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(a real estate investment trust constituted on 7 September 2018 under the laws of the Republic of Singapore)
(Managed by KBS US Prime Property Management Pte. Ltd.)

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

ACQUISITION OF PARK TOWER IN DOWNTOWN SACRAMENTO, CALIFORNIA

1. INTRODUCTION

KBS US Prime Property Management Pte. Ltd., in its capacity as manager of Prime US REIT (the “**Manager**”), is pleased to announce that Prime US REIT, through KBS Realty Advisors, LLC (“**KBS RA**”), has entered into a purchase agreement (“**Purchase Agreement**”) with GV/HI Park Tower Owner, LLC. (the “**Vendor**”) to acquire the property known as Park Tower located at 980 9th Street and 1010 8th Street, Sacramento, California (the “**Property**” or “**Park Tower**”, and the acquisition of the Property, the “**Acquisition**”).

2. INFORMATION ON THE PROPERTY

The Property is a 24-storey Class A office tower and a five-storey mixed use retail/parking garage. The Property is located in the downtown area of Sacramento, surrounded by abundant lifestyle amenities, including Downtown Commons, Golden One Arena, Convention Centre, hotels, retail and restaurants as well as multifamily housing. The Property is leased to a diverse mix of high quality and creditworthy tenants.

Purchase Consideration	US\$165.5 million ⁽¹⁾
Valuation	US\$170.0 million
Net Lettable Area (“NLA”)	489,171 square feet (“sq ft”)
Land Tenure	Freehold
Year Built	1961 (1010 8 th Street)/1992 (980 9 th Street)
Parking Lots	1,157 (2.4/1,000 sq ft)
Year of last refurbishment completion	2019
Occupancy⁽³⁾	92.2%
Number of Tenants	43
FY2019 Net Property Income (“NPI”) Yield⁽⁴⁾	6.9%
Weighted Average Lease Expiry (“WALE”) by NLA (as at 1 January 2020)	5.6 years

Notes:

- (1) Subject to closing and post-closing adjustments in the ordinary course of business.
- (2) Based on valuation as at January 2020 by Joseph Blake & Associates, an independent third party appraiser.
- (3) Committed occupancy as at 1 January 2020, assumes (i) building amenities of 9,609 sq ft are on a leased basis, (ii) lease with California Public Radio for 8,196 sq ft, which was signed on 30 January 2020, was in place as at 1 January 2020, and (iii) non-leasable static vacancy of 28,194 sq ft in the basement is excluded.
- (4) Based on annualised cash NPI for FY2019 of US\$11.5 million and purchase consideration of US\$165.5 million.

3. DETAILS OF THE TRANSACTIONS

3.1 Valuation and Purchase Consideration

The purchase consideration payable for the Acquisition is US\$165.5 million and was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuation of the Property. The independent valuation conducted by an independent valuer, Joseph J. Blake & Associates, Inc. (the “**Valuer**”), concluded a market value for the Property of US\$170.0 million as of 16 January 2020.

The Valuer has valued the Property primarily based on the income capitalisation approach and supported by the sales comparison approach. The income capitalisation approach consisted of a discounted cash flow analysis and a direct capitalisation methodology.

The purchase consideration represents approximately 2.6% discount to the independent valuation.

3.2 Estimated Total Acquisition Cost

The estimated total cost of the Acquisition (the “**Total Acquisition Cost**”) is approximately US\$170.1 million, comprising:

- 3.2.1 the purchase consideration of US\$165.5 million;
- 3.2.2 the acquisition fee payable to the Manager for the Acquisition pursuant to the Trust Deed dated 7 September 2018 constituting Prime US REIT (as amended and restated) of approximately US\$1.7 million, which the Manager has elected to be paid in cash; and
- 3.2.3 estimated professional and other transaction fees and expenses incurred, or to be incurred, in connection with the Acquisition (inclusive of financing and equity fund raising related expenses, due diligence cost, land transfer taxes and costs to be incurred in relation to the valuation) of approximately US\$3.0 million.

3.3 Establishment of Subsidiaries

In connection with the Acquisition, Prime US REIT has established the following entities:

- 3.3.1 Prime US REIT S3 Pte. Ltd., which has an issued and paid up capital of US\$1.00; and
- 3.3.2 Prime US-Park Tower, LLC, which has not been capitalised.

3.4 Purchase Agreement

The key terms of the Purchase Agreement include the following:

- customary provisions relating to the Acquisition, including representations and warranties;
- the conditions precedent to the buyer's obligation to proceed with the closing are that (i) the Vendor shall have performed, in all material respects, all of its covenants and obligations under the Purchase Agreement; (ii) the Vendor shall have delivered to the buyer the tenant estoppels from tenants (including major tenants) comprising at least 75% of the overall leased rentable area of the Property; (iii) all of the representations and warranties of the Vendor contained in the Purchase Agreement shall be true and correct in all material respects as of the closing date; (iv) the title insurance company shall be irrevocably committed to issuing the title policy to the buyer; and (v) the Vendor shall have delivered to the buyer all of the items required to be delivered to the buyer pursuant to the terms of the Purchase Agreement; and
- to the extent that the Vendor's obligations under the Purchase Agreement survive the closing, they will survive for nine (9) months following the closing date, and the Vendor will not have any liability to the buyer for most breaches until the buyer's claims aggregate more than US\$25,000, subject to a cap of an aggregate of US\$4,965,000.

3.5 Structure of the Acquisition and Transfer of the Purchase Agreement

KBS RA had previously entered into the Purchase Agreement with the Vendor. Under the terms of the Purchase Agreement the purchaser had until 9.00 a.m. on 12 February 2020 (the "**Relevant Time**") to indicate whether it intends to complete the Acquisition. KBS RA issued a notice to the Vendor that it intends to complete the Acquisition, and it transferred

the Purchase Agreement to Prime US REIT on 12 February 2020 prior to the Relevant Time.

