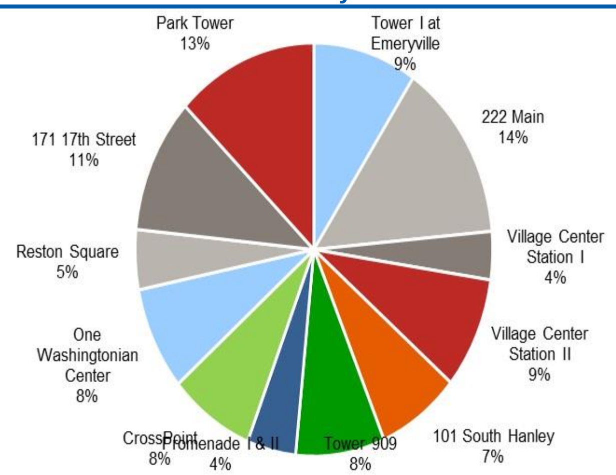
Source: RHB

Figure 14: FY21F revenue breakdown by assets



Source: RHB

Figure 15: FY21F NPI breakdown by assets



Source: RHB

Figure 16: DPU sensitivity to occupancy changes

Occupancy change/ DPU change	-10%	-8%	-5%	-2%	2%	5%
FY21F DPU (US cents)	-14%	-11%	-7%	-3%	3%	7%
FY22F DPU (US cents)	-14%	-11%	-7%	-3%	3%	7%
FY23F DPU (US cents)	-14%	-11%	-7%	-3%	3%	7%

Source: RHB

Cap rates have remained largely steady, pointing to limited valuation downside. Based on consultant reports and discussions with REIT mangers, we note that US office asset cap rates have remained relatively stable YTD. Overall, we expect portfolio valuations to come down by 3% for this year, mainly on the back of revised assumptions for occupancy and lower rent growth. For 2021F, we have assumed a 1% decline in portfolio value.

No debt maturity until 2022. Prime's weighted average debt maturity (WADE) stands at 4.4 years (4.9 years fully-extended), with no debt maturity until 2022. Average cost of debt stands at 2.7% pa, with 91% of debt currently in fixed term. Interest cover also remains healthy, at 5.8x, well above minimum requirements. It also has an available undrawn facility of USD91.4m to tap into, for liquidity purposes and working capital needs. In our model, we have assumed stable interest costs over the next three years, considering limited debt maturity.

Minimal capex requirements in the near-term. As Prime's assets are all relatively new/refurbished, the REIT manager expects only minimum maintenance capex for the assets in the near-term – we have estimated c.USD2-3m pa for the next three years.

Tax efficient structure. Prime's existing tax structure involves deriving income from its parent US REIT, in the form of interest/principal repayments on its shareholder loan, which is exempt from tax in the US and Singapore.

Zero tax for dividends for all unitholders. A key advantage of US office REITs (Prime included), compared to S-REITs with only Singapore assets, is that the dividends are tax-exempt for all types of unitholders. In the case of S-REITs with Singapore assets, local institutional investors incur a 17% corporate tax, while foreign institutions are subject to a 10% corporate tax. This is because foreign-sourced income by REITs are not subject to tax under Singapore regulations – resulting in substantial tax savings for institutional investors.

Payment of fees in units. Our DPU forecast assumes 80% of management fees will be paid in units, similar to the current payment structure.

Semi-annual distributions. Prime declares and distributes dividends to unitholders on a semi-annual basis. The dividends will be declared in USD. The default currency for distribution is SGD, with an option to elect dividends in USD. For distribution in SGD, the dividends are converted at spot exchange rates.

Valuation

BUY with USD1.00 TP; resilient and attractive 9% yield. Our DDM-based (5-year) TP is based on a CoE of 9.0% (risk-free rate: 3.0%, terminal growth (TG): 2%). We believe our higher COE assumption (c.200bps higher than SG office REITs assumption) sufficiently buffers the risks associated with a severe COVID-19 situation, slowdown in office demand, and US- China trade tensions. Our DPU forecast is based on a 100% pay-out ratio, and 80% of management fees being paid in units.

Sensitivity analysis. Based on our sensitivity analysis to CoE/TG, we note that every 50bps change in CoE/TG has a c.8% and 6% impact to our TP.

High yield gap to S-REITs unjustified. Our TP corresponds to 1.2x FY20F P/BV. The implied yield at our TP is 7%, which is still more than a 150bps premium to S-REITs and office S-REITs average, and more than 600bps higher than US 10-year Treasuries. In comparison, its US-listed peers (Figure 20) are currently trading at an average forward dividend yield of just 4.9% and P/BV of 1.4x.

The high yield gap of Prime and other US office REITs is unjustified, in our view, considering that US office leases are typically longer, at 5-10 years, and have in-built rental escalation clauses which provide organic income growth. It is also important to note that US office assets are freehold in nature, compared to a typical 99-year lease for Singapore commercial assets.

Figure 17: DDM valuation table

	FY21F	FY22F	FY23F	FY24F	FY25F	Terminal value
DPU (USD cents)	7.01	7.06	7.16	7.32	7.43	110.9
Target price (USD)	1.00					
Current price (USD)	0.77					
Price upside (%)	30.0%					
Distribution yield FY19F (%)	9.1%					
Total return (%)	39%					
Assumptions						
Risk-free rate (%)	3%					
Beta	1.00					
Cost of equity (%)	9.0%					
Terminal growth (%)	2%					

Source: RHB

Figure 18: TP sensitivity analysis

COE/TG	7.5%	8.0%	8.5%	9.0%	9.5%	10.0%
0.0%	0.98	0.92	0.87	0.82	0.77	0.74
0.5%	1.04	0.97	0.91	0.86	0.81	0.77
1.0%	1.11	1.03	0.96	0.90	0.85	0.80
1.5%	1.19	1.09	1.01	0.95	0.89	0.83
2.0%	1.28	1.17	1.08	**1.00**	0.93	0.88
2.5%	1.39	1.26	1.15	1.06	0.99	0.92
3.0%	1.52	1.37	1.24	1.14	1.05	0.98

Source: RHB

Figure 19: Peer comparison – Singapore office REITs vs US office REITs*

	Mkt cap (USDm)	3M-ADVT (USD '000)	Last price (LCY)	1D (%)	5D (%)	1M (%)	3M (%)	6M (%)	12M (%)	YTD (%)	vs 52W-low (%)	vs 52W-high (%)	P/B (x)	Div yield (FY-1)	Div yield (FY-2)	Yield Spread (%)	Gearing/simple ave	WALE (years)	Lease Expiry % FY-1	% FY-2
REITs (40)	**77,051**	**184,754**		**0.2**	**1.4**	**9.3**	**1.0**	**3.4**	**(5.7)**	**(6.5)**	**52.9**	**(19.0)**	**1.2**	**5.2**	**5.8**	**4.3**	**36.8%**			
US Office REITS	**2,664**	**2,169**		**0.7**	**0.8**	**0.8**	**3.5**	**(1.1)**	**(4.3)**	**(18.8)**	**(19.7)**	**53.3**	**0.9**	**8.6**	**8.6**	**7.8**	**36.3%**	**4.9**	**3.2%**	**9.3%**
Prime US REIT	**820**	**127**	**0.78**	**2.0**	**0.0**	**4.7**	**(1.3)**	**4.0**	**(21.3)**	**(19.7)**	**55.0**	**(27.6)**	**0.87**	**9.2**	**9.3**	**8.4**	**33.0%**	**4.8**	**3.3%**	**7.4%**
Manulife US REIT	1,179	1,305	0.75	0.0	1.4	4.2	0.0	(10.2)	(22.8)	(25.5)	36.7	(31.0)	0.98	8.1	8.1	7.2	39.1%	5.7	3%	6%
Keppel Pacific Oak US REIT	665	738	0.71	0.7	0.7	0.7	(2.8)	(4.1)	(8.4)	(9.6)	80.8	(11.9)	0.88	8.5	8.5	7.7	37.4%	4.1	3%	15%
Office (3)	**7,515**	**18,591**	**0.00**	**0.7**	**1.2**	**12.7**	**5.2**	**1.8**	**(18.4)**	**(18.8)**	**40.9**	**(21.0)**	**0.73**	**5.4**	**6.1**	**4.5**	**39.2%**	**3.3**		
Suntec REIT	3,230	12,680	1.53	0.0	(0.6)	14.2	9.3	4.1	(16.8)	(16.8)	47.1	(18.6)	0.73	4.6	5.9	3.7	41.3%	3.1	7%	27%
Keppel REIT	2,725	5,424	1.07	1.9	0.9	7.5	1.9	0.0	(13.0)	(13.7)	35.4	(17.1)	0.80	5.6	5.6	4.7	36.2%	4.6	2%	18%
OUE Commercial Trust	1,560	487	0.39	0.0	5.5	18.5	2.7	0.0	(31.3)	(31.9)	37.5	(33.0)	0.63	6.8	7.5	5.8	40.1%	2.2	11%	29%

