

## PRIME US REIT

(“PRIME”, a real estate investment trust (“REIT”) constituted on 7 September 2018 (as amended and restated) under the laws of the Republic of Singapore)  
(Managed by Prime US REIT Management Pte. Ltd.)

### MINUTES OF ANNUAL GENERAL MEETING HELD BY WAY OF ELECTRONIC MEANS

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- DETAILS** : *Held via “live” audio-and-video webcast and “live” audio-only stream*
- DATE** : Wednesday, 26 April 2023
- TIME** : 9:00 a.m.
- PRESENT** : **Directors:**  
Professor Annie Koh - Chairperson and Independent Non-Executive Director  
Mr. John R. French - Independent Non-Executive Director and Chairperson of the Audit and Risk Committee  
Ms. Soh Onn Cheng Margaret Jane - Independent Non-Executive Director and Chairperson of the Nominating and Remuneration Committee  
Mr. Kevin John Eric Adolphe - Independent Non-Executive Director  
Professor Stephen Phua Lye Huat – Independent Non-Executive Director  
Mr. Richard Peter Bren - Non-Executive Director  
Mr. Chua Hsien Yang – Non-Executive Director  
Ms. Janice Wu - Non-Executive Director  
Mr. Pankaj Agarwal - Non-Executive Director
- In Attendance:**  
Mr. Harmeet Singh Bedi - Chief Executive Officer (“**CEO**”)  
Mr. Goo Liang Yin – Financial Controller and Acting Chief Financial Officer  
Mr. Nigel Nai – Vice President, Investor Relations  
Mr. Lee Wei Hock – Audit Partner, Ernst & Young LLP  
Mr. Lun Chee Leong – Company Secretary  
Mr. Leon Lim – From the Company Secretary’s Office
- UNITHOLDERS / INVITEES** : As per attendance record maintained by Prime US REIT Management Pte. Ltd., as manager of PRIME (the “**Manager**”)
- CHAIRPERSON** : Professor Annie Koh

#### CHAIRPERSON

Professor Annie Koh took the chair (the “**Chairperson**”) of the Annual General Meeting of PRIME (“**AGM**”) and on behalf of the directors and the management team of PRIME, and DBS Trustee Limited, as Trustee of PRIME, she extended a warm welcome to all present and thanked those in attendance for having taken the time to attend the AGM.

#### QUORUM

As a quorum of the requisite number of Unitholders attending the AGM by electronic means was confirmed by the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., the Chairperson declared the AGM open at 9:00 a.m.. The Chairperson introduced the Directors, members of the Management team, and the Audit Partner representing PRIME’s external auditors, Messrs. Ernst and Young LLP, who were attending the AGM “live” by way of electronic means from Singapore and overseas.

## **INTRODUCTION**

The Chairperson informed the meeting that:

- (a) To ensure that an avenue of effective communication with Unitholders during the virtual AGM would be maintained, a real-time electronic or “live” Q&A function had been implemented this year. Unitholders would be able to ask questions during the “live” AGM proceedings via the “live” audio-visual webcast through the “live” chat function. However, Unitholders would not be able to ask questions via the audio-only stream.
- (b) Should there be any unresolved interruption to the “live” audio-and-video webcast and audio-only stream due to unforeseen technical difficulties for more than 30 minutes, the AGM would be adjourned to such date and time to be separately announced via SGXNet and published on PRIME’s corporate website.
- (c) Recording of the AGM in any form would be prohibited.

## **PRESENTATION BY THE CEO TO UNITHOLDERS**

The Chairperson invited the CEO of the Manager, Mr. Harmeet Singh Bedi, to share a presentation on PRIME to provide Unitholders with an overview of PRIME’s operational and financial performance as well as key highlights on PRIME’s portfolio for FY2022.

The AGM presentation slides had been announced via SGXNet on 26 April 2023, a copy of which is appended herein as “Appendix A”.

## **NOTICE**

The Notice of AGM dated 4 April 2023, convening the “live” AGM, had been previously circulated to the Unitholders and was taken as read.

