

**PRIME US REIT**  
(the “PRIME”)

**MINUTES OF ANNUAL GENERAL MEETING**

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<b>DETAILS</b>	:	Held via “live” through an audio-and-video webcast and an audio-only feed pursuant to the Joint Statement dated 13 April 2020 issued by ACRA, MAS and SGX RegCo
<b>DATE</b>	:	Wednesday, 17 June 2020
<b>TIME</b>	:	9:00 a.m.
<b>PRESENT</b>	:	Please see Attendance List attached hereto
<b>CHAIRMAN</b>	:	Mr Charles Jay Schreiber, Jr

**CHAIRMAN**

Mr Charles Jay Schreiber, Jr took the chair of the Annual General Meeting of PRIME (“**AGM**”) and extended a warm welcome to all present and acknowledged the attendance of shareholders at the AGM by way of electronic means.

**QUORUM**

As a quorum was present, the Chairman of KBS US Prime Property Management Pte. Ltd., Manager of PRIME (the “**Manager**”) declared the Annual General Meeting of PRIME (“**AGM**”) opened at 9:00 a.m. and introduced the Directors and key management team who were attending the AGM “live” through an audio-and-video webcast and an audio-only feed from different parts of the world.

**INTRODUCTION**

The Chairman informed the meeting that:

- (a) Recording of any form would be prohibited.
- (b) To ensure the safety and health of all Unitholders, and also to adhere to the Government measures on social distancing measures, this year’s AGM for PRIME was being held “live” through an audio-and-video webcast and an audio-only feed.
- (c) Should there be any unresolved disruption to the “live” audio-and-video webcast and audio-only feed past 30 minutes, the AGM would be adjourned to such date and time to be separately announced via SGXNet and uploaded on PRIME’s website
- (d) The Directors and key management team present “live” through an audio-and-video webcast and an audio-only feed were:

Mr Charles Jay Schreiber, Jr	:	Chairman and Non-Executive Director
Mr Tan Ser Ping	:	Lead Independent Non-Executive Director
Prof Annie Koh	:	Independent Non-Executive Director
Ms Cheng Ai Phing	:	Independent Non-Executive Director
Mr Chua Hsien Yang	:	Non-Independent Non-Executive Director
Mr John French	:	Independent Non-Executive Director
Mr Loh Yew Seng	:	Non-Independent Non-Executive Director
Ms Barbara Cambon	:	Chief Executive Officer (“ <b>CEO</b> ”)
Mr Harmeet Singh Bedi	:	Deputy Chief Executive Officer and Chief Financial Officer (“ <b>DCEO</b> ”)
Ms Tan Lay Hong	:	Company Secretary

## **PRESENTATION BY CHIEF EXECUTIVE OFFICER (“CEO”) TO UNITHOLDERS**

The Chairman invited the CEO of the Manager, Ms Barbara Cambon to share a presentation on PRIME to provide Unitholders with an overview of the Group’s financial performance for FY2019 and 1Q2020, including an update on the impact of Covid-19.

A copy of her AGM presentation slides had been announced via SGXNet on 17 June 2020 pre trading and appended herein as “Appendix A”.

## **QUESTION AND ANSWER SESSION**

The CEO and DCEO, Mr Harmeet Singh Bedi informed the meeting that:

- (i) A total of 31 questions had been received from the Unitholders in relation to the agenda of the AGM and for transparency, a list of all questions received had been announced together with the AGM presentation slides via SGXNet on 17 June 2020 pre-trading.
- (ii) Whilst most of the relevant questions had already been addressed by the CEO during her AGM presentation, the remaining questions were grouped according to their areas of focus and addressed during the Question and Answer session with the CEO and DCEO.

The responses to the relevant and substantial questions received from Unitholders are as set out in the attached “Appendix B” were noted by the Unitholders.

## **NOTICE**

The Notice of AGM dated 26 May 2020 convening the “live” AGM having been previously circulated to the Unitholders was taken as read.

The Chairman informed the meeting that:

- (a) Unitholders would not be able to ask questions in relation to the agenda of the AGM during this “live” AGM audio-and-video webcast and an audio-only feed and there would not be any “live” voting on the resolutions during the AGM.
- (b) All votes on the resolutions tabled at the AGM would be by proxy and only the Chairman of the meeting may be appointed as a proxy. All resolutions tabled at the AGM would be voted by poll and counted based on the proxy forms that were submitted to PRIME at least 72 hours before the AGM by either post or electronically via email.
- (c) In accordance with SGX RegCo’s guidance issued on 13 April 2020 on the conduct of general meetings during this circuit breaker period, PRIME had made an announcement on 26 May 2020 informing all Unitholders to (a) submit to PRIME their questions in relation to the agenda of the AGM via the pre-registration website, by post or electronically via email by the submission deadline of 14 June 2020; and (b) submit to PRIME their proxy forms appointing the Chairman of the AGM as their proxy to cast votes on their behalf at least 72 hours before the AGM by either post or electronically via email.
- (d) He had been appointed by numerous Unitholders as proxy, in his capacity as Chairman of the AGM, and would be voting in accordance with their instructions. All motions would be proposed by him in his capacity as Chairman of the AGM and there would be no calling of seconder. Validity of the proxies submitted by the Unitholders by the submission deadline had been reviewed and the votes of all such valid proxies have been counted, verified and rounded to the nearest 2 decimal places by DrewCorp Services Pte Ltd, who have been appointed as scrutineers for the poll.