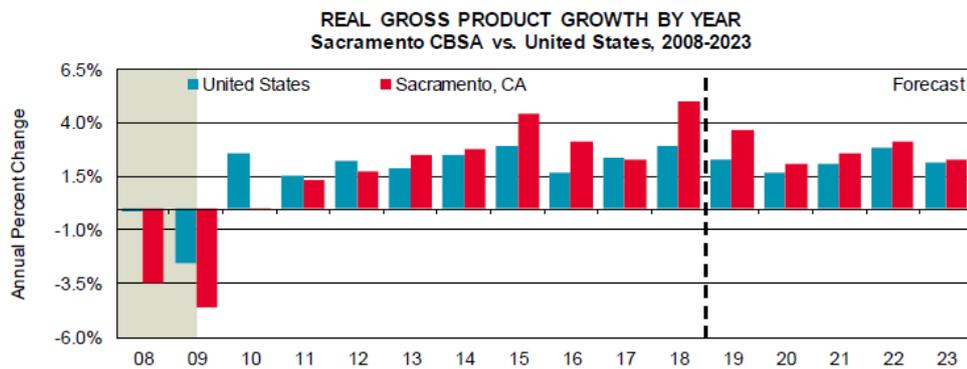
4. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

The Manager believes that the Acquisition will bring the following key benefits to unitholders of Prime US REIT (“Unitholders”):

4.1 Exposure to California’s Capital, Sacramento

4.1.1 Expanding Economy

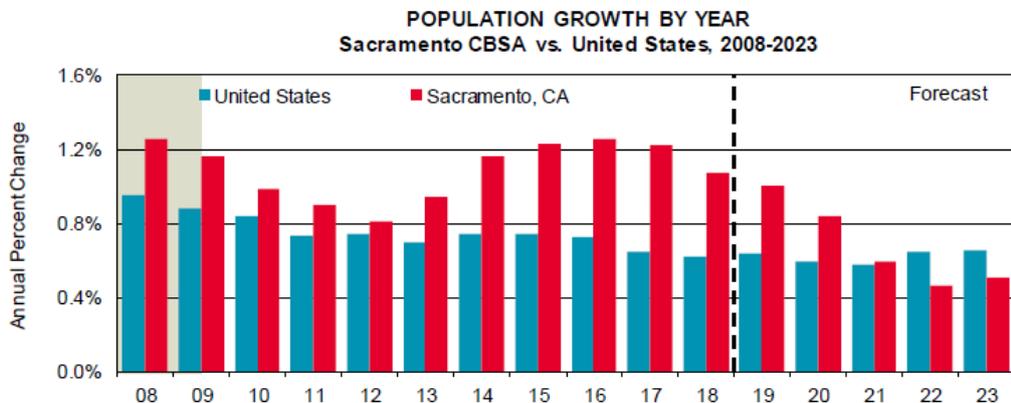
Sacramento is one of the strongest economies in California with an average Gross Metropolitan Product (“GMP”) with an annual growth rate of 3.2% (2013 – 2018), exceeding the United States (“U.S.”) average of 2.3% for the same period.



Source: Independent Market Research Report as of 1 January 2020 by Cushman & Wakefield Western, Inc.

4.1.2 Growing Population

Sacramento is one of the fastest growing regions in terms of population. Between 2010 to 2018, population growth in the region exceeded the U.S. every year.



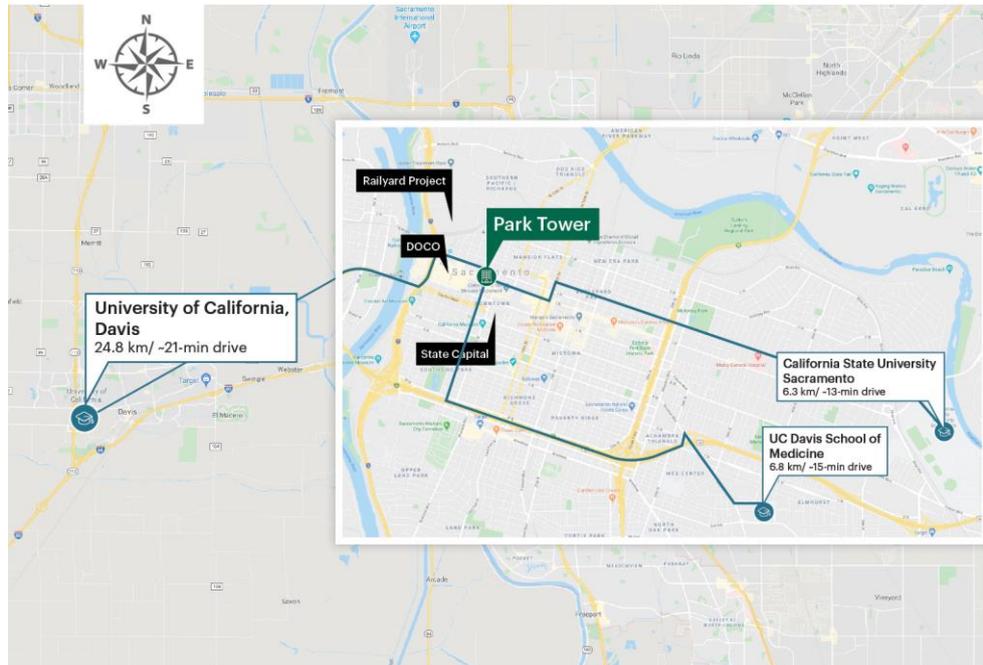
Source: Independent Market Research Report as of 1 January 2020 by Cushman & Wakefield Western, Inc.

Due to the region’s quality of life and affordability, in-migration from San Francisco, Los Angeles and other West Coast metropolitan areas has resulted in an

expanding workforce which has driven the overall population growth in Sacramento.