The Chairperson informed the meeting that:

- (a) Voting for the resolutions of the AGM would be conducted “live”.
- (b) Unitholders were informed to submit to PRIME their proxy forms appointing their proxies to cast votes on their behalf at least 72 hours before the AGM.
- (c) She had been appointed by numerous Unitholders as proxy, in her capacity as Chairperson of the AGM, and would be voting in accordance with their instructions. All resolutions would be proposed by her in her capacity as Chairperson of the AGM and there would be no calling of a seconder as it is not a requirement under the law.
- (d) The validity of the proxy forms submitted by the Unitholders by the submission deadline of 9.00 a.m. on 23 April 2023 had been reviewed and the votes of all such valid proxies had been counted and verified by Drew Corp Services Pte. Ltd., who had been appointed as scrutineers for the poll. Convene SG Pte. Ltd. had been appointed as the polling agent.

## **QUESTION AND ANSWER SESSION**

The Chairperson thanked all Unitholders for submitting their questions in advance of the AGM by the submission deadline of 14 April 2023 and informed the meeting that:

- (i) The Manager had made an announcement via SGXNet and published on PRIME’s corporate website on 21 April 2023, the responses to the relevant and substantial questions received from Unitholders by the submission deadline, a copy of which is appended herein as “Appendix B”.

- (ii) PRIME had not received any questions from Unitholders subsequent to the submission deadline.
- (iii) Unitholders may also ask substantial and relevant questions during the “live” Q&A session which are related to the resolutions to be tabled for approval at this AGM and submitting the questions during the AGM.
- (iv) The Minutes of this AGM along with the relevant and substantial questions received from Unitholders during the AGM and the responses given by the Directors and Management would be announced via SGXNet and published on PRIME’s corporate website.

The Chairperson then invited the CEO along with the Management team to lead the Q&A session and introduced Mr. Nigel Nai from the Investor Relations team who would be moderating the session. Mr. Nigel Nai invited Unitholders to submit any questions that they might have which are related to the resolutions to be tabled for approval at the AGM, by typing in and submitting the questions via the “live” chat function. Three questions were asked by Unitholders and they were addressed by the CEO as follows:

- (i) Question 1: “Are your tenants, who have leases expiring soon, looking to downsize or vacate the premises?”
  - a. CEO’s Response: The CEO stated that, as was the case in prior years, for leases falling due in the year 2023 and the year after, it was a mixed bag in terms of how tenants were looking at their spaces when their leases were coming up for expiry. In illustration of the wide spectrum of ways that tenants had looked at their leased spaces, the CEO noted that there were a) tenants who wanted to continue to renew their leases as is; b) tenants who wanted to move to different locations and sub-markets that would be better suited to their needs due to the changing needs of the said tenants and their businesses; c) tenants who wanted to renew their leases but would need less space than what they needed previously; and d) tenants who had subleased their space out to others, hence, were unlikely to need the space going forward but the sublease tenants were often keen to sign the lease directly with PRIME. The CEO cited the example of a large tenant in One Washingtonian Center, Sodexo, who had been looking to downsize and move to a different location. This was a situation which Management needed to solve for. The CEO noted that downsizing had been a trend across the industry and that PRIME was not immune to such a trend. Nevertheless, the CEO noted that there was a flight to quality trend amongst tenants and PRIME had been viewed as an upgrade for many tenants that were in buildings that were not as well-located or well-amenitised as PRIME’s buildings. That would be a factor that could contribute to positive leasing momentum on some assets. The CEO said that the Manager was tracking all the spaces that were coming up for renewal this year and where there would be new leases, new tenant interest, and tenants vacating in PRIME’s portfolio.
- (ii) Question 2: “Your debt ratio is at 42%, are you looking into ways to reduce or control the debt ratio from creeping upwards?”
  - a. CEO’s Response: The CEO noted that, in terms of PRIME’s leverage ratio, PRIME had consistently been below 40% before the latest asset valuation exercise for FY2022. The CEO explained the ways leverage was being controlled: a) Manager would be very careful with how PRIME would spend its Capital Expenditure (“CAPEX”) dollars with regards to building out new amenities in PRIME’s buildings or supporting PRIME’s leasing efforts through the use of tenant incentives which would come from PRIME’s debt. b) By making the right decisions with regards to CAPEX spend on improving and amenitising PRIME’s assets which would ultimately lead to leasing activity. If CAPEX is incurred for that leasing activity on good terms, whilst that would lead to PRIME’s gearing ratio going up, the Manager hoped that those decisions resulting in good leasing outcomes with visible cashflow would be reflected in PRIME’s asset valuations, which in turn would have a positive impact on PRIME’s balance sheet gearing. c) From a capital standpoint, the Manager continued to give investors the ability to reinvest their distributions through PRIME’s Distribution Reinvestment Plan (“DRP”). The CEO noted that whilst the take-up on the DRP had not been large, it was nonetheless an accretion to PRIME’s equity, which the Manager would like to give to all Unitholders an opportunity to invest in on pro rata basis. d) The Manager would continue to monitor PRIME’s leverage ratio and the environment and assess how best to bring down PRIME’s leverage. e) Other options open to the Manager would be to raise new equity or to dispose of assets in order to de-lever. However, the CEO stated that no firm decisions had been made on that at this point.