*Note: *Gearing, WALE and Lease Expiry Data as at 1H20*
Note 2: Closing price as at 29 Nov 20;
Source: RHB, Bloomberg

Figure 20: Selected US office REIT peers*

	BBG Ticker	Market cap (USDm)	3M-ave volume ('000)	Last price (LCY)	1D	5D	1M	3M	6M	12M	YTD	vs 52W-low	vs 52W-high	P/B (x)	Div yield
U.S. Office REITs		**88,301**	**1,207**		**(0.6)**	**3.3**	**33.7**	**10.7**	**9.6**	**(23.2)**	**(24.3)**	**54.4**	**(29.2)**	**1.4**	**4.9**
Boston Properties Inc	BXP US Equity	15,944	1,380.8	102.43	0.1	5.1	43.0	15.2	19.1	(26.1)	(25.7)	47.0	(30.7)	2.69	3.8
SL Green Realty Corp	SLG US Equity	4,456	1,640.6	60.55	0.3	4.5	45.4	23.8	43.8	(29.0)	(34.1)	72.2	(37.2)	0.92	5.7
Columbia Property Trust Inc	CXP US Equity	1,655	911.2	14.46	0.3	4.1	36.2	18.0	13.6	(30.3)	(30.8)	89.5	(36.3)	0.65	5.8
Piedmont Office Realty Trust Inc	PDM US Equity	2,054	941.2	16.30	(1.6)	4.0	40.3	4.1	(2.3)	(26.3)	(26.7)	44.8	(34.2)	1.07	5.2
Brandywine Realty Trust	BDN US Equity	1,960	2,073.9	11.49	(1.0)	6.5	30.7	0.8	19.1	(25.5)	(27.0)	53.6	(29.3)	1.09	6.6
Corporate Office Properties Trust	OFC US Equity	3,056	901.0	27.24	(0.3)	1.3	24.1	8.7	9.1	(6.6)	(7.3)	78.9	(10.9)	1.90	4.0
Mack-Cali Realty Corp	CLI US Equity	1,272	1,084.1	14.02	(1.4)	1.7	28.3	9.5	(7.8)	(34.5)	(39.4)	35.5	(41.3)	0.95	4.0
City Office REIT Inc	CIO US Equity	394	332.4	9.08	(0.7)	7.2	39.7	10.9	(2.2)	(32.4)	(32.8)	48.4	(35.9)	1.26	6.6
Alexandria Real Estate Equities Inc	ARE US Equity	21,880	820.5	162.14	(0.3)	(1.0)	7.0	(4.5)	5.5	(0.2)	0.3	48.5	(8.8)	2.02	2.6
Kilroy Realty Corp	KRC US Equity	7,272	1,027.6	63.10	(0.4)	0.6	34.1	5.3	10.5	(24.2)	(24.8)	39.4	(29.1)	1.46	3.1
Douglas Emmett Inc	DEI US Equity	5,600	1,641.5	31.93	(1.4)	0.2	35.9	13.3	8.8	(27.5)	(27.3)	39.6	(30.0)	2.29	3.5
Highwoods Properties Inc	HIW US Equity	4,039	1,056.0	38.87	(0.7)	4.5	29.2	3.0	1.6	(19.9)	(20.5)	54.9	(26.3)	1.76	4.9
Paramount Group Inc	PGRE US Equity	2,173	3,088.6	9.87	(0.3)	1.3	72.6	31.8	28.0	(27.4)	(29.1)	78.2	(34.2)	0.59	4.1
Equity Commonwealth	EQC US Equity	3,225	834.5	26.54	0.5	0.0	0.7	(4.2)	(10.8)	(8.5)	(8.4)	8.8	(14.3)	1.04	13.2
Hudson Pacific Properties Inc	HPP US Equity	4,088	1,551.3	26.87	(0.5)	2.8	39.5	12.9	11.2	(24.9)	(28.6)	66.5	(30.8)	1.27	3.8
Empire State Realty Trust Inc	ESRT US Equity	1,668	2,858.6	9.70	0.5	14.1	76.4	53.0	46.3	(30.5)	(30.5)	86.9	(32.2)	1.65	2.5
Cousins Properties Inc	CUZ US Equity	5,096	944.4	34.30	0.5	5.6	33.5	13.2	10.2	(15.3)	(16.7)	62.2	(20.2)	1.13	3.5
CIM Commercial Trust Corp	CMCT US Equity	160	26.4	10.79	(3.7)	3.8	34.9	3.1	9.0	(25.6)	(25.6)	72.1	(31.8)	N.M	2.8
Franklin Street Properties Corp	FSP US Equity	524	485.6	4.88	(1.6)	0.2	16.2	4.5	(8.6)	(44.0)	(43.0)	46.1	(45.4)	0.71	7.4
Easterly Government Properties Inc	DEA US Equity	1,785	549.2	21.98	(0.0)	0.0	6.2	(9.3)	(12.3)	(5.5)	(7.4)	15.7	(26.0)	1.55	4.7

*Note: *Closing price as at 29 Nov 2020*
Source: RHB, Bloomberg

Key Risks

Large-scale demand cut from potential adoption of WFH trend

COVID-19 has forced firms to explore remote working options, with more companies set to adopt more flexible working policies. Our base case assumption is that the changes caused by a flexible working structure is likely to have a marginal impact on office demand (c.5-10%), with most companies still preferring office buildings as their default option for employees. However a potential widespread adoption of the WFH trend, and downsizing of office space as a result, could have an adverse impact on the long-term outlook for office demand.

Ratifications in tax structure

One of the key reasons US-based REITs are able to generate superior yields, is the tax-efficient structure, which minimises tax leakages. Based on the current tax structure, Prime is expected to pay very minimal taxes, if any, in the upcoming years. However, if the US Government decides to change such tax structures in the future, it could result in the REIT paying higher taxes – which will negatively impact distributable income and dividend yields.

Failure of co-working operator model

A key driver of the recent boom in US office demand has been the rise of the co-working office trend. However, most co-working operators are not currently profitable, and have been largely relying on investor funding for the expansion of office spaces. Thus, a key risk to long-term office demand could be the potential failure of co-working operators to sustain in the long run, which could result in high vacancy rates in office spaces, and negatively impact rent.

Declining trend of office space allocation per employee

A recent Harvard study revealed that office space per worker in the US has been on a decline. Companies have reduced office footprint to cut costs, improve energy efficiency, and have adjusted to workers telecommuting. If this trend continues, it could have a long-term negative impact on US office demand. However our view is that due to COVID-19, there has been rise in de-densification trends, which is likely to counter some of the above risks.

Ability to retain key tenants

Prime's Top 10 tenants account for c.42% of total income. Charter Communications (9%), Goldman Sachs (6%) and Sodexo Operations (6%) are its three largest tenants, accounting for c.21% of total income. Failure to retain such key tenants could have a short-term negative impact on DPU.