- (e) The Minutes of this AGM along with the responses to all the relevant and substantial questions received from Unitholders would be announced via SGXNet and uploaded on PRIME's website.

## BUSINESS OF MEETING

The Chairman proceeded with the formal business of the "live" AGM. All the resolutions and poll voting results were presented during the AGM.

Ordinary resolutions 1 to 4 set out below were duly passed.

## ORDINARY BUSINESS:

### 1. REPORTS AND AUDITED FINANCIAL STATEMENTS – ORDINARY RESOLUTION 1

The Ordinary Resolution 1 as set out in the Notice of AGM was proposed by the Chairman, the motion was put to vote and the results of the poll for Ordinary Resolution 1 were as follows:

FOR		AGAINST		TOTAL	
No. of Units	As a percentage of total no. of votes for the resolution (%)	No. of Units	As a percentage of total no. of votes against the resolution (%)	Total no. of units represented by votes for and against the resolution	As a percentage of total no. of votes for and against the resolution (%)
568,845,995	100.00%	27,000	0.00%	568,872,995	100.00%

Based on the results of the poll, the motion was declared carried by the Chairman and it was RESOLVED:

*"That the Trustee's Report, the Manager's Statement and the Audited Financial Statements of Prime US REIT for the financial period ended from 7 September 2018 to 31 December 2019 together with the Auditors' Report be received and adopted."*

### 2. RE-APPOINTMENT OF AUDITORS – ORDINARY RESOLUTION 2

The meeting noted that the Auditors of PRIME, Ernst & Young LLP, had expressed their willingness to continue in office and Unitholders were asked to consider and approve their re-appointment.

The Ordinary Resolution 2 as set out in the Notice of AGM was proposed by the Chairman, the motion was put to vote and the results of the poll for Ordinary Resolution 2 were as follows:

FOR		AGAINST		TOTAL	
No. of Units	As a percentage of total no. of votes for the resolution (%)	No. of Units	As a percentage of total no. of votes against the resolution (%)	Total no. of units represented by votes for and against the resolution	As a percentage of total no. of votes for and against the resolution (%)
568,666,395	99.90%	581,900	0.10%	569,248,295	100.00%

Based on the results of the poll, the motion was declared carried by the Chairman and it was RESOLVED:

*“That Ernst & Young LLP be re-appointed as Auditors of Prime US REIT and to hold office until the conclusion of the next AGM of Prime US REIT and to authorize the Manager to fix the Auditors’ remuneration.”*

**SPECIAL BUSINESS**

**3. AUTHORITY TO ISSUE UNITS – ORDINARY RESOLUTION 3**

The text of Ordinary Resolution 3 as set out in the Notice of AGM was proposed by the Chairman, the motion was put to vote and the results of the poll for Ordinary Resolution 3 were as follows:

FOR		AGAINST		TOTAL	
No. of Units	As a percentage of total no. of votes for the resolution (%)	No. of Units	As a percentage of total no. of votes against the resolution (%)	Total no. of units represented by votes for and against the resolution	As a percentage of total no. of votes for and against the resolution (%)
552,978,295	97.14%	16,270,000	2.86%	569,248,295	100.00%

Based on the results of the poll, the motion was declared carried by the Chairman and it was RESOLVED:

*“That pursuant to Clause 5 of the trust deed constituting Prime US REIT (the “Trust Deed”) and the listing rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”), the Manager be authorized and empowered to:*

*(a) (i) issue units in Prime US REIT (“Units”) whether by way of rights, bonus or otherwise; and/or*

*(ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units,*

*at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and*

*(b) issue Units in pursuance of any Instruments made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),*

*provided that:*

*(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with subparagraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders shall not exceed twenty per cent (20%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);*

- (2) subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Units that may be issued under subparagraph (1) above, the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) shall be based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for:
- (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
- (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) unless revoked or varied by the Unitholders in a general meeting of Prime US REIT, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Prime US REIT, or (ii) the date by which the next AGM of Prime US REIT is required by applicable laws or regulations to be held, whichever is the earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalization issues or any other events, the Manager is authorized to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorized to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Prime US REIT to give effect to the authority conferred by this Resolution.”

#### 4. PROPOSED UNIT BUY-BACK MANDATE – ORDINARY RESOLUTION 4

The Ordinary Resolution 4 as set out in the Notice of AGM was proposed by the Chairman, the motion was put to vote and the results of the poll for Ordinary Resolution 4 were as follows:

FOR		AGAINST		TOTAL	
No. of Units	As a percentage of total no. of votes for the resolution (%)	No. of Units	As a percentage of total no. of votes against the resolution (%)	Total no. of units represented by votes for and against the resolution	As a percentage of total no. of votes for and against the resolution (%)
569,199,095	100.00%	27,000	0.00%	569,226,095	100.00%

Based on the results of the poll, the motion was declared carried by the Chairman and it was RESOLVED:

“That:

- (a) the exercise of all powers of the Manager to repurchase issued Units for and on behalf of Prime US REIT not exceeding in aggregate the Maximum Limited (as hereafter defined),

at such price or prices as may be determined by the Manager from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (i) market repurchase(s) on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted; and/or
- (ii) off-market repurchase(s) in accordance with any equal access scheme(s) as may be determined or formulated by the Manager as it considers fit in accordance with the Trust Deed,

and otherwise in accordance with all applicable laws and regulations including the rules of the SGX-ST or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, be and is hereby authorized and approved generally and unconditionally (the "Unit Buy-Back Mandate");

- (b) (unless revoked or varied by the Unitholders in a general meeting), the authority conferred on the Manager pursuant to the Unit Buy-Back Mandate may be exercised by the Manager at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next AGM of Prime US REIT is held;
- (ii) the date by which the next AGM of Prime US REIT is required by applicable laws and regulations or the Trust Deed to be held; or
- (iii) the date on which repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated;

- (c) in this Resolution:

**"Average Closing Price"** means the average of the closing market prices of the Units over the last five Market Days, on which transactions in the Units were recorded, immediately preceding the date of the market repurchase or, as the case may be, the date of the making of the offer pursuant to the off-market repurchase, and deemed to be adjusted for any corporate action that occurs during the relevant five Market Days and the date on which the market purchase(s) or, as the case may be, the date on which the offer pursuant to the off-market purchase(s), is made;

**"date of the making of the offer"** means the date on which the Manager makes an offer for an off-market repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an off-market repurchase calculated on the foregoing basis) for each Unit and the relevant terms of the equal access scheme for effecting the off-market repurchase;

**"Market Day"** means a day on which the SGX-ST and/or as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, is open for trading in securities;

**"Maximum Limit"** means the total number of Units which may be repurchased pursuant to the Unit Buy-Back Mandate is limited to that number of Units representing not more than 10.0% of the total number of issued Units as at the date of the AGM;

**"Maximum Price"** in relation to a Unit to be repurchased, means the repurchase price (excluding brokerage, stamp duty, commission, applicable goods and service tax and other related expenses) not exceeding:

- (i) in the case of a market repurchase, 105.0% of the Average Closing Price (as defined herein) of the Units in accordance with Rule 884 of the Listing Manual; and

*(ii) in the case of an off-market repurchase, 120.0% of the Average Closing Price of the Units; and*

*(d) the Manager and the Trustee be and are hereby severally authorized to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Prime US REIT to give effect to the transactions contemplated and/or authorized by this Resolution.”*

## **CONCLUSION**

There being no other business, the Chairman declared the AGM of PRIME closed at 9:50 a.m.

The Chairman thanked everyone for their attendance and support at this AGM and wished that everyone good health during this uncertain and exceptional period.

Confirmed as True Record of the Proceedings Held

Mr Charles Jay Schreiber, Jr  
Chairman



# Annual General Meeting

17 June 2020



# Important Notice

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

This document may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events. The value of units in Prime US REIT (the “Units”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, DBS Trustee Limited (as trustee of Prime US REIT) or any of their affiliates.

An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Holders of Units (the “Unitholder”) have no right to request the Manager to redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the “SGX-ST”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This document is not to be distributed or circulated outside of Singapore. Any failure to comply with this restriction may constitute a violation of United State securities laws or the laws of any other jurisdiction.

The past performance of Prime US REIT is not necessarily indicative of its future performance.

The information presented in this document as at and for the quarter ended 31 March 2020 is not audited or reviewed by the external auditors.

# Agenda

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Key Highlights	01
Milestones	02
Portfolio Performance	03
Looking Ahead and COVID-19 Update	04

# Delivering Performance and Stability



## IPO listing

Our Sponsors:



19 July 2019



Inclusion in **MSCI Singapore Small Cap Index**  
improved trading liquidity

26 November 2019



## Outperformed IPO Forecast

2019 DPU of US 3.15 cents

7.5% higher than IPO Forecast

31 December 2019



Accretive acquisition of **Park Tower** for \$165.5M

24 February 2020



Restructured debt to provide interest cost savings

29 April 2020

# Q1 2020

## Key Highlights

1

### Completed **Accretive Acquisition of Park Tower** for US\$165.5 M

AUM increased 13.6% to US\$1.42 billion<sup>1</sup>, adding new market and broader industry sector diversification

2

### **Resilient Portfolio**

- Portfolio 94.9% occupancy 96.1% leased
- WALE of 4.9 years
- Well diversified portfolio - no one property contributes more than 16% to NPI

3

### **Outperformed Projections<sup>2</sup> for NPI by 6.7%, for Distributable Income by 12.9%**

Driven by contribution from Park Tower acquisition and higher income from IPO portfolio

4

### **Strong Balance Sheet** through Prudent and Proactive Capital Management

- Low gearing ratio of 33.7%
- Interest coverage ratio 5.8x
- Substantial debt capacity and headroom

[1.] Based on appraised valuation of US \$1.25 billion as at 31 December 2019.

[2.] Refers to IPO Portfolio's forecast figures for Forecast Year 2020 as disclosed in the Prospectus, pro-rated by months.