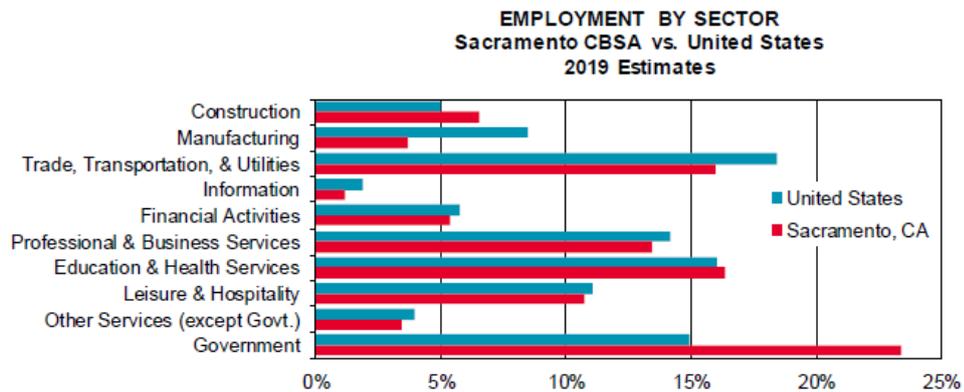
4.1.3 Highly Educated Workforce

Sacramento is home to an abundant and highly-educated workforce, due to the presence of several world-renowned institutions nearby, namely University of California at Davis, Sacramento State University, and University of California at Berkeley.



4.1.4 Strong Government Presence

Government employment in Sacramento has outpaced the U.S. average significantly because of the area being the state’s capital and a hub for government services. Currently government employment makes up approximately 22% of the region’s employment sector.



Source: Independent Market Research Report as of 1 January 2020 by Cushman & Wakefield Western, Inc.

Due to the growth in business and consumer sectors in Sacramento, the Governor of California recently signed the largest budget on record of US\$214.8 billion to devote more money to the local infrastructure targeting healthcare, K-12 education and public universities. With the continued support of strong fiscal fundamentals at the state level, Sacramento's public sector will continue to expand and remain the key driver of the local economy, shielding Sacramento from the volatility in the macro-environment.

4.1.5 Growing Private Sector

Due to the presence of a high-quality workforce and lower cost of living, Sacramento is increasingly seen as an attractive destination for non-governmental employers. Major healthcare firms such as Sutter Health, Affymetix, Lipomics Technologies, Calgene LLC, Novozymes Biotech Inc. and Volcano Therapeutics; and technology firms such as Apple, Hewlett Packard and Intel Corporation have set up operations in Sacramento.

Largest Private Employers Sacramento-Roseville-Arden-Arcade, CA		
Company	No. of Employees	Business Type
University of California, Davis and UC Davis Health	20,100	Education
Kaiser Permanente	16,100	Healthcare
Sutter Health	15,200	Healthcare
Dignity Health	7,850	Healthcare
Intel Corp	6,000	Technology
Raley's Inc.	4,800	Retail
California State University Sacramento	3,125	Education
Thunder Valley Casino Resort	2,500	Entertainment
Apple Inc.	2,500	Technology
Squaw Valley Resort	2,500	Entertainment

Source: Independent Market Research Report as of 1 January 2020 by Cushman & Wakefield Western, Inc.

In February 2019, Centene Corporation, a large managed care enterprise (Fortune 100) proposed a plan to build five new buildings that will create new jobs and employment.

In January 2019, Kaiser Permanente acquired 18 acres in the Downtown Railyards development. The state-of-the-art hospital is projected to include a 14-story building and a medical office building, bringing major medical services to downtown. This is the third major investment that Kaiser Permanente has made in downtown Sacramento, following the opening of Downtown Commons Medical Offices in June 2018 and its Sports Medicine Center in Golden 1 Center in 2016

4.1.6 Good alternative to San Francisco

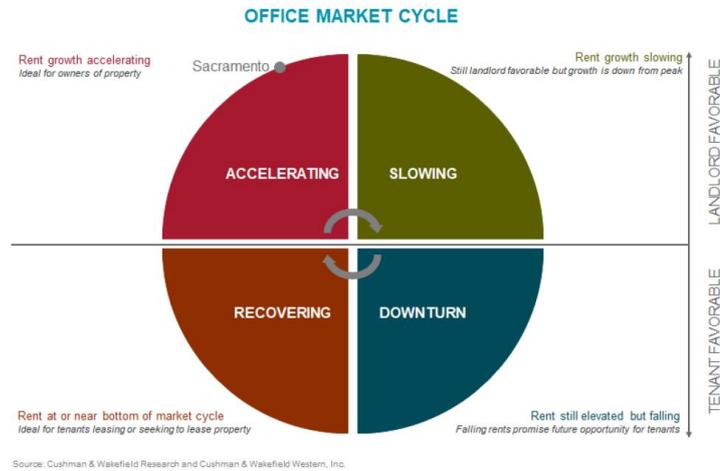
As San Francisco's apartment rents and housing prices continue to rise, the Bay Area workforce has begun to look to more cost-effective locational alternatives. The median home price as of 2Q19 in the San Francisco area was US\$1,050,000 compared to US\$385,000 in the Sacramento area according to the National Association of Realtors. Furthermore, the monthly mortgage payment to income

ratio as of 2018 is 24.1% in San Francisco and only 15.3% in Sacramento, which is -160 basis points below the U.S. average of 16.9%. Sacramento offers emigrating residents a compelling value proposition in a transit served and dynamic urban environment.



By being able to provide a highly-educated workforce, transportation network and retail amenities that are desired by the modern tenant at lower office rental rates, Sacramento offers a good alternative to San Francisco.

According to Cushman & Wakefield's office market forecast and analysis, Sacramento's office market is considered to be in an accelerating rent-growth and landlord-favourable trend. The following chart depicts the relative position of the Sacramento office market in the office market cycle.