Risk of terrorism and natural disasters

The rising risk of terrorism the US poses a threat to Prime's office properties. The properties face the risk of suffering physical damage caused by fire, terrorism, natural disasters such as earthquakes, as well as potential public liability claims, including those arising from operation of the properties. However, we expect building insurance to offset some or all of these losses in income.

Potentially dilutive equity fundraising to fund acquisitions

We expect Prime to use a combination of debt and equity to fund future acquisitions. Due to its current high trading yields, and office cap rates remaining largely steady, there is a possibility that future acquisitions could be marginally dilutive in nature for existing unitholders, if management decides to do so.

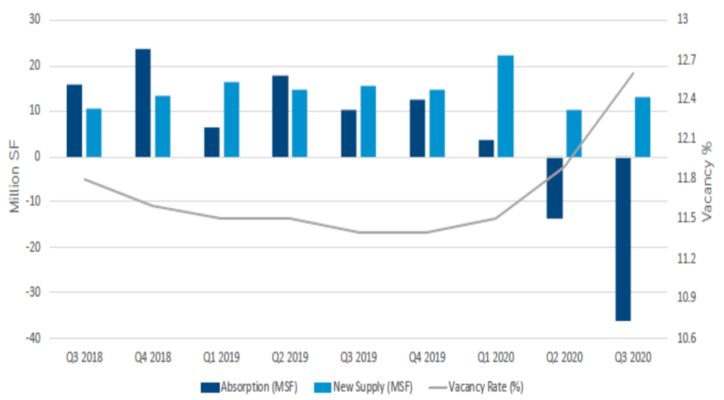
Industry Outlook

Leasing activity stabilises in 3Q; Sub leasing space key to watch out for. According to JLL Research (3Q20), leasing activity remained severely depressed but improved marginally on a QoQ mainly due to a handful of large deals among major technology companies. 3Q transaction volume totalled 25.9 m sqf, well below normal levels of 55-65 m sqf per quarter. Nearly 55% of leasing for the quarter came in the form of renewals on a national basis, with half of major industries firmly in defensive mode and staying put, increasingly in 3-5 year terms.

Based on Colliers data, office absorption in the third quarter totalled negative 36.1m sqf nationwide – its lowest total in almost 20 years. As a result, US office vacancy rate now stands at 12.6%, an increase of 70 bps in the third quarter. This is still comfortably below the record peak of 16.3% seen at the height of the global financial crisis (GFC), the third quarter increase is the largest to take place since 1Q09.

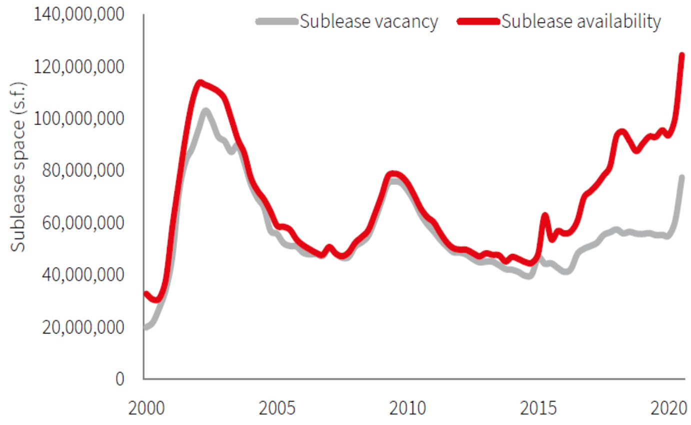
Sublease space is a key contributor to the increase in vacancy with a record 168.8m sqf of sublease space available across the US office market – significantly higher than the prior peak of 143.3 m sqf, according to Colliers. There has been a combined 35.5% increase in volume of sublease space on the market over the past six months taking the national sublease availability rate to 1.5%, the highest on record. JLL estimates that the overhang of sublease space available but not yet vacant stands at roughly 47m sqf, foreshadowing large increases in vacancy in 4Q20 and 1Q21.

Figure 21: US office supply, absorption and vacancy



Source: Colliers International

Figure 22: Overall asking rates & vacancy



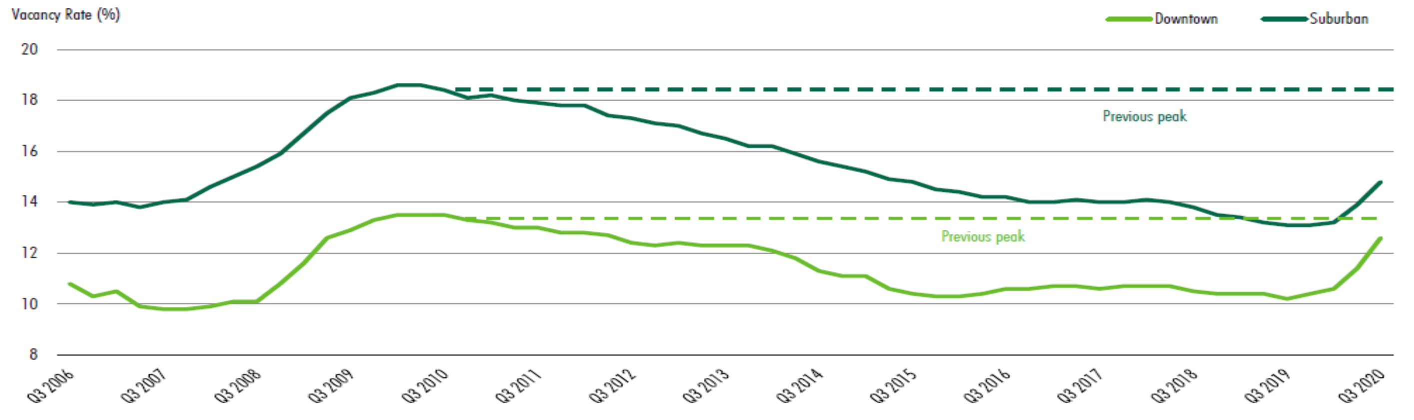
Source: JLL Report (3Q20)

Based on CBRE estimates, overall US vacancy rates rose by 1ppt to 14% as at end-3Q20. Downtown office vacancy rates have risen at faster rate of 2.4ppts over the last one year generally due to more construction and constraints on office access. In contrast suburban vacancy has increased by 1.7ppts over past one year (Figure 23).

Asking rents remain steady, but surge in concession packages. According to CBRE, average gross asking rents increased by 0.9% from 2Q, reflecting landlords' reluctance to reduce rents and instead offer more concessions. Based on Colliers data, Average Class-A, full-service office asking rates fell slightly in 3Q20 to USD39.06 psf. Class-A asking rates in CBD markets are USD50.80 psf, down by 2.7% in 3Q while Average Class-A suburban rates held steady at USD32.03 psf.

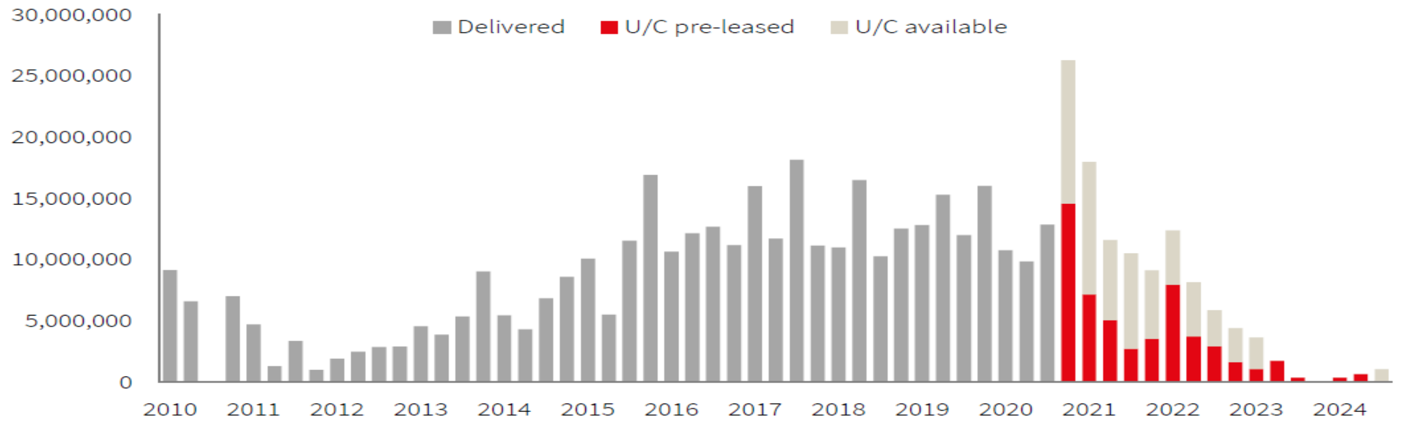
New construction activity takes a pause. According to JLL, for the first time this cycle, the development pipeline shrank slightly in 3Q20 to 124.9m sqf as more than 12m sqf delivered, and ground breakings have dropped dramatically in response to a lack of demand. Tenant improvement allowances are also up 22% at the top end of the market. These surging concession packages have helped to drive down effective rents even as landlords hold face rents relatively steady.