- (iii) Question 3: “What percentage of Net Lettable Area (“NLA”) is subleased?”
- a. CEO’s Response: The CEO stated that the Manager had not disclosed the specific percentage, but that this is in the high single digit percentage range for the portfolio. The CEO noted that, in the interest of equal disclosure, he would not provide this percentage, but the Manager would consider disclosing this information in the Manager’s future announcements.

## BUSINESS OF MEETING

The Chairperson proceeded with the formal business of the 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 Chairperson, the motion was put to vote and the results of the poll for Ordinary Resolution 1 were as follows:

	<b>Number of Units</b>	<b>%</b>
Votes “For”	510,810,172	99.79
Votes “Against”	1,064,659	0.21
<b>Total number of valid votes cast</b>	<b>511,874,831</b>	<b>100.0</b>

Based on the results of the poll, the motion was declared carried by the Chairperson 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 year ended 31 December 2022 together with the Auditors’ Report thereon 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 Chairperson, the motion was put to vote and the results of the poll for Ordinary Resolution 2 were as follows:

	<b>Number of Units</b>	<b>%</b>
Votes “For”	507,807,854	98.85
Votes “Against”	5,906,241	1.15
<b>Total number of valid votes cast</b>	<b>513,714,095</b>	<b>100.0</b>

Based on the results of the poll, the motion was declared carried by the Chairperson 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 Chairperson, the motion was put to vote and the results of the poll for Ordinary Resolution 3 were as follows:

	<b>Number of Units</b>	<b>%</b>
Votes “For”	430,215,744	89.26
Votes “Against”	51,785,087	10.74
<b>Total number of valid votes cast</b>	<b>482,000,831</b>	<b>100.0</b>

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

*“That pursuant to Clause 5 of the trust deed constituting Prime US REIT (as amended) (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 Chairperson, the motion was put to vote and the results of the poll for Ordinary Resolution 4 were as follows:

	Number of Units	%
Votes “For”	471,400,008	91.79
Votes “Against”	42,190,887	8.21
<b>Total number of valid votes cast</b>	<b>513,590,895</b>	<b>100.0</b>

Based on the results of the poll, the motion was declared carried by the Chairperson 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 Limit (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 Chairperson declared the AGM of PRIME closed at 10.03 a.m.

The Chairperson thanked everyone for their attendance and support at this AGM and wished everyone a good day ahead.

## CONFIRMED AS TRUE RECORD OF THE PROCEEDINGS HELD

**PROFESSOR ANNIE KOH**  
**CHAIRPERSON**

**Appendix A**



## Important Notice

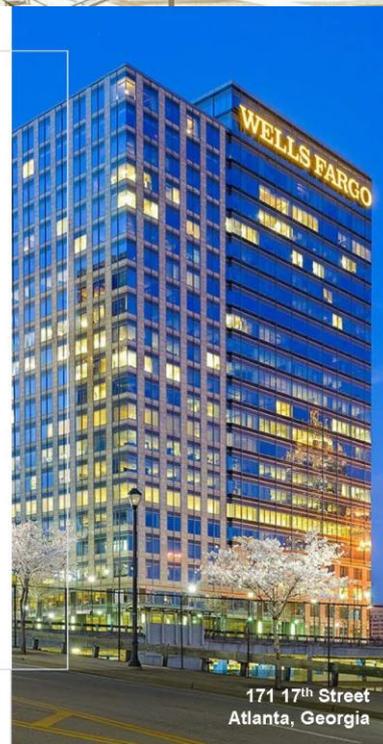
This document may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative 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.