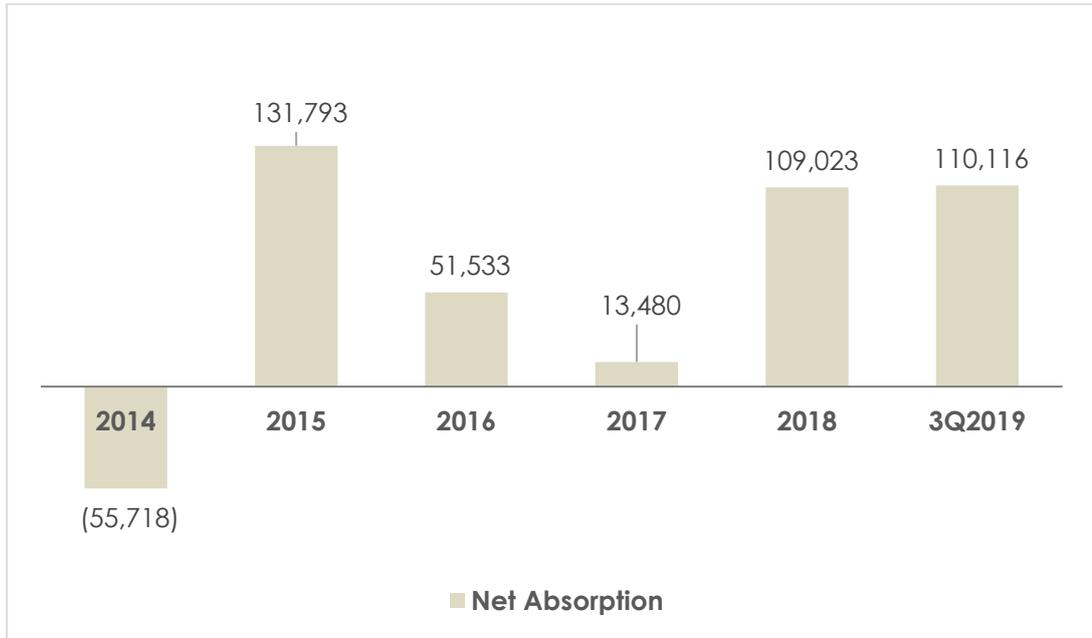


Source: *Independent Market Research Report as of 1 January 2020 by Cushman & Wakefield Western, Inc.*

According to Cushman & Wakefield, Sacramento's office-using employment is expected to increase, translating into robust demand for office space over the next few years. Given the strong absorption seen over the past few years and the lack of new supply, this will result in upward pressure on asking rents.

Cushman & Wakefield has identified 12 Class A properties which comprise the competitive micro market, most comparable to Park Tower in terms of location, physical attributes and access to amenities. This competitive micro market has experienced positive cumulative net absorption of office space from 2015 to 3Q2019.

Historical Net Absorption of Competitive Micro Market⁽¹⁾



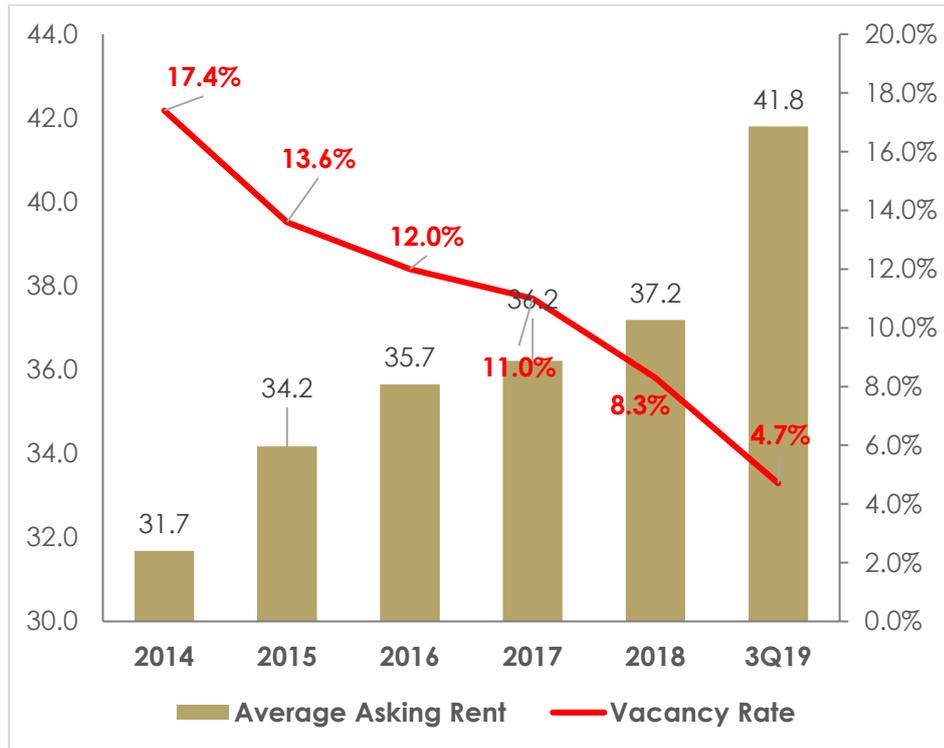
Note:

(1) Based on Park Tower's competitive micro market, which comprises 12 properties (including Park Tower) as identified by Cushman & Wakefield to be the most comparable to Park Tower.

Source: *Independent Market Research Report as of 1 January 2020 by Cushman & Wakefield Western, Inc.*

Strong demand for Class A office space in Sacramento has also translated into healthy rental growth. The asking rent for Class A office space for the competitive micro market has grown by 17.4% from 2014 to 2018. The overall vacancy rate for the competitive micro market is only at 4.7%, whereas the national vacancy rate is approximately 13.0%.

Historical Asking Rents (US\$ per sq ft) and Vacancy Rate (%) for Competitive Micro Market⁽¹⁾



Notes:

(1) Based on Park Tower's competitive micro market, which comprises 12 properties (including Park Tower) as identified by Cushman & Wakefield to be the most comparable to Park Tower.