Figure 23: Vacancy rates – downtown vs suburban



Source: CBRE Econometric Advisors, 3Q20

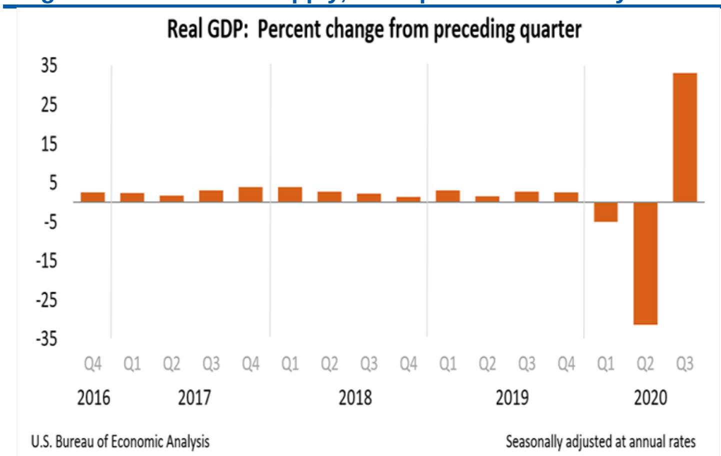
Figure 24: Supply pipeline and pre-leasing activity



Source: JLL Research

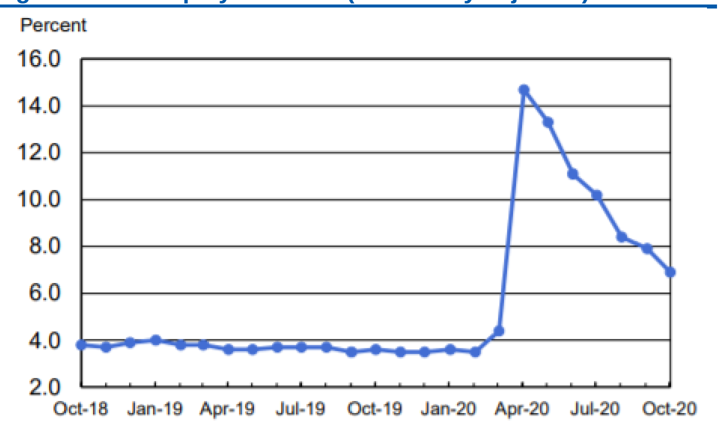
US economy rebounds sharply in 3Q aided by government stimulus. Real GDP grew 33.1% in 3Q20, according to the "advance" estimate released by the Bureau of Economic Analysis (BEA), after declining 31.4% in 2Q. The unemployment rate improved for the fourth straight month from 14.7% in Apr 2020 to 6.9% as at end-October. The rebound in the economy was driven by strong economic support from the US Government which included a USD2trn stimulus package to US businesses, families and local governments.

Figure 25: US office supply, absorption and vacancy



Source: BEA

Figure 26: Unemployment rate (seasonally adjusted)



Source: Bureau of Labour Statistics

Key office trends post COVID-19: Flexibility the buzzword

PRIME's management anticipates the following key trends in the US office market post COVID-19, and has been gearing up its portfolio to position accordingly:

i. **Office demand.** Technology sectors are expected to be a key sector that will continue to drive office demand for collaboration and innovation. Professional and financial services sectors are expected to provide a stable base of demand. Other than this, the healthcare sector has also emerged as a key counter cyclical sector driving office demand.

ii. **Location.** Attracting talent remains the key priority of companies. Companies prefer locations that offer access to large numbers of skilled employees. The incoming generation of office workers value lifestyle amenities of the urban environment, which have historically weathered event-driven shocks.

iii. **WFH trends.** Even prior to the pandemic, many corporates in the US had WFH policies in place. Key office tenants in general have highlighted that physical offices remain important for collaboration, talent management and development, business development, and creativity. Companies with WFH policies also still require office space for efficiency, creativity, and collaboration. Post COVID-19, however, there is expected to be more focus on more flexible work environments and task-focused approach.

iv. **De-densification.** In the longer term, the balancing between the relaxing of space density and potentially lower office space headcount is expected to mitigate the impact from the flexible work policy approach on reduction in office footprint. Measures in the short term: spread out employees to create less dense environments, create more office collaborative spaces, and use hybrid approach combining WFH and return to office.

Annex A: Portfolio Property Details

PRIME'S portfolio comprises 12 Class A freehold office properties which are strategically-located in 10 key US office markets. PRIME's portfolio has a total carrying value of USD1.43bn as at 30 Jun 2020. The assets are well diversified across the economically vibrant western, central and eastern coasts of the US provides some resilience across market cycles.

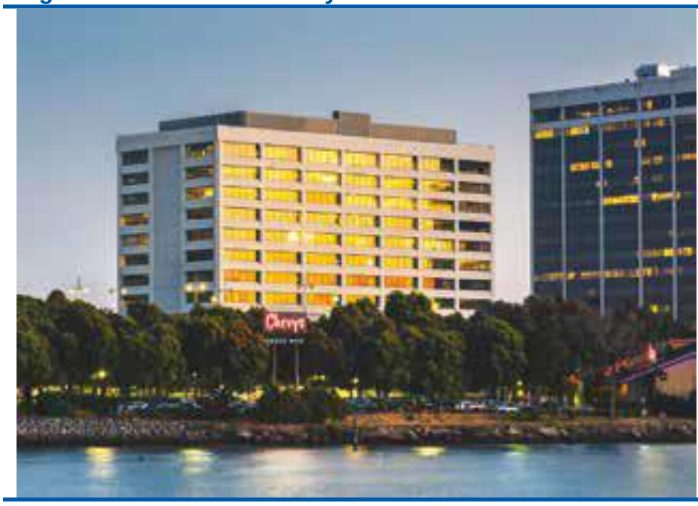
Tower I at Emeryville

Tower I at Emeryville is located in Emeryville, California and is part of the Oakland submarket within the San Francisco Bay Area**.** Tower I at Emeryville was renovated in 2012 and offers amenities such as a full-service bank, dry cleaners, and car wash, a fitness centre, basketball court and locker rooms. The improvements include a tenant lounge, conference centre and bocce and basketball courts. Additionally, further asset enhancements that include elevator modernisation and gym refurbishment have been completed recently.

The property commands San Francisco Bay views, and is centrally located with close proximity to key landmarks such as San Francisco, University of California at Berkeley, Port of Oakland and Oakland International Airport, as well as AC Transit and a free shuttle connecting to the MacArthur BART station.