# Our Differentiated Proposition in US Office



## Quality

- Class A
- Established Tenants
- Depth of Real Estate DNA



## Diversity & Growth

- Growth Markets
- Industry Sectors
- Tenant Base



## Stability

- Balance Sheet
- Cash Flows
- Locations

# Financially Strong and Committed Sponsor Group

## KBS

Three decades of experience as leading US Office player

Transacted US\$42b with over \$8 bn of AUM

Experienced asset management team

Depth of deal pipeline and target market opportunities

## Keppel Capital

Preeminent player in Singapore real estate and REIT markets.

Keppel DC REIT CEO active representative on the board

Provision of support services on the ground

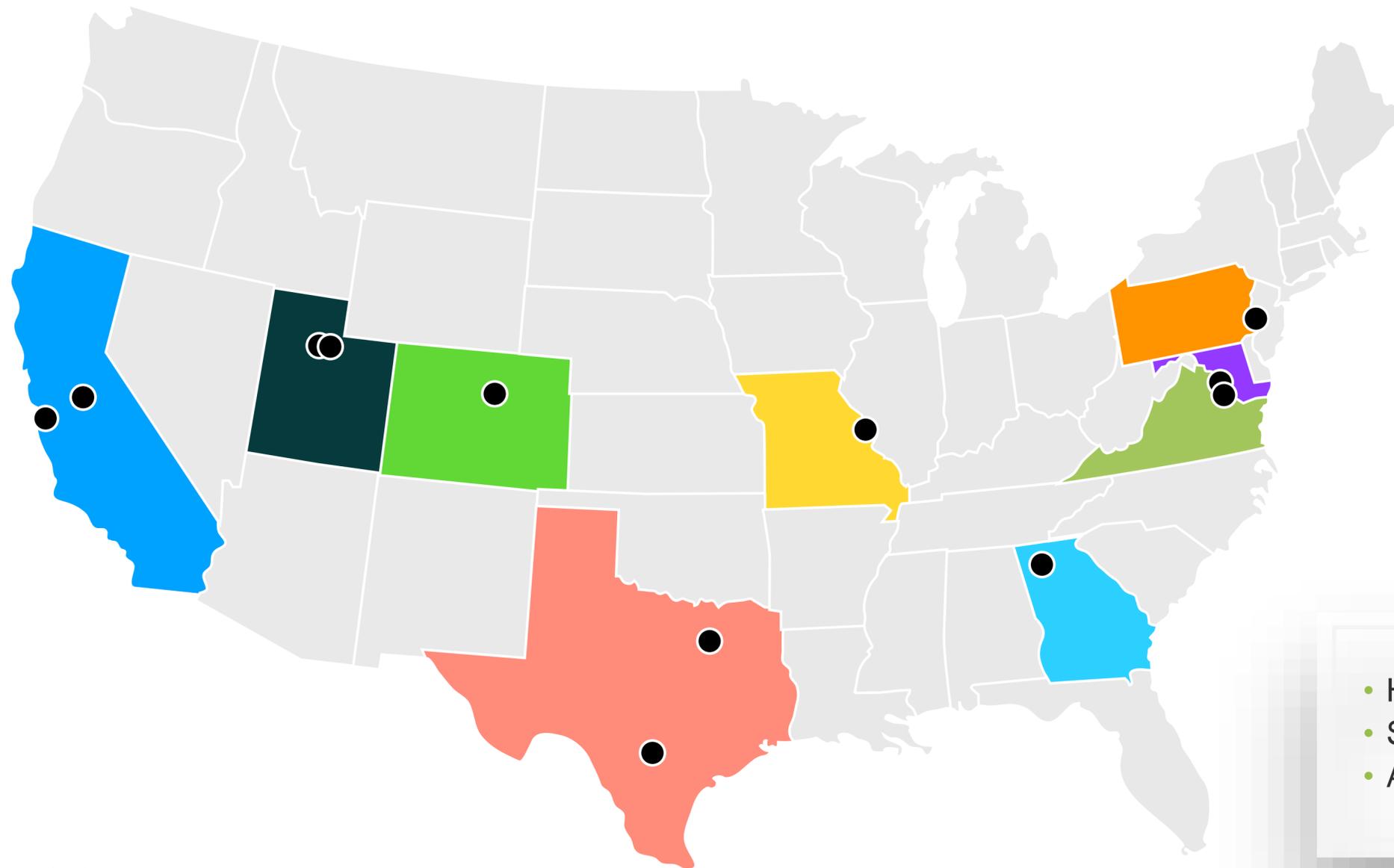
## sph at CAPITAL PTE LIMITED

Financial commitment to the REIT and Manager

Active representation on the board