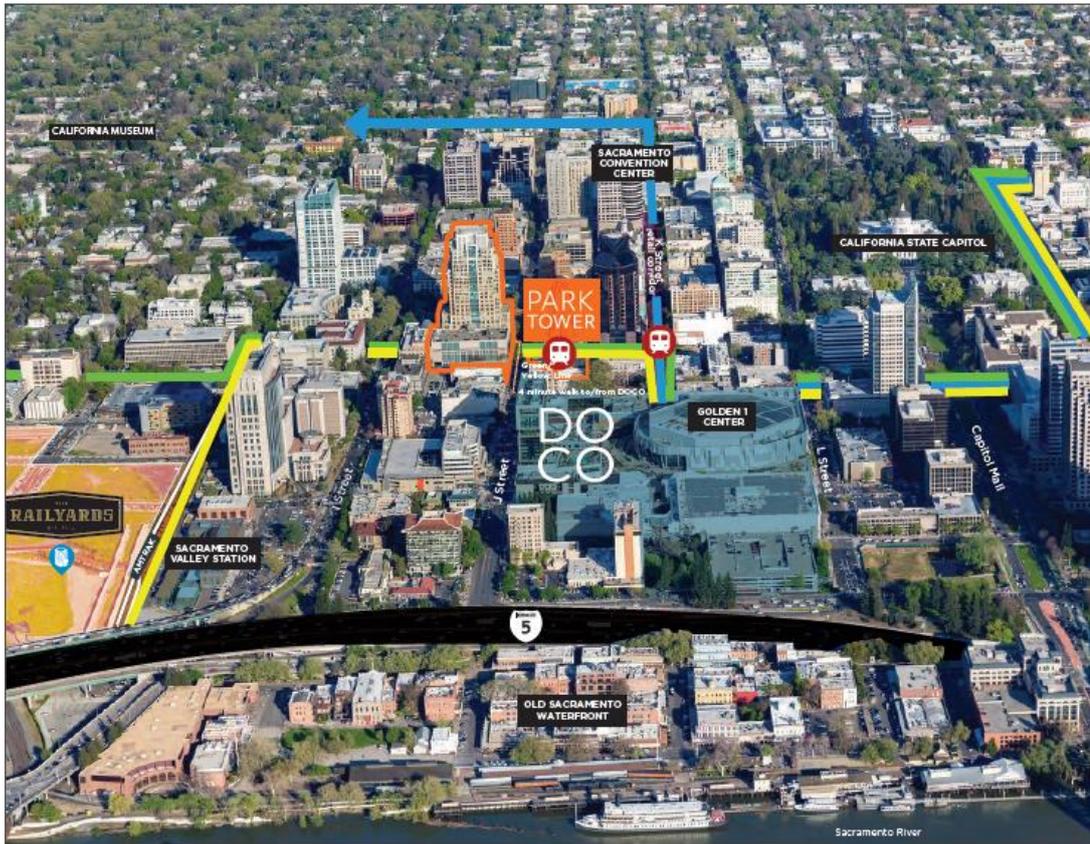
Source: Independent Market Research Report as of 1 January 2020 by Cushman & Wakefield Western, Inc.

4.2 Class A Tower with world class amenities located in a prime location

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 sq ft 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, Further, Park Tower has achieved Gold LEED certified status. The Property has 360-degree views of downtown Sacramento and also offers a Walk Score of 96 as well as easy access to nearby public transportation options.

The competitive micro market for Class A office buildings in downtown Sacramento is made up of twelve (12) buildings totalling approximately 3.7 million sq ft and are currently 95.3% occupied. Park Tower is considered one of the top three (3) buildings based on the quality of the asset.

Located just three blocks from the State Capitol building and two blocks from Downtown Commons and Golden 1 Center, Park Tower is centrally located in the midst of Sacramento's opportunity zones with an abundance of nearby multi-family developments and restaurants on K Street.



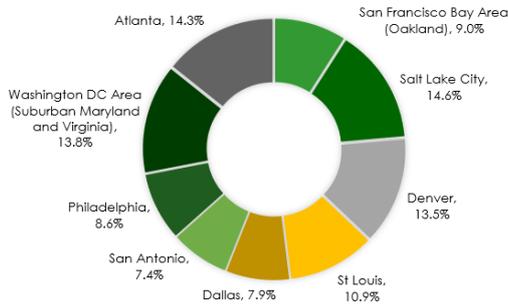
The Property is well served by the local public transportation network, which includes the Downtown rail system, Sacramento Regional Transit, access to major highways and short commute to Sacramento International Airport.

4.3 Enhance Portfolio diversification

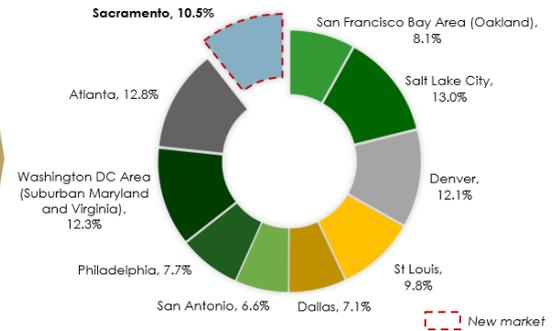
4.3.1 Asset Diversification

The Acquisition will allow Prime US REIT to expand its footprint into a new target market, Sacramento. After the Acquisition, no single market will contribute more than 13.0% of Prime US REIT’s cash rental income.

Current Portfolio Cash Rental Income⁽¹⁾ by Market⁽²⁾



Enlarged Portfolio Cash Rental Income⁽¹⁾ by Market⁽²⁾



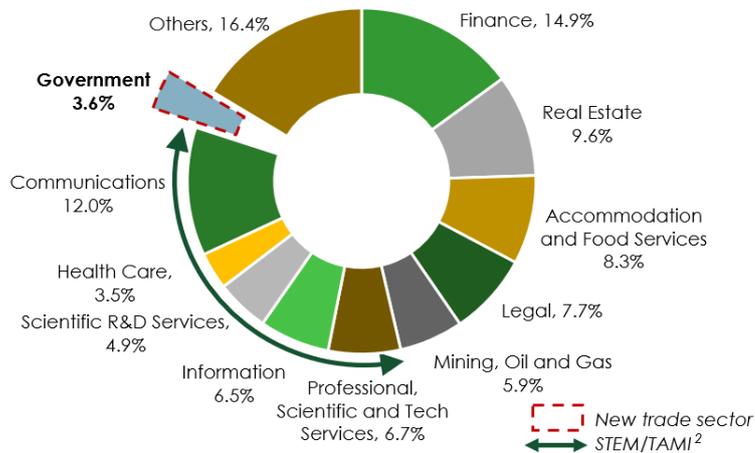
Notes:

- (1) For the month of December 2019. Unless otherwise stated, cash rental income (as disclosed in this announcement) refers to rental income and recoveries income excluding straight-line adjustments and free-rent incentives.
- (2) Classified by primary market.