Key tenants of the building are BeiGene, WeWork and Adamas Pharmaceuticals. The asset is Energy Star certified

Figure 27: Tower I at Emeryville



Source: Company data

Figure 28: Property details

Address	1900 Powell Street, Emeryville, California 94608
Primary Market	San Francisco Bay Area (Oakland)
NLA (sqft)	222,207
Number of Storeys	12
Parking Stalls	505
Number of Tenants*	16
Occupancy as of 3Q20 (%)	94.5
WALE*	6.7
Valuation*	125.8

*Note:*As of end-Dec 2019*
Source: Company data

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. Located at the southwest intersection of South Main Street and West 200 South Street, 222 Main is walking distance from the City Creek Center mixed-use development, which offers numerous first-class amenities.

222 Main was developed in 2009 and it enjoys views of the Wasatch Mountain Range and downtown Salt Lake City. The property benefits from its proximity to City Creek Center, a luxury mall that offers numerous amenities, as well as good accessibility to light rail (TRAX), commuter trains (Frontrunner), and highways (I-15, I-80 and I-215).

Key tenants of the building include Goldman Sachs, Holland & Hart and Perfectly Posh. The asset is LEED Gold certified.

Figure 29: 222 Main

Source: Company

Figure 30: Property details

Address	222 South Main Street, Salt Lake City, Utah 84101
Primary Market	Salt Lake City
NLA (sqft)	433,346
Number of Storeys	21
Parking Stalls	852
Number of Tenants*	17
Occupancy as of 3Q20 (%)	94.9
WALE*	5.0
Valuation*	220.0

*Note: *As of end-Dec 2019*
Source: Company data

Village Center Station I & II

Village Center Station I & II is located in Greenwood Village, Colorado and is part of the Southeast Suburban submarket within the Denver primary market. Improvements to Village Center Station I was completed in early 2019 and it features amenities such as a fitness centre, café/deli, locker rooms with showers, bike storage and numerous on-site restaurants. Key tenants include Cricket Communications, Charter Communications and Regis University.

Village Center Station II was completed in 2018 and features a pedestrian plaza that provides an area for outdoor concerts, art fairs, and other community activities. It's a built to suit asset for Charter Communications with lease expiry in 2028.

The properties is adjacent to the Arapahoe at Village Center light rail station and offers easy access to Centennial Airport, a regional airport considered to be one of the busiest general aviation executive airports in the US.

Village Center Station I is LEED Gold certified. Village Center Station II is LEED certified.

Figure 31: Village Center Station I

Source: Company data

Figure 32: Property details

Address	6380 S. Fiddler's Green Circle, Greenwood Village, Colorado 80111
Primary Market	Denver
NLA (sqft)	241,846
Number of Storeys	9
Parking Stalls	786
Number of Tenants*	13
Occupancy as of 3Q20 (%)	65.1
WALE*	3.2
Valuation*	88.5

*Note: *As of end-Dec 2019*
Source: Company data

Figure 33: Village Center Station II

Source: Company

Figure 34: Property details

Address	6360 S. Fiddler's Green Circle, Greenwood Village, Colorado 80111
Primary Market	Denver
NLA (sqft)	325,576
Number of Storeys	12
Parking Stalls	1,221
Number of Tenants*	1
Occupancy as of 3Q20 (%)	100.0
WALE*	8.5
Valuation*	145.8

*Note: *As of end-Dec 2019*
Source: Company data

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. The building underwent improvement works in 2016 and 2017 that included a renovated lobby, and features a fitness centre, locker rooms, food lounge and steakhouse.

101 South Hanley is located in close proximity to Interstate 64, Interstate 170, and Forest Park Parkway, and a Metro Link light rail station is two blocks away.

Key tenants of the building are NISA Investment advisors, Ascension Health Alliance and Stone Carlie & Company.

Figure 35: 101 South Hanley

Source: Company

Figure 36: Property details

Address	101 S. Hanley Road, Clayton, St. Louis, Missouri 63105
Primary Market	St. Louis
NLA (sqft)	360,505
Number of Storeys	19
Parking Stalls	916
Number of Tenants*	36
Occupancy as of 3Q20 (%)	97.6
WALE*	4.9
Valuation*	81.5

*Note: *As of end-Dec 2019*
Source: Company data

Tower 909

Tower 909 is located in Irving, Texas, and is part of the Las Colinas submarket within the Dallas primary market. Tower 909 underwent extensive refurbishments in 2013-2015 that included a tenant conference centre, athletic facility and a full-service café with outdoor seating.

Its close proximity to the Urban Center Station on the Dallas Area Rapid Transit (DART) light rail line offers easy accessibility to Dallas Fort-Worth Airport and downtown Dallas.

Key tenants of the building include Matheson Gas, Fleur de Lis Energy and Medallion. The building is LEED certified.

Figure 37: Tower 909

Source: Company

Figure 38: Property details

Address	909 Lake Carolyn Parkway, Irving, Texas 75039
Primary Market	Dallas
NLA (sqft)	374,251
Number of Storeys	19
Parking Stalls	1,107
Number of Tenants*	40
Occupancy as of 3Q20 (%)	90.3
WALE*	4.9
Valuation*	82.4

*Note: *As of end-Dec 2019*
Source: Company data

Promenade I & II

Promenade I and II is located in San Antonio, Texas, and part of the West submarket within the San Antonio primary market. Promenade I & II was completed in 2011. According to Cushman, the property represents one of the highest quality Class A office buildings in the San Antonio market with high-end finishes, which coupled with proximity to retail, restaurants and hotel services, provides a competitive advantage over other Class A office buildings in the market area.

Promenade I & II is conveniently situated at the entrance of the 120-acre Elian mixed-use development, which includes a boutique hotel, restaurants, retail, apartment complex and office space.

Key tenants of the building include Apache Corporation, Steak 'N Shake and Constellation Brands. Promenade I & II is Energy Star certified.

Figure 39: Promenade I & II

Source: Company

Figure 40: Property details

Address	17802 & 17806 IH-10 W, San Antonio, Texas 78257
Primary Market	San Antonio
NLA (sqft)	205,773
Number of Storeys	4+1 Lower
Parking Stalls	768
Number of Tenants*	13
Occupancy as of 3Q20 (%)	97.5
WALE*	3.5
Valuation*	75.0

*Note: *As of end-Dec 2019*
Source: Company data

CrossPoint

CrossPoint is located in Wayne, Pennsylvania and is part of the King of Prussia submarket within the Philadelphia primary market. CrossPoint was renovated in 2014, and features amenities such as a full-service dining facility, conference centre and fitness centre. CrossPoint has good proximity to local highways and malls.

CrossPoint has excellent access to Route 202, the Pennsylvania Turnpike, and the Schuylkill Expressway/Interstate 76. The area is served by commuter bus service, and the property provides a free shuttle service to a nearby commuter rail station. Key tenants of the building include Teleflax, Rovi Corporation and Medecision. CrossPoint is LEED Gold certified.

Figure 41: CrossPoint

Source: Company

Figure 42: Property details

Address	550 East Swedesford Road, Wayne, Pennsylvania 19087
Primary Market	Philadelphia
NLA (sqft)	272,360
Number of Storeys	4
Parking Stalls	1,035
Number of Tenants*	13
Occupancy as of 3Q20 (%)	99.3
WALE*	4.3
Valuation*	99.5

*Note: *As of end-Dec 2019*
Source: Company data

One Washingtonian Center

One Washingtonian Center is located in Gaithersburg, Maryland, and is part of the Suburban Maryland (Gaithersburg), submarket within the Washington DC Area (Suburban Maryland) primary market. It is part of the exclusive Washingtonian Center mixed-use project, Gaithersburg's premier lakefront shopping, dining, and entertainment destination. The property is located within the I-270 Corridor, which is a leading bio-tech and medical research market.

One Washingtonian Center underwent significant improvements from 2013 to 2019 which included renovations to the roof, conference room, lobby, restrooms, elevators and garage.

Key tenants of the building include Sodexo Operations, Covance and Edell, Shapiro and Finnan. The building is LEED Platinum certified.