# Focus on Growing Cities

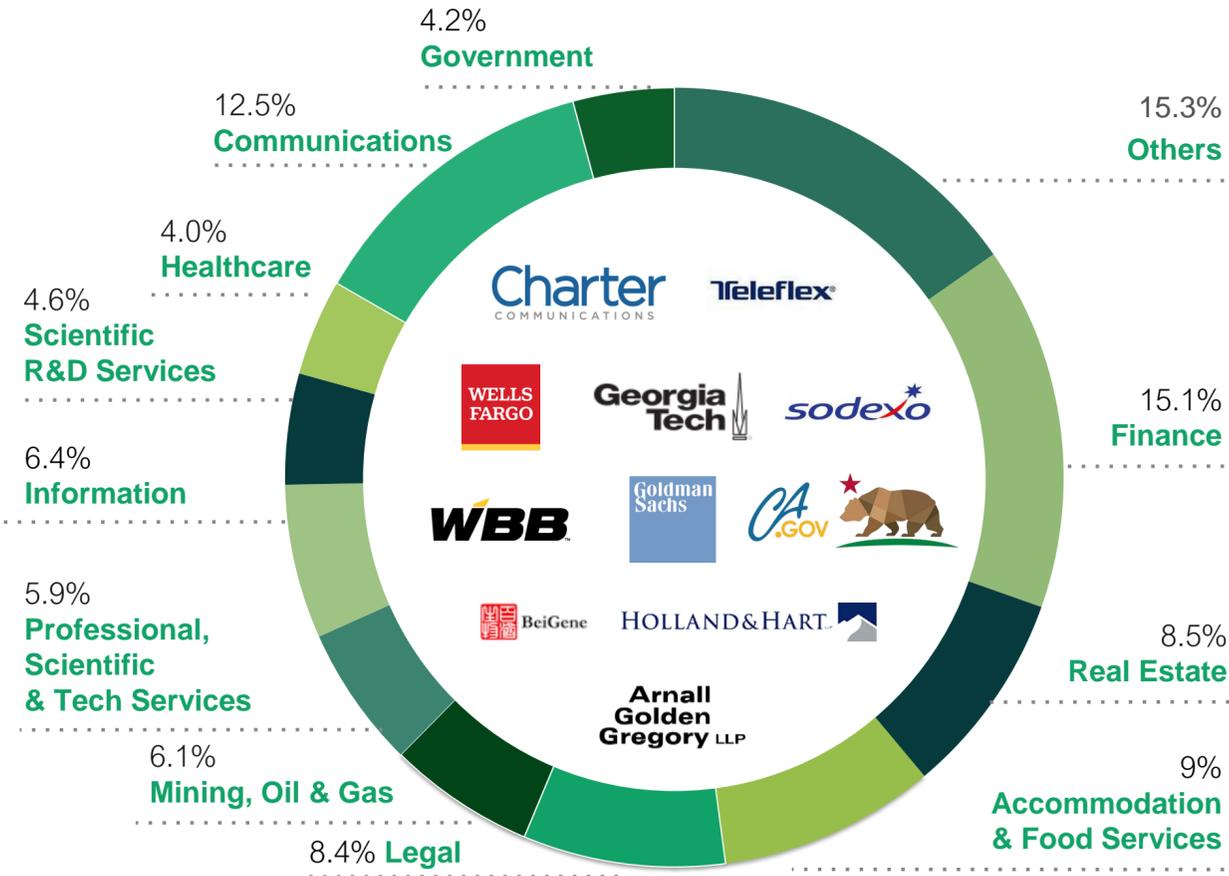
In established and growth markets



State	Metro	Property	Sq. Ft.	Occupancy <sup>1</sup>
Colorado	Denver	Village Center Station I	241,846	87.2%
		Village Center Station II	325,576	100%
Missouri	St. Louis	101 S. Hanley	360,505	95.7%
Utah	Salt Lake City	222 Main	433,346	94.4%
Texas	Dallas	Tower 909	374,251	92.9%
	San Antonio	Promenade I & II	205,773	99.6%
California	Sacramento	Park Tower	489,171	92.2%
	San Fran/Oakland	Tower I at Emeryville	222,207	91.5%
Pennsylvania	Philadelphia	Crosspoint	272,360	100%
Washington DC	Washington DC (MD)	One Washingtonian	314,284	95.5%
Washington DC	Washington DC (VA)	Reston Square	139,018	100%
Georgia	Atlanta	171 17th St.	510,268	96.6%

- Highly educated workforce
- Strong employment growth
- Affordability
- Transportation infrastructure
- Lower density urban environments