4.3.2 Tenant Diversification

The current portfolio will be enhanced by the addition of 43 tenants from a diverse range of trade sectors. Park Tower will enhance Prime US REIT's portfolio tenant diversification with the introduction of a new industry sector, Government, which adds resilience and stability to the portfolio.

Trade Sector by Cash Rental Income¹



Notes:

- (1) For the month of December 2019.
- (2) STEM: Science, Technology, Engineering and Math; TAMI: Technology, Advertising, Media and Information.

Park Tower will add 43 tenants to the portfolio, majority of which are of high quality and creditworthiness.

Top 10 Tenants by % of Cash Rental Income⁽¹⁾

No.	Tenant	Industry	NLA (sq ft)	% of Cash Rental Income ²
1	State of California	Government	141,372	29.8%
2	ICF Consulting	Consulting	35,000	8.8%
3	Delta Conveyance Design and Construction Joint Powers Authority	Public Administration	26,199	7.6%
4	Sacramento County Employee Retirement	Government	17,190	4.6%
5	Deloitte	Accounting	17,065	4.5%
6	Regus	Real Estate	17,066	4.5%
7	Association of California Water Agencies	Public Administration	12,769	3.3%
8	California Strategies	Consulting	9,222	2.8%
9	California Nurses Association	Public Administration	10,721	2.7%
10	BKF Engineers	Scientific R&D Services	9,243	2.5%
Total Top 10 Tenants			295,847	71.1%

Notes:

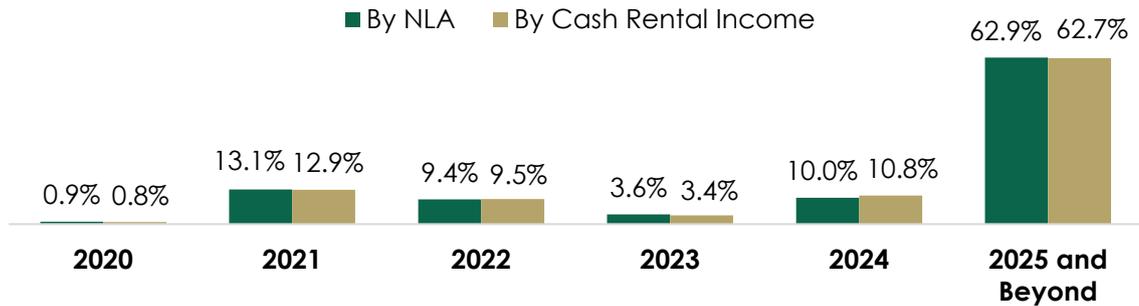
(1) As at 1 January 2020.

(2) For the month of December 2019. Expressed as a percentage of total cash rental income of Park Tower for the month of December 2019.

4.4 Provides Resilience and Growth to Prime US REIT's portfolio

Park Tower's current occupancy stands at 92.2% with a WALE by NLA of 5.6 years. This provides opportunity for rental upside as the vacant space in the property is progressively leased up over time.

Lease Expiry Profile of Park Tower¹

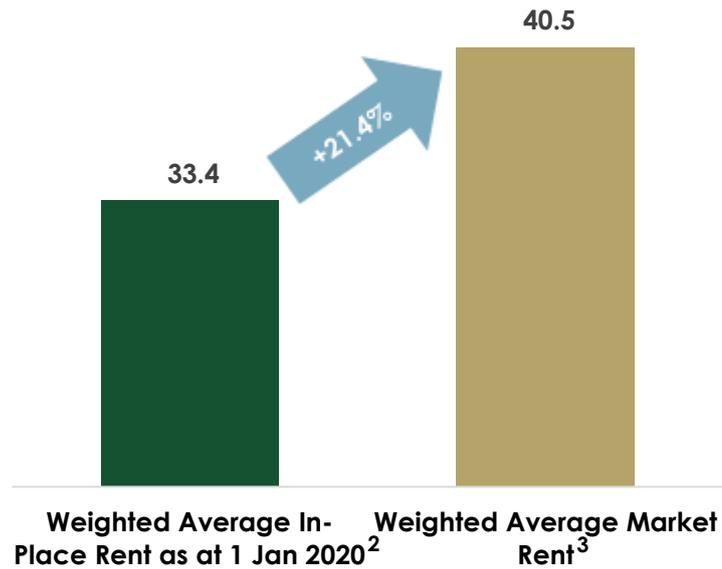


Notes:

(1) NLA as at 1 January 2020. Cash rental income for the month of December 2019.

The Acquisition also has visible organic growth with 99.8% of leases, based on cash rental income for the month of December 2019, having built-in rental escalation rates with a weighted average built-in escalation rate of 2.9%. Furthermore, there is potential for current average in-place rents to be renewed at a higher asking rent.