Figure 43: One Washingtonian Center

Source: Company

Figure 44: Property details

Address	9801 Washingtonian Boulevard, Gaithersburg, Maryland 20878
Primary Market	Washington D.C. Area (Suburban Maryland)
NLA (sqft)	314,284
Number of Storeys	13
Parking Stalls	1,222
Number of Tenants*	14
Occupancy as of 3Q20 (%)	95.5
WALE*	4.8
Valuation*	106.0

*Note: *As of end-Dec 2019*
Source: Company data

Reston Square

Reston Square is located in Reston, Virginia, and is part of the suburban Virginia (Reston) submarket within the Washington DC Area (suburban Virginia) primary market. Improvements such as repairs to the garage to correct defects and water infiltration, and the addition of a tenant coffee bar were undertaken in 2015.

Reston Square is part of the Reston Heights mixed used development, which features two branded hotels and enjoys close proximity to local neighbourhood amenities such as Reston Town Center and the future Reston Town Metrorail Station. It is also within ten miles of Washington's Dulles International Airport.

Key tenants of the building include Whitney, Bradley & Brown, SES Government Solutions and The Washington Group.

The building is LEED Silver certified.

Figure 45: Reston Square

Source: Company

Figure 46: Property details

Address	11790 Sunrise Valley Drive, Reston, Virginia 20191
Primary Market	Washington D.C. Area (Suburban Virginia)
NLA (sqft)	139,018
Number of Storeys	6
Parking Stalls	704
Number of Tenants*	8
Occupancy as of 3Q20 (%)	100
WALE*	4.1
Valuation*	49.2

*Note: *As of end-Dec 2019*
Source: Company data

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 and the master planned mixed-use development of Atlantic Station.

The building was completed in 2003, and features onsite amenities which include a café, conference centre, car-wash, and shuttle service. It benefits from easy access to Interstate 75 and Interstate 85. Metropolitan Atlanta Rapid Transit Authority (MARTA) stations are located within a few miles of 171 17th Street and accessible via bus. The MARTA rail line provides direct service to Buckhead, Downtown and the Hartsfield Jackson Atlanta Airport.

Key tenants of the building include Wells Fargo Bank, Arnall Golden Gregory and Burr & Forman. The building is LEED Platinum certified.

Figure 47: 171 17th Street

Source: Company

Figure 48: Property details

Address	171 17th Street NW, Atlanta, Georgia 30363
Primary Market	Atlanta
NLA (sqft)	510,268
Number of Storeys	22
Parking Stalls	1,200
Number of Tenants*	16
Occupancy as of 3Q20 (%)	86.3
WALE*	5.1
Valuation*	181.0

*Note: *As of end-Dec 2019*
Source: Company data

Park Tower

Park Tower is considered to be one of the finest quality Class A office towers in Downtown Sacramento. It features an above-standard structural design which allows for design loads up to 125 pounds per sqf at the inner core and a redundant multipath fibre network. Park Tower's focal point is a 3-storey atrium lobby, and it has the highest parking ratio of 2.40 in the micro market. The property has 360° views of downtown Sacramento.

The property is well served by the local public transportation network, which includes the Downtown rail system, Sacramento Regional Transit, access to major highways and short commute to the Sacramento International Airport.

Key tenants of the building include State of California, ICF Consulting and Delta Conveyance Design and Construction Joint Powers Authority. The building has achieved Gold LEED certified status.

Figure 49: Park Tower

Source: Company

Figure 50: Property details

Address	980 9th St and 1010 8th St, Sacramento, California
Primary Market	Downtown Sacramento
NLA (sqft)	489,171
Number of Storeys	24
Parking Stalls	1,157
Number of Tenants*	43
Occupancy as of 3Q20 (%)	93.6
WALE*	5.6
Valuation*	170.0

*Note: *As of end-Dec 2019*
Source: Company data

Annex B: Management Team

Figure 51: Key Board of Directors and management team

Name	Designation	Major Appointments/Past Experience
Charles J. Schreiber, Jr.	Chairman and Non-executive Director Member of Nominating and Remuneration Committee	Charles J. Schreiber, Jr. is co-founder and CEO of KBS Realty Advisors and KBS Capital Advisors. He has over 45 years of experience in the real estate industry. Prior to forming the first KBS investment adviser in 1992, he held various senior management positions, including Executive Vice President of Koll Investment Management Services and Executive Vice President of acquisitions and dispositions for The Koll Company.
Tan Ser Ping	Lead Independent and Non-Executive Director Chairman of Nominating and Remuneration Committee Member of Audit and Risk Committee	Tan Ser Ping founded Stanway Capital in 2017 following his retirement from the position of CEO at Ascendas Funds Management (S) Limited, the manager of Ascendas Real Estate Investment Trust (A-REIT). Stanway Capital is focused on real estate investments while A-REIT is Singapore's first and largest listed business space and industrial REIT, and is a constituent member of the FT STI index since June 2014. Prior to that, Tan was Executive Vice President of Real Estate Development & Investment (REDI) of Ascendas, where he was responsible for formulating REDI policies, strategies and plans across all country operations and developing new product offerings and markets for Ascendas Group.
Barbara Cambon	CEO/Chief Investment Officer	Prior to her appointment with Prime US REIT, Barbara Cambon held various positions in the institutional real estate advisory industry, including as a Principal and Chief Operating Officer of Los Angeles-based private real estate investment firm Colony Capital; and President and founder of Institutional Property Consultants, a real estate consulting company. Cambon is currently on the Policy Advisory Board of the University of San Diego Burnham-Moores Real Estate Institute. She had also held several board positions in the past, including Pension Real Estate Association, National Council of Real Estate Investment Fiduciaries, BioMed Realty Trust, and Amstar Advisers.
Harmeet Singh Bedi	Deputy CEO and Chief Financial Officer	Harmeet Singh Bedi brings with him 29 years of investment and commercial banking experience in Singapore, Hong Kong and India. He most recently held the positions of CEO of Maybank Kim Eng Singapore, the securities and investment banking subsidiary of the Maybank Group in Singapore, and board member of its Singapore asset management and Indian securities businesses. Prior to this, he spent over 20 years at UBS, Merrill Lynch, Deutsche Bank and JPMorgan across a variety of senior investment banking roles involving capital raising and advisory work for corporates across the region.
Goo Liang Yin	Financial Controller	Goo Liang Yin brings with him over 20 years of experience in financial accounting. Prior to joining the company, he was previously Vice President Finance of NSL (formerly known as Natsteel), where he was responsible for overseeing the group-wide reporting process. Goo was also Vice President (Finance) at First Sponsor Management (FSMPL), where he was overall-in-charge of the group's financial planning and analysis function and treasury matters. Prior to his appointment at FSMPL, Goo was Chief Financial Officer of China Great Land Holdings, where he assumed supervision over the accounts team and took charge of taxation matters, management reporting and the preparation of financial statements.