# Balanced Industry Sector Diversification



**70%** In Established + Growth (STEM/TAMI)<sup>2</sup> Sectors

[1.] Data as per March 31 2020

[2.] Established: Finance, Real Estate, Legal, Government

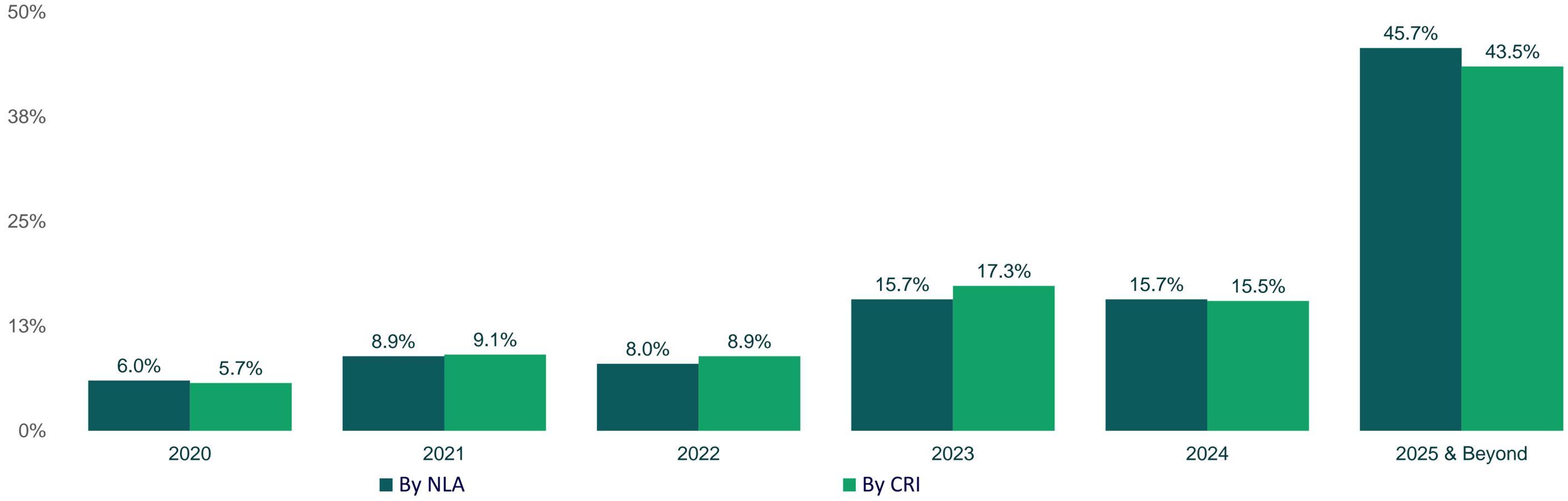
STEM/TAMI: Communications, Health Care, Scientific R&D Services, Information, Professional, Scientific and Tech Services.



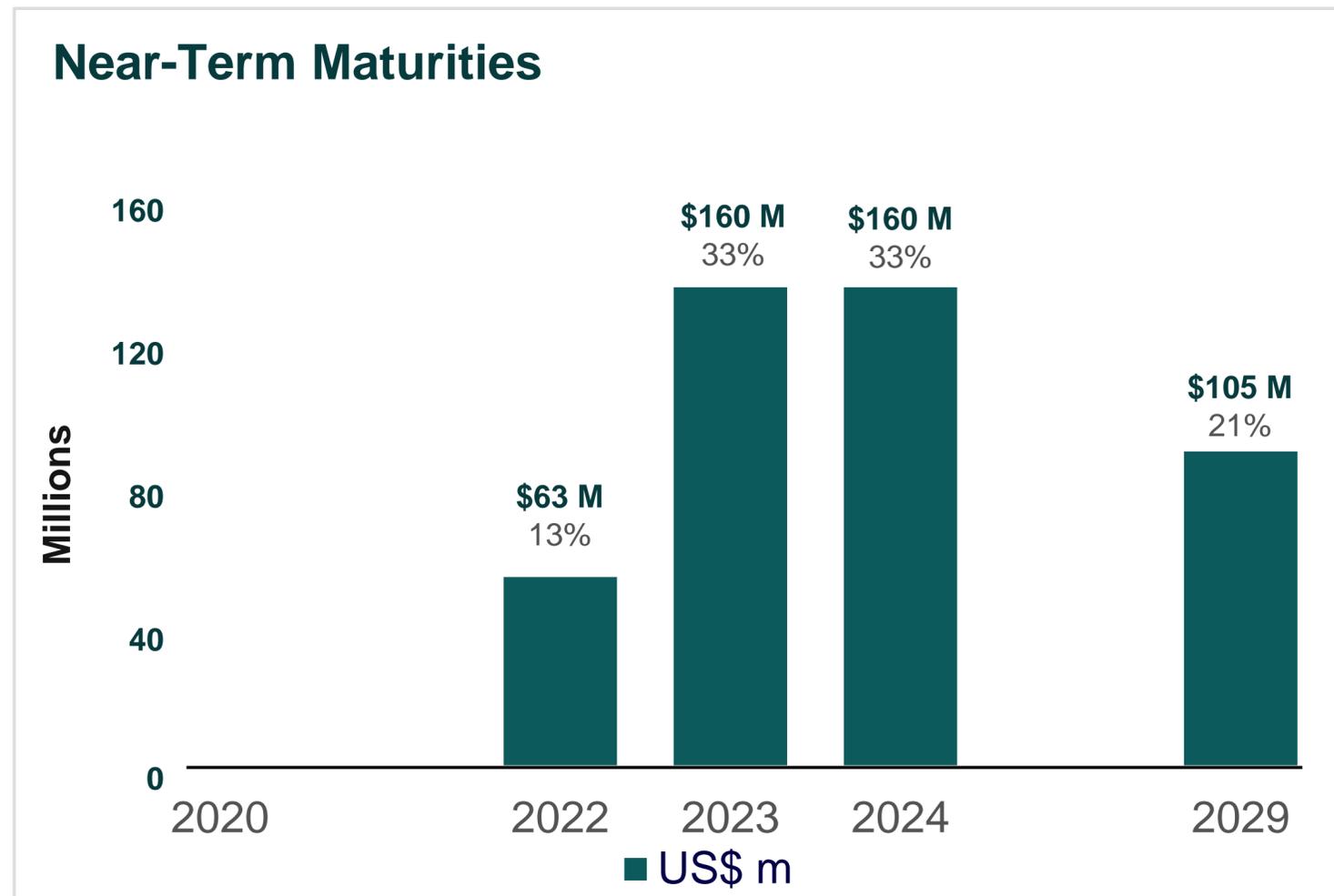
Tenant	Industry	Credit Rating	Property	Leased Sq.Ft.	% of Portfolio CRI
Charter Communications	Communications	Moody's: Ba1	Village Center Station I & II	419,881	9%
Goldman Sachs Group Inc.	Finance	Moody's: A3 S&P: BBB+ Fitch: A	222 Main	177,206	6.2%
Sodexo Operations LLC	Accommodation and Food Services	S&P: A-	One Washingtonian Center	190,698	5.8%
Holland & Hart LLP	Legal Services	Private Firm	222 Main; Village Center Station I	114,103	4.2%
Wells Fargo Bank,NA	Finance	Moody's: a1 S&P: A+	171 17th Street	156,104	4.2%
State of California	Government	Fitch: AA Moody's: Aa2	Park Tower	141,372	3.2%
Arnall Golden Gregory LLP	Professional, Scientific, and Technical Services	Private Firm	171 17th Street	122,240	3.2%
Whitney, Bradley & Brown	Communications Equipment Manufacturing	Private Firm	Reston Square	73,511	2.8%
WeWork	Real Estate and Rental and Leasing	Fitch: CCC+	Tower I at Emeryville	56,977	2.3%
Apache Corporation	Mining, Quarrying, and Oil and Gas Extraction	S&P: BB+ Fitch: BBB	Promenade I&II	70,596	2.3%
<b>Total</b>				<b>1,522,688</b>	<b>43.3%</b>