Potential Rental Reversion to Market¹ (US\$ per sqft)

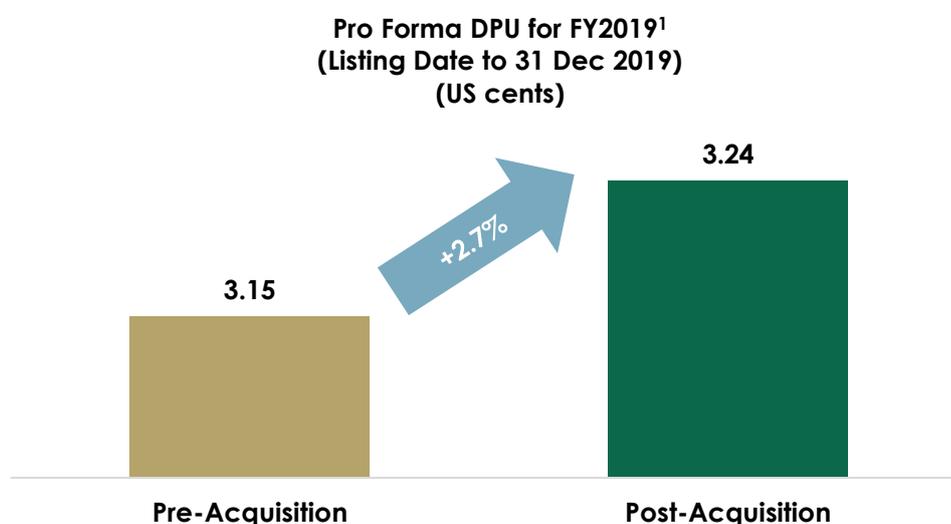


Notes:

- (1) Reimbursement/lease structures of in-place leases matches with the reimbursement structure of its respective market rent.
- (2) In-place rents refer to base rents of signed leases as at 1 January 2020, weighted by NLA as at 1 January 2020.
- (3) Comprises the market base rents of signed leases in the appraisal report of Park Tower by Joseph Blake & Associates, weighted by NLA as at 1 January 2020.

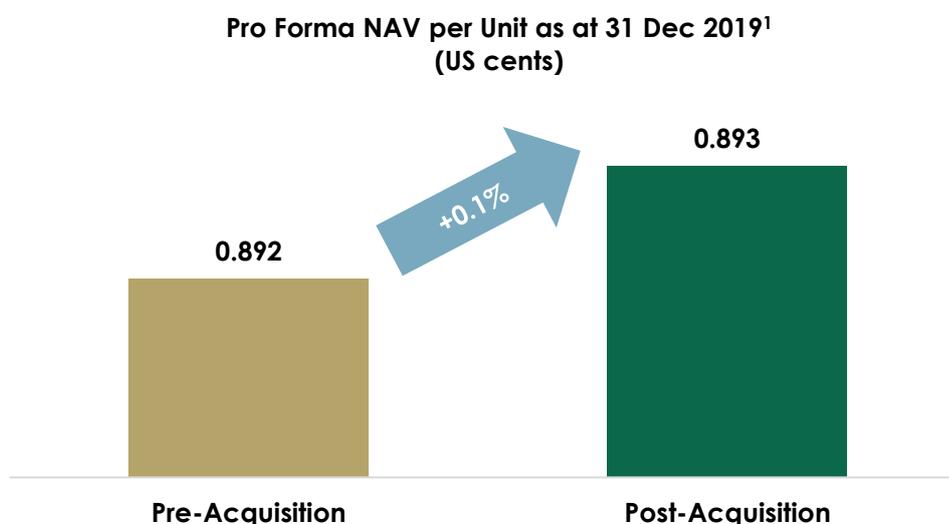
4.5 Accretive Acquisition enhances unitholders' return

The Property will be acquired at a discount of 2.6% to the independent valuation resulting the FY19 NPI yield¹ of the Property to be approximately 6.9%. The yields from this Property are further enhanced by the low cost of borrowings of 2.6% per annum for the Acquisition. This Acquisition is expected to provide distribution per Unit ("DPU") and net asset value ("NAV") per Unit accretion.



Note:

- (1) Excludes Units to be issued as at 31 December 2019 and assumes that New Units in relation to the Private Placement were issued at an illustrative price of US\$0.943 per Unit, based on the Private Placement base offering size of US\$100 million. In the event that the upside option of US\$20 million is exercised, the proforma post-acquisition DPU will be 3.20 US cents, which translates to an accretion of 1.3%

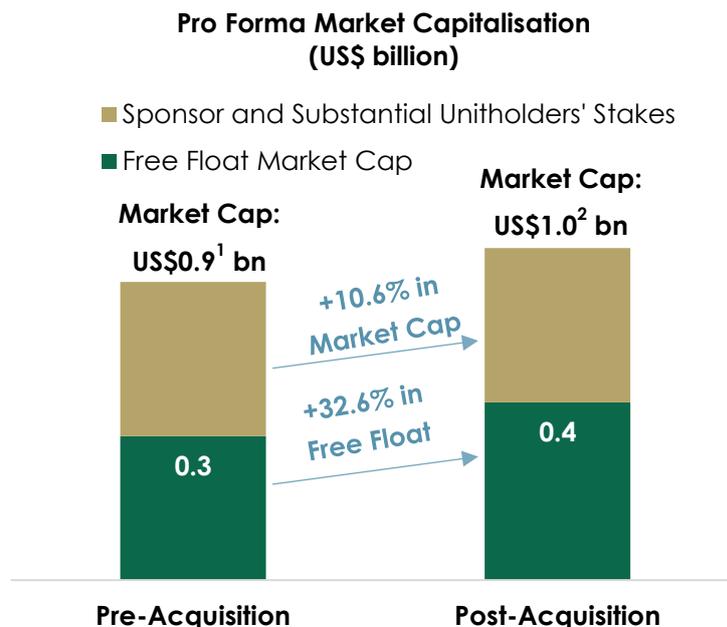


¹ Annualised on a cash basis

Note:

- (1) Excludes Units to be issued as at 31 December 2019 and assumes that New Units in relation to the Private Placement were issued at an illustrative price of US\$0.943 per Unit, based on the Private Placement base offering size of US\$100 million. In the event that the upside option of US\$20 million is exercised, the proforma post-acquisition NAV per Unit will be US\$0.894, which translates to an accretion of 0.2%

Following the issuance of new Units to fund the Acquisition, the pro forma market capitalisation of Prime US REIT is expected to increase by 10.6% from US\$0.9 billion to US\$1.0 billion. The free float market capitalisation of Prime US REIT will increase by 32.6%, from US\$0.3 billion to US\$0.4 billion, potentially improving trading liquidity of the Units.