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





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## Key Highlights

1

### Leasing Remain Active Through 2022

Amidst External Headwinds

Occupancy Held Steady  
~89%

Positive Rental Reversion  
+11.4%  
FY2022

- 646.5k sq ft leases executed in FY2022 vs 414.6k sq ft in FY2021
- Portfolio leased occupancy held steady at ~89% through the year  
Occupancy of 7 of 14 assets > 95%  
Occupancy of 11 of 14 assets > 80%
- Positive rental reversion (FY2022: 11.4%)
- WALE: 4.1 years

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### Strong Financial Flexibility

Prudent Capital Management & Hedging Strategy

Aggregate Leverage  
42.1%  
31 Dec 2022

Interest Coverage  
4.1x  
FYE 31 Dec 2022

- Leverage of 42.1%, debt headroom of US\$250m, factoring in 2022 year-end portfolio valuations
- Minimal interest rate exposure, with 82% debt either fixed or hedged
- Supported by lenders from well-established banks and financial institutions
- Strong network of financing relationships

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### Staying Robust

Diversification

Near-term Focus: Organic Growth

- PRIME's 100% Class A Freehold properties continue to benefit from flight to quality
- Presence in submarkets with strong individual merits
  - High-quality, well sought-after, assets with well-diversified tenant mix (Established, STEM, TAMI)
  - Submarkets with in-migration of residents and employment
- US Office Return-to-Office continuing to improve
- Organic growth drivers – amenitisation and asset enhancements, rental reversions for new signs, and rent escalations

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### FY2022

- Full year contribution from Sorrento Towers and One Tower Center both acquired in July 2021
- Rental income also impacted by a top-10 tenant vacate, partly offset by rent escalations and positive rental reversions
- Higher finance expense yoy in FY2022 due to higher rates and incremental debt following acquisitions of Sorrento and One Town Center

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## FY2022 Income Available For Distribution Up 2.0% yoy

US\$'000	FY2022	FY2021	Variance
<b>Gross Revenue</b>	<b>163,012</b>	<b>156,741<sup>2</sup></b>	<b>4.0%</b>
<b>Net Property Income<sup>1</sup></b>	<b>97,934</b>	<b>100,698</b>	<b>(2.7%)</b>
<b>Income Available For Distribution to Unitholders</b>	<b>77,150</b>	<b>75,601</b>	<b>2.0%</b>
<b>Distribution per Unit (US cents)</b>	<b>6.55</b>	<b>6.78</b>	<b>(3.4%)</b>

#### Notes

1. Net property income (NPI) includes non-cash straight-line rent and amortisation of leasing commission and non-recurring termination income, where applicable. Excluding these and including adjustments relating to amortisation of termination income and free rent credits given by sellers from acquisitions, NPI for FY2022 would have increased 6.5% yoy to US\$100.4 million from US\$94.3 million in FY2021.
2. Gross revenue for FY2021 included termination income received of US\$4.9 million.

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## Financial Position Remain Strong Amidst External Headwinds

US\$ M	31 Dec 2022
<b>Investment Properties</b>	<b>1,542.2</b>
<b>Total Assets</b>	<b>1,589.0</b>
<b>Borrowings</b>	<b>665.6</b>
<b>Total Liabilities</b>	<b>695.3</b>
<b>Net Assets Attributable to Unitholders</b>	<b>893.8</b>
<b>NAV per Unit (US\$)</b>	<b>0.75</b>

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- Balance sheet remains healthy with overall debt and gearing levels being managed prudently.
- 100% payout of distributable income
- Lower Net assets Attributable to Unitholders and NAV per Unit largely due to revaluation of properties

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## 2022 Year-End Valuations – Higher Discount and Cap Rates

- ✓ In current environment, discounted cashflow method is the primary valuation metric
- ✓ Increases in discount rate and cap rate predominated drivers of valuation change
- ✓ Factored in relevant property-level assumptions