# Proactive Lease Management

**1.3%** by CRI of portfolio leased in 1Q 2020 | **4.9 yrs** WALE | **6.3%** Positive rental reversion



# Robust Balance Sheet



	Q4 2019	Q1 2020
<b>Gearing</b>	33.7%	33.7%
<b>Interest Coverage</b>	5.5x	5.8x
<b>% Fixed Rate</b>	88.0%	89.1%
<b>Average Debt Maturity</b>	5.2 years	4.8 years / 5.4 yrs <sup>1</sup>
<b>Available Undrawn Facility</b>	\$47.4 M	\$86.9 M
<b>Weighted Interest Cost</b>	3.3%	3.3%
<b>Interest Cost After Debt Restructure</b>		2.8%

[1.] Fully extended debt maturity

# Navigating Near Term COVID-19 Impact



## Rent Collections

- April and May collections are at 99%
- Continued Tenant Engagement
- Minimal Deferrals



## Re-occupancy Plan

- All 50 states have commenced phased re-openings
- Preparing properties for re-occupancy with focus on health & safety



## Leasing Strategies

- Lease extensions
- Lease expansions
- Benefit from de-densification

# Focus on Health and Safety

## Re-occupancy Strategy



### Cleaning

- Frequent and Deep Cleaning
- Air & Water Quality Ventilation Improvements
- Technology Solutions including efficient UV Light Treatments



### Physical Distancing

- Occupant Density Monitoring
- Access & Elevators
- Shared Conference Rooms & Amenity Spaces
- Events & Visitors



### Protective Measures

- Personal Protective Equipment (PPE)
- Hand Sanitizing Stations



### Communications

- On-Premise Signage Standards
- Ongoing Communication
- Proactive Tenant Engagement

# Perspective on the Future of Office

*Trends favor PRIME's current portfolio and growth strategies*

## Demand

- Established professional and financial services sectors provide stable base of demand
- Growing Technology sectors will continue to drive office demand for collaboration and innovation

## Work From Home

- Pre-COVID, corporates had WFH policies in place
- Companies with WFH policies still require office space for efficiency, creativity, and collaboration
- Gensler survey findings: Only 1 in 8 would like to continue WFH after the pandemic. Most want flexibility – majority of time at offices, and ability to WFH for part of week

## Location

- Urban environments have historically weathered event driven shocks
- Companies prefer locations that offer access to large numbers of skilled employees
- Incoming generation of office workers value lifestyle amenities of urban environment

## De-densification

- Short-term – to spread out employees to create less dense environments
- Longer-term – current footprint sizes to remain steady, balancing relaxing of space density with potentially less office space headcount

# Durable Today Positioned To Thrive





# Get in Touch

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**APPENDIX B – RESPONSES TO THE LIST OF SUBSTANTIAL AND RELEVANT QUESTIONS  
RECEIVED FROM UNITHOLDERS**