Notes:

- (1) Based on 925,003,872 Units in issue and last traded price of US\$1.02 per Unit on the SGX-ST on 11 February 2020. Free float excludes total equity interest of 623,237,072 Units held by the Sponsor and substantial Unitholders as at 11 February 2020.
- (2) Enlarged market capitalisation and free float based on Units in issue as at 11 February 2020 and assumes that 106,045,000 New Units will be issued at an illustrative price of US\$0.943 per New Unit for the Private Placement.

5. METHOD OF FINANCING AND PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITION

5.1 Method of Financing

The Total Acquisition Cost will be funded by a combination of (a) loans, and (b) issuance of new units in Prime US REIT (“Units”). (See the announcement titled “Launch of Private Placement” dated 12 February 2020 for further details of the placement where the Manager announced the proposed private placement of new units in Prime US REIT

(“**New Units**”) to raise gross proceeds of no less than approximately US\$100.0 million (the “**Private Placement**”).)

5.2 Pro Forma Financial Effects of the Acquisition

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on the DPU in Prime US REIT and NAV per Unit presented below are strictly for illustrative purposes and were prepared based on the unaudited financial statements of Prime US REIT and its subsidiaries (the “**Prime US REIT Group**”) for the financial period ended 31 December 2019 (the “**Prime US REIT Group 2019 Financial Statements**”) and unaudited management accounts for the Property to be acquired. The pro forma financial effects of the Acquisition is prepared based on the assumption that 106.0 million New Units would be issued by the Private Placement and the Private Placement would raise approximately US\$100.0 million. In the event that less New Units are issued, the pro forma financial effects of the Acquisition would differ.

The pro forma financial effects are for **illustrative purposes only** and do not represent Prime US REIT’s DPU and NAV per Unit following the completion of the Acquisition.

5.3 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on Prime US REIT’s DPU for FY2019, as if the Acquisition was completed on 19 July 2019 (being the date of listing of Prime US REIT) and Prime US REIT held and operated the Property in FY2019 are as follows:

	Effects of the Acquisition			
	FY2019 Unaudited Financial Statements (Before the Acquisition)	FY2019 Unaudited Financial Statements (After the Acquisition ⁽¹⁾)	FY2019 Profit Forecast per IPO Prospectus (Before the Acquisition)	FY2019 Profit Forecast per IPO Prospectus (After the Acquisition ⁽¹⁾)
Distributable Income (US\$'000)	29,176	33,416	27,189	31,429
DPU (US cents)	3.15	3.24 ⁽²⁾	2.93	3.05 ⁽³⁾
DPU Accretion (%)	-	2.7% ⁽²⁾	-	3.7% ⁽³⁾

Notes:

- (1) Assuming that the New Units in relation to the Private Placement are issued at an illustrative price of US\$0.943 per Unit.
- (2) Assuming that the upside option of US\$20 million is exercised, the proforma post-acquisition DPU will be 3.20 US cents, which translates to an accretion of 1.3%
- (3) Assuming that the upside option of US\$20 million is exercised, the proforma post-acquisition DPU will be 3.01 US cents, which translates to an accretion of 2.3%

5.4 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on the NAV per Unit as at 31 December 2019, as if the Acquisition was completed on 31 December 2019, are as follows:

	Effects of the Acquisition	
	Before the Acquisition	After the Acquisition
NAV (US\$'000)	825.3	921.2
Issued Units ('000)	925,004	1,031,395
NAV per Unit (US\$)	0.892	0.893 ⁽¹⁾

Note:

(1) Assuming that the upside option of US\$20 million is exercised, the proforma post-acquisition NAV per Unit will be US\$0.894.

6. OTHER INFORMATION

6.1 Disclosure under Rule 1010(13) of the Listing Manual

The relative figures for the Acquisition using the applicable bases of comparison in Rule 1006 of the Listing Manual are set out in the table below.

Comparison of	Relative figure (%)
Rule 1006(b) Net property income ⁽¹⁾ attributable to the assets acquired compared to Prime US REIT's net property income	13.0%
Rule 1006(c) Aggregate value of consideration ⁽²⁾ to be given compared with Prime US REIT's market capitalisation ⁽³⁾	17.6%

Notes:

- (1) In the case of a real estate investment trust, the net property income is a close proxy to the net profits attributable to its assets.
- (2) For the purposes of computation under Rule 1006(c), the aggregate consideration given by Prime US REIT is the purchase consideration for the Property.
- (3) Based on 925,003,872 Units in issue and the weighted average price of US\$1.0179 per Unit on the SGX-ST on 11 February 2020, being the market day immediately prior to the date the Purchase Agreement was transferred to Prime US REIT.

6.2 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Transactions or any other transactions contemplated in relation to the Transactions.

6.3 Interest of Directors and Controlling Unitholders

Save for the Units in Prime US REIT held by the directors, none of the directors has an interest, direct or indirect, in the Acquisition. There are no controlling Unitholders in Prime US REIT.

7. DOCUMENTS FOR INSPECTION

A copy of the following is available for inspection during normal business hours at the registered office of the Manager located at 1 Raffles Place, #40-01 One Raffles Place,

Singapore 048616 for a period of three months commencing from the date of this announcement, prior appointment would be appreciated:

- (i) a copy of the Purchase Agreement;
- (ii) a copy of the valuation report by the Valuer; and
- (iii) a copy of the Independent Market Research Report as of 1 January 2020 by Cushman & Wakefield Western, Inc..

BY ORDER OF THE BOARD

Barbara Cambon

Chief Executive Officer

KBS US Prime Property Management Pte. Ltd.

(Company registration no.201825461R)

(as manager of Prime US REIT)

12 February 2020

IMPORTANT NOTICE

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