Source: RHB, Company data

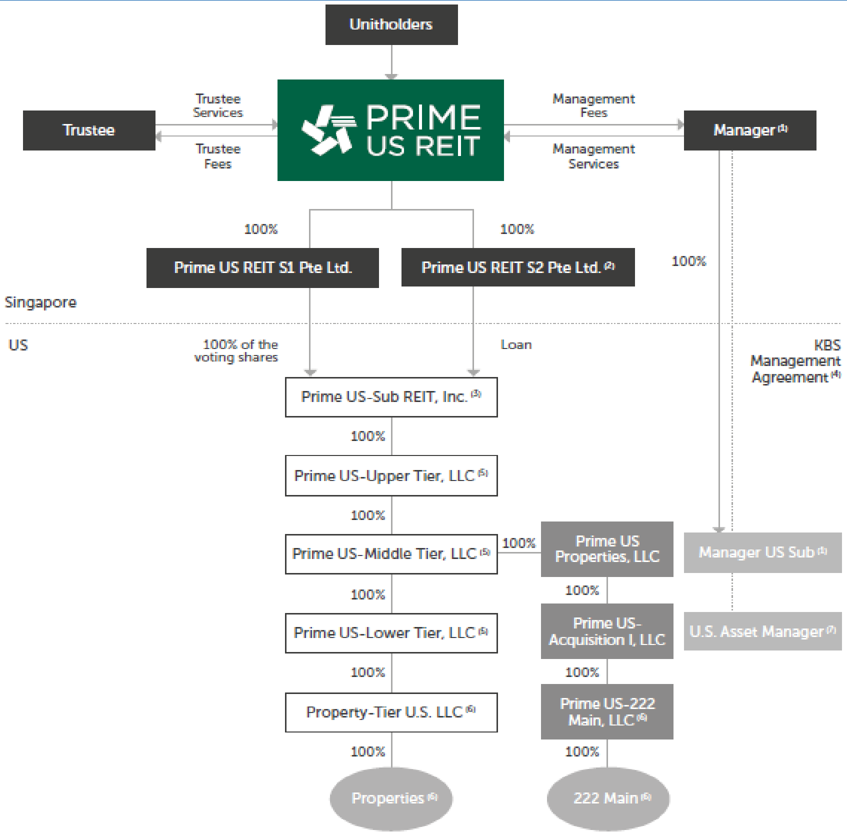
Annex C: Tax Structure

Income from individual properties in the US (sub-US REITs) is channelled into a parent US REIT, which is tax-exempted under US REIT regulations. The parent US REIT is fully-owned by groupings labelled as Prime US REIT S1 Pte Ltd (S1) and Prime US REIT S2 Pte Ltd (S2), with the REIT unitholders as the ultimate shareholder.

The REIT receives income from US properties mainly in the form of the interest component and principal repaid on the shareholder loan, which is not subjected to any US taxes. However, the income paid as dividends to S1 is subject to 30% of the withholding tax – which the manager would actively manage to minimise or pay no dividends from the parent sub-US REIT. The foreign sourced income from S1 and S2 is not subject to any income taxes in Singapore.

- Income from US office properties, derived as loan interest and principal repayments, is tax exempt in the US and Singapore.

Figure 52: PRIME's tax structure



Source: Company data

Annex D: Manager Details

Prime US REIT is managed by KBS US Prime Property Management, which was incorporated in Singapore under the Companies Act on 26 Jul 2018.

The manager is jointly owned by KBS Asia Partners (40%); Keppel Capital Two (30%), a wholly-owned subsidiary of Keppel Capital Management; Times Properties (20%), a wholly-owned subsidiary of SPH; and Experion Holdings (10%), a wholly-owned subsidiary of AT Holdings.

KBS Asia Partners

KBS Asia Partners (KAP) is the sponsor of Prime US REIT. The shareholders of KAP are:

i. An entity indirectly controlled by Charles J. Schreiber Jr. (50%);

ii. An entity wholly owned by Rahul Rana (25%); and

iii. An entity indirectly controlled by Richard Bren (25%).

Charles J. Schreiber, Jr. and the late Peter M. Bren were the founding partners of KBS. KBS consists of KBS Realty Advisors and KBS Capital Advisors.

KBS is one of the largest US commercial real estate managers, with USD28.3bn invested or managed nationwide since inception as at 30 Jun 2020.

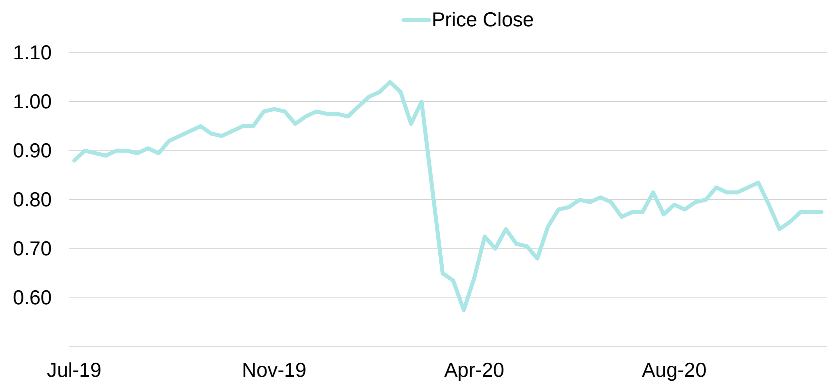
Keppel Capital

Keppel Capital is the asset management arm of Keppel Corp (KEP SP, NR), and a premier manager of real estate in Asia. Listed on the Singapore Exchange, Keppel is a multinational conglomerate with key businesses in offshore & marine, property, infrastructure and investments, providing innovative solutions for sustainable urbanisation.

Diversified portfolio managed by experienced team. Keppel Capital has a diversified portfolio that includes real estate, infrastructure and data centre properties in key global markets. It is managed by an experienced team of over 200 professionals, and has assets under management that comprise REITs, trusts and private funds that grew from SGD2bn in 2006 to SGD33bn as at end-2019.

Strong brand recognition. As part of the larger Keppel Group, Keppel Capital leverages on its extensive network and platform to create, operate and manage different asset classes, from energy and infrastructure to real estate and premium grade office buildings and townships. Keppel Capital has also, over the years, distinguished itself with its local and deep operational insights, strong track record, and breadth of experience.

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2020-12-02			

Source: RHB, Bloomberg

RHB Guide to Investment Ratings

Buy:	Share price may exceed 10% over the next 12 months
Trading Buy:	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
Take Profit:	Target price has been attained. Look to accumulate at lower levels
Sell:	Share price may fall by more than 10% over the next 12 months
Not Rated:	Stock is not within regular research coverage

Investment Research Disclaimers

RHB has issued this report for information purposes only. This report is intended for circulation amongst RHB and its affiliates' clients generally or such persons as may be deemed eligible by RHB to receive this report and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. This report is not intended, and should not under any circumstances be construed as, an offer or a solicitation of an offer to buy or sell the securities referred to herein or any related financial instruments.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by RHB's strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.

All the information contained herein is based upon publicly available information and has been obtained from sources that RHB believes to be reliable and correct at the time of issue of this report. However, such sources have not been independently verified by RHB and/or its affiliates and this report does not purport to contain all information that a prospective investor may require. The opinions expressed herein are RHB's present opinions only and are subject to change without prior notice. RHB is not under any obligation to update or keep current the information and opinions expressed herein or to provide the recipient with access to any additional information. Consequently, RHB does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither RHB (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

Whilst every effort is made to ensure that statement of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable and must not be construed as a representation that the matters referred to therein will occur. Different assumptions by RHB or any other source may yield substantially different results and recommendations contained on one type of research product may differ from recommendations contained in other types of research. The performance of currencies may affect the value of, or income from, the securities or any other financial instruments referenced in this report. Holders of depositary receipts backed by the securities discussed in this report assume currency risk. Past performance is not a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to RHB and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. RHB expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

The use of any website to access this report electronically is done at the recipient's own risk, and it is the recipient's sole responsibility to take precautions to ensure that it is free from viruses or other items of a destructive nature. This report may also provide the addresses of, or contain hyperlinks to, websites. RHB takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to RHB own website material) are provided solely for the recipient's convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or RHB website shall be at the recipient's own risk.

This report may contain information obtained from third parties. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content.

The research analysts responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. The research analysts that authored this report are precluded by RHB in all circumstances from trading in the securities or other financial instruments referenced in the report, or from having an interest in the company(ies) that they cover.

The contents of this report is strictly confidential and may not be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, to any other person without the prior express written consent of RHB and/or its affiliates. This report has been delivered to RHB and its affiliates' clients for information purposes only and upon the express understanding that such parties will use it only for the purposes set forth above. By electing to view or accepting a copy of this report, the recipients have agreed that they will not print, copy, videotape, record, hyperlink, download, or otherwise attempt to reproduce or re-transmit (in any form including hard copy or electronic distribution format) the contents of this report. RHB and/or its affiliates accepts no liability whatsoever for the actions of third parties in this respect.

The contents of this report are subject to copyright. Please refer to Restrictions on Distribution below for information regarding the distributors of this report. Recipients must not reproduce or disseminate any content or findings of this report without the express permission of RHB and the distributors.