No	Questions	Responses
1	Review of our rental collections – and could you please elaborate further in terms of tenant industries or sizes where we are seeing higher receivables and deferrals	<ul style="list-style-type: none"> <li>- There are 238 tenants in our portfolio.</li> <li>- 100% of our top 25 tenants (based on cash rental income (“CRI”)), which represent 64% of total CRI, are paying their rent (including all coworking tenants) through June.</li> <li>- April and May collections 99%, and June is on track.</li> <li>- 11 rent deferrals for ~US\$200,000 to small retail businesses were provided. These retail businesses are also amenities to the buildings.</li> <li>- Timing: majority of the rent deferrals will be recouped this year and next, while remaining rent deferrals included lease extensions typically equal to the number of months’ rent was deferred.</li> </ul>
2	Please elaborate on Prime’s cash flows, are there any significant reductions expected? Does PRIME intend to retain cash to cut its DPU?	<p>While we cannot provide forward looking earnings estimates, based on what we see today, we do not see the need to revise our IPO forecasts down or cut our DPU:</p> <ul style="list-style-type: none"> <li>- We have collected substantially all of our rents to date and deferred minimal rent.</li> <li>- We are seeing leasing activity in our buildings and signed leases with rents higher than expiring rent. This underscores the demand for office and strength of our leasing team.</li> <li>- We worked with our bankers to restructure debt to deliver over US\$1M of interest cost savings through 2023 and lower weighted average interest rate to 2.8%.</li> <li>- We have implemented expense and capital management programmes to preserve cash by deferring or eliminating non-essential property and trust expenses. We are also deferring non-essential capital costs while continuing to support the maintenance of our properties’ high-quality standards and the execution of leasing opportunities. This will provide availability of capital to increase rental income and keep our buildings well occupied.</li> <li>- We are seeing a modest temporary reduction in parking revenues, principally attributable to the low tenant utilization of their space during the past two months. The parking revenues are expected to pick up as tenants return to the office. For example, we recently received word from a major tenant that they are planning to initiate their return to work plan in early July. Going forward we believe that some employees who previously commuted via public transportation may opt in the short term to drive to work, which will contribute to future parking revenue.</li> </ul>

No	Questions	Responses
		<ul style="list-style-type: none"> <li>- We expect the expense saving initiatives would more than offset any temporary dip in parking revenues.</li> </ul>
3	<p>Could you please talk about the current rental environment and recent leasing activity in our markets?</p>	<ul style="list-style-type: none"> <li>- Starting with review of rental environment pre-COVID-19 - at year end the IMR characterized our current markets (except Philadelphia) as having strong net absorption and forecast positive rental growth in all markets.</li> <li>- Early days of COVID-19: rental activity hit the pause button, as all attention focused on the pandemic: health and safety; WFH mode, and certain sectors/cities mandated business closures.</li> <li>- With all 50 states having adopted phased re-opening plans, and moving through the phases, more businesses are “back in business”, and tenants have Return to Office schedules.</li> <li>- In recent weeks:</li> <li>- We have seen some resumption of space tours, both virtual and in person</li> <li>- Resumption of tenant discussions, including a mix of short-term extensions, early renewals, renewals + expansions, and some prospective new tenants.</li> <li>- This activity is from tenants in sectors identified in the “future of office” discussion, generally established businesses (finance, legal, government) and technology companies.</li> <li>- We have signed leases in 2Q with rents higher than expiring rents. As such, we are not seeing any softening of rents in the markets our properties are located in.</li> </ul>
4	<p>How do you see the current environment impacting PRIME’s future growth plans, and specifically its ability to make accretive acquisitions?</p>	<ul style="list-style-type: none"> <li>- Our Unit price is not ideally where we would like it to be, we are trading at a discount to NAV currently. We see this as a temporary dislocation. We are expecting improvement over time. We can find acquisition opportunities at 6-6.5% cap rates in our markets, and we have good debt headroom. However, we will continue to be disciplined and prudent in utilizing debt. We have a deep value stock and our price will reflect this over time.</li> <li>- We do not have concerns about being able to buy accretive acquisitions over time. The KBS team has on the ground resources in our target markets and actively monitor all transaction opportunities. We participate in weekly calls to review potential acquisition opportunities, which includes a review of all activity underway in those markets, so we have knowledge of the market participants on both the sell and buy sides.</li> </ul>

No	Questions	Responses
5	What are the management's plans to grow DPU?	<ul style="list-style-type: none"> <li>- The portfolio rents are currently 7% under market on average.</li> <li>- We have built in escalation clauses in 98% of our leases that average about 2% increases in rent per year.</li> <li>- Supplement this with inorganic growth, we continue to aim for 20% AUM growth per year through DPU accretive acquisitions.</li> <li>- Our goal is to maximize yield through both organic and inorganic growth, and to date have delivered both.</li> </ul>
6	Could you please talk about KBS's financial and operating strengths and what it brings to PRIME?	<ul style="list-style-type: none"> <li>- Well known real estate investment management organization with over 3 decades in the business, KBS manages nearly US\$8B in assets for its clients. These assets are held for their clients in private and public funds which and portfolios to provide a stable ongoing fee stream to KBS.</li> <li>- The CEO has known the KBS organization since their inception. KBS has represented significant institutional investors during their long tenure, and the CEO has personally been involved in their non-traded REIT business since the formation of their platform in 2005 serving on their boards as an independent director and overseeing the review and approval of all acquisitions (including the IPO assets of PRIME).</li> <li>- Today, KBS has over 120 employees in three offices throughout the US.</li> <li>- Significant volume of transactions at US\$42B through its team of seasoned professionals with years of experience in our markets, and our target markets.</li> <li>- Reputation for quality and reliability in the marketplace of buyers/sellers, tenants, finance partners, leasing agents, and other real estate service providers.</li> </ul>

*Note: The above is not a verbatim record of the responses to the questions received from Unitholders during the AGM and is intended only to provide the gist of the discussion that took place during the AGM.*