Properties (As at 31 Dec 2022)	Primary Market, State	% Asset Carrying Value	Valuation Dec-22 (US\$ 'M) <sup>1</sup>	Valuation Dec-21 (US\$ 'M) <sup>1</sup>	% Change	Cap Rate Dec-22
222 Main	Salt Lake City, Utah	13.4%	206.3	228.0	(9.5%)	6.25%
171 17th Street	Atlanta, Georgia	12.3%	190.4	200.0	(4.8%)	6.25%
Sorrento Towers	San Diego, California	9.6%	148.5	149.0	(0.3%)	6.00%
Park Tower	Sacramento, California	9.5%	146.8	157.6	(6.9%)	7.25%
Village Center Station II	Denver, Colorado	9.3%	143.3	156.0	(8.1%)	5.75%
Tower I at Emeryville	San Francisco Bay Area, California	7.2%	111.1	115.0	(3.4%)	6.25%
Crosspoint	Philadelphia, Pennsylvania	6.6%	101.6	102.0	(0.4%)	6.75%
One Town Center	Boca Raton, Florida	5.9%	90.3	101.0	(10.6%)	6.25%
One Washingtonian Center	Suburban Maryland, Washington D.C.	5.4%	83.6	92.5	(9.6%)	7.25%
Tower 909	Dallas, Texas	4.9%	76.0	81.6	(6.9%)	7.00%
Promenade I & II	San Antonio, Texas	4.7%	71.8	74.9	(4.1%)	7.50%
Village Center Station I	Denver, Colorado	4.6%	71.2	81.0	(12.1%)	6.25%
101 South Hanley	St. Louis, Missouri	4.6%	71.2	79.3	(10.2%)	8.25%
Reston Square	Suburban Virginia, Washington D.C.	2.0%	30.1	35.1	(14.2%)	6.75%
<b>Total/Weighted Average</b>		<b>100.0%</b>	<b>1,542.2</b>	<b>1,653.0</b>	<b>(6.7%)</b>	<b>6.56%</b>

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[1] 2022 and 2021 Asset Valuation carried out by JLL Valuation & Advisory Services, LLC.

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## Debt Summary

- Increase in **gearing** due to year-end portfolio revaluations as of 31 December 2022
- **Interest cost** increases in higher rate environment, buffered by hedges on over 82% of total debt, also mitigating interest coverage ratio
- **Liquidity and debt headroom** high, but balance sheet will be managed prudently given current gearing and cost of debt

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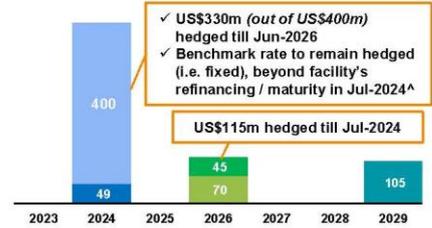
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**PRIME US REIT** Summary of Credit Facilities

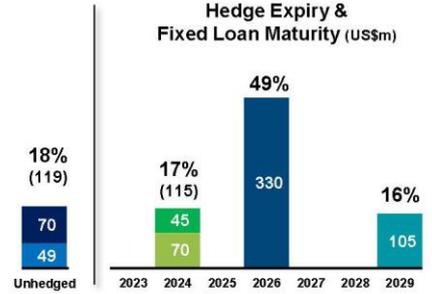
- Extensions in-progress for debt tranches with initial maturity of July 2023
- Ample liquidity with US\$196m available in undrawn credit lines
- Minimal fees for extension of Main Credit Facility and Citizens secured loans

Facilities 31 Dec 2022	Lender	Tranches	Facility Available (US\$ m)	Outstanding Principal (US\$ m)	Hedged/ Fixed	Loan Maturity
Main Credit Facility - Floating	Syndicate led by Bank of America	Term Loan 1 and 2	Total: 400 200 each	Total: 400 200 each	US\$330m Hedged Till Jun-2026 US\$70m: Unhedged	TL1: Jul-2023 (Extendable to 2024) TL2: Jul-2024
		Revolver	200	49	Unhedged	Jul-2023 Extendable to 2024
Total Main Credit Facility			600	449		
Fixed (Secured)	MetLife	Fixed Rate Loan	105	105	Fixed Rate	Aug-2029
Total Fixed MetLife Loan			105	105		
One Town Center - Secured Floating	Citizens Bank	Term Loan	45	45	Hedged Till Jul-2024	Jul-2024 Two one-year extension options Fully extended maturity in Jul-2026
		Revolver	20	-	-	
Sorrento Tower - Secured Floating	Citizens Bank	Term Loan	70	70	Hedged Till Jul-2024	Jul-2024 Two one-year extension options Fully extended maturity in Jul-2026
		Revolver	25	-	-	
Total Citizens Loans			160	115		
			865	669		