The securities mentioned in this publication may not be eligible for sale in some states or countries or certain categories of investors. The recipient of this report should have regard to the laws of the recipient's place of domicile when contemplating transactions in the securities or other financial instruments referred to herein. The securities discussed in this report may not have been registered in such jurisdiction. Without prejudice to the foregoing, the recipient is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

The term "RHB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, RHB Investment Bank Berhad and its affiliates, subsidiaries and related companies.

RESTRICTIONS ON DISTRIBUTION

Malaysia
This report is issued and distributed in Malaysia by RHB Investment Bank Berhad ("RHBIB"). The views and opinions in this report are our own as of the date hereof and is subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. RHBIB has no obligation to update its opinion or the information in this report.

Thailand
This report is issued and distributed in the Kingdom of Thailand by RHB Securities (Thailand) PCL, a licensed securities company that is authorised by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is a member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the Corporate Governance Report of Thai Listed Companies made pursuant to the policy of the Securities and Exchange Commission of Thailand. RHB Securities (Thailand) PCL does not endorse, confirm nor certify the result of the Corporate Governance Report of Thai Listed Companies.

Indonesia
This report is issued and distributed in Indonesia by PT RHB Sekuritas Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

Singapore
This report is issued and distributed in Singapore by RHB Bank Berhad (Singapore branch) which is a holder of a full bank licence and an exempt capital markets services licence and financial adviser regulated by the Monetary Authority of Singapore. RHB Bank Berhad (Singapore branch) may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, RHB Bank Berhad (Singapore branch) accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact RHB Bank Berhad (Singapore branch) in respect of any matter arising from or in connection with the report.

United States
This report was prepared by RHB is meant for distribution solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act") via a registered U.S. broker-dealer as appointed by RHB from time to time. Accordingly, any access to this report via Bursa Marketplace or any other Electronic Services Provider is not intended for any party other than "major" US institutional investors (via a registered U.S broker-dealer), nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and currently has not appointed a U.S. broker-dealer. Additionally, RHB does not offer brokerage services to U.S. persons. Any order for the purchase or sale of all securities discussed herein must be placed with and through a registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. For avoidance of doubt, RHB reiterates that it has not appointed any U.S. broker-dealer during the issuance of this report. This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable. Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of any registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading. Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States. The financial instruments discussed in this report may not be suitable for all investors. Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

DISCLOSURE OF CONFLICTS OF INTEREST

RHB Investment Bank Berhad, its subsidiaries (including its regional offices) and associated companies, ("RHBIB Group") form a diversified financial group, undertaking various investment banking activities which include, amongst others, underwriting, securities trading, market making and corporate finance advisory.

As a result of the same, in the ordinary course of its business, any member of the RHBIB Group, may, from time to time, have business relationships with, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants, and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or perform and/or solicit investment, advisory or other services from any of the subject company(ies) covered in this research report.

While the RHBIB Group will ensure that there are sufficient information barriers and internal controls in place where necessary, to prevent/manage any conflicts of interest to ensure the independence of this report, investors should also be aware that such conflict of interest may exist in view of the investment banking activities undertaken by the RHBIB Group as mentioned above and should exercise their own judgement before making any investment decisions.

In Singapore, investment research activities are conducted under RHB Bank Berhad (Singapore branch), and the disclaimers above similarly apply.

Malaysia
Save as disclosed in the following link RHB Research conflict disclosures – November 2020 and to the best of our knowledge, RHBIB hereby declares that:
1. RHBIB does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
2. RHBIB is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of RHBIB's staff or associated person serve as a director or board member* of the subject company(ies) covered in this report
   **For the avoidance of doubt, the confirmation is only limited to the staff of research department*
4. RHBIB did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHBIB did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

Thailand
Save as disclosed in the following link RHB Research conflict disclosures – November 2020 and to the best of our knowledge, RHB Securities (Thailand) PCL hereby declares that:
1. RHB Securities (Thailand) PCL does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
2. RHB Securities (Thailand) PCL is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of RHB Securities (Thailand) PCL's staff or associated person serve as a director or board member* of the subject company(ies) covered in this report
1. *For the avoidance of doubt, the confirmation is only limited to the staff of research department
4. RHB Securities (Thailand) PCL did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHB Securities (Thailand) PCL did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

Indonesia
Save as disclosed in the following link RHB Research conflict disclosures – November 2020 and to the best of our knowledge, PT RHB Sekuritas Indonesia hereby declares that:
1. PT RHB Sekuritas Indonesia and its investment analysts, does not have any interest in the securities of the subject company(ies) covered in this report.
   For the avoidance of doubt, interest in securities include the following:
   a) Holding directly or indirectly, individually or jointly own/hold securities or entitled for dividends, interest or proceeds from the sale or exercise of the subject company's securities covered in this report*;
   b) Being bound by an agreement to purchase securities or has the right to transfer the securities or has the right to pre subscribe the securities*.
   c) Being bound or required to buy the remaining securities that are not subscribed/placed out pursuant to an Initial Public Offering*.
   d) Managing or jointly with other parties managing such parties as referred to in (a), (b) or (c) above.
2. PT RHB Sekuritas Indonesia is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of PT RHB Sekuritas Indonesia's staff** or associated person serve as a director or board member* of the subject company(ies) covered in this report.
4. PT RHB Sekuritas Indonesia did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. PT RHB Sekuritas Indonesia** did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report:

Notes:
**The overall disclosure is limited to information pertaining to PT RHB Sekuritas Indonesia only.*
***The disclosure is limited to Research staff of PT RHB Sekuritas Indonesia only.*

Singapore
Save as disclosed in the following link RHB Research conflict disclosures – November 2020 and to the best of our knowledge, the Singapore Research department of RHB Bank Berhad (Singapore branch) hereby declares that:
1. RHB Bank Berhad, its subsidiaries and/or associated companies do not make a market in any issuer covered by the Singapore research analysts in this report.
2. RHB Bank Berhad, its subsidiaries and/or its associated companies and its analysts do not have a financial interest (including a shareholding of 1% or more) in the issuer covered by the Singapore research analysts in this report.
3. RHB Bank Berhad's Singapore research staff or connected persons do not serve on the board or trustee positions of the issuer covered by the Singapore research analysts in this report.
4. RHB Bank Berhad, its subsidiaries and/or its associated companies do not have and have not within the last 12 months had any corporate finance advisory relationship with the issuer covered by the Singapore research analysts in this report or any other relationship that may create a potential conflict of interest.
5. RHB Bank Berhad's Singapore research analysts, or person associated or connected to it do not have any interest in the acquisition or disposal of, the securities, specified securities based derivatives contracts or units in a collective investment scheme covered by the Singapore research analysts in this report.
6. RHB Bank Berhad's Singapore research analysts do not receive any compensation or benefit in connection with the production of this research report or recommendation on the issuer covered by the Singapore research analysts.

Analyst Certification
The analyst(s) who prepared this report, and their associates hereby, certify that:
(1) they do not have any financial interest in the securities or other capital market products of the subject companies mentioned in this report, except for:

Analyst	Company
-	-

(2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

KUALA LUMPUR

RHB Investment Bank Bhd
Level 3A, Tower One, RHB Centre
Jalan Tun Razak
Kuala Lumpur 50400
Malaysia
Tel : +603 9280 8888
Fax : +603 9200 2216

JAKARTA

PT RHB Sekuritas Indonesia
Revenue Tower, 11th Floor, District 8 - SCBD
Jl. Jendral Sudirman Kav 52-53
Jakarta 12190
Indonesia
Tel : +6221 509 39 888
Fax : +6221 509 39 777

BANGKOK

RHB Securities (Thailand) PCL
10th Floor, Sathorn Square Office Tower
98, North Sathorn Road, Silom
Bangrak, Bangkok 10500
Thailand
Tel: +66 2088 9999
Fax :+66 2088 9799

SINGAPORE

RHB Bank Berhad (Singapore branch)
90 Cecil Street
#04-00 RHB Bank Building
Singapore 069531