**Debt Maturity Profile<sup>^</sup>**  
(US\$m)



**Hedge Expiry & Fixed Loan Maturity (US\$m)**

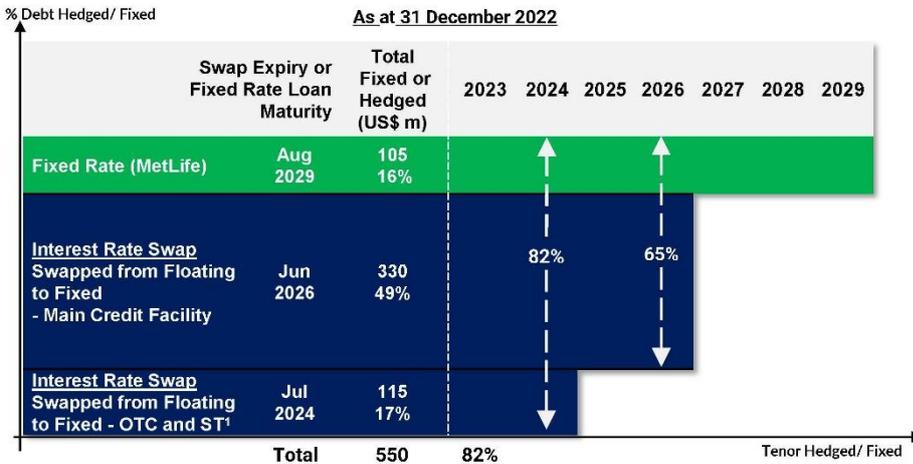


<sup>^</sup> With extension options fully exercised

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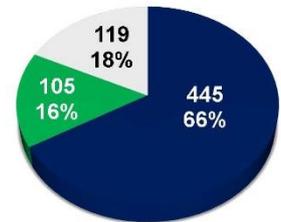
**PRIME US REIT** Interest Rate Management

- High % Debt Hedged/Fixed Provides Protection in Current Rate Environment
- Benchmark Rate for US\$330m out of the Main Facility's Term Loan 1 & 2 (US\$400m) Hedged Till June 2026, Beyond fully extended maturity in July 2024<sup>^</sup>



**Debt Hedged or Fixed**  
(As at 31 Dec 2022)

**82%** to Mid-2024 and Beyond  
**65%** to Mid-2026 and Beyond



- Floating Rate (Hedged)
- Fixed Rate
- Floating Rate (Unhedged)

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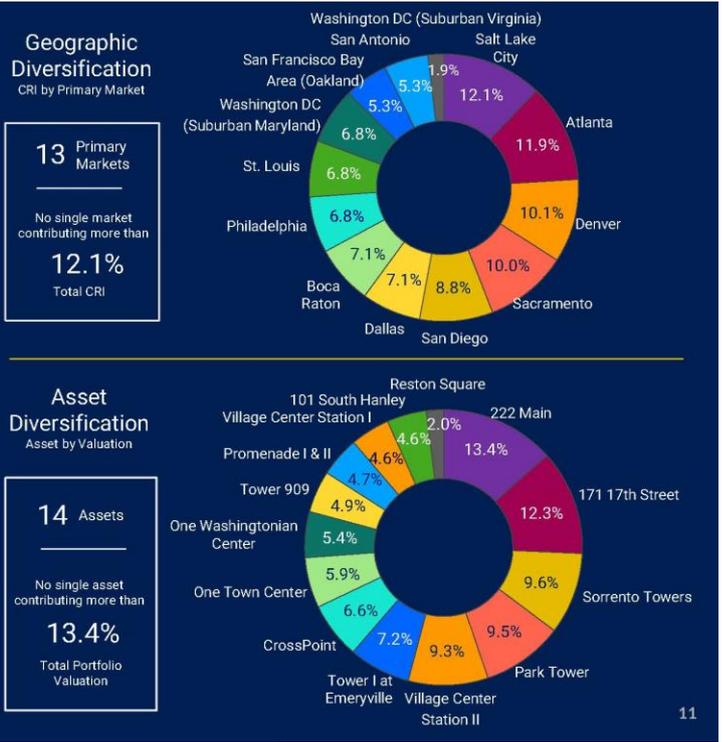
Note 1: One Tower Center ("OTC") and Sorrento Tower ("ST")

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**PRIME US REIT Portfolio Updates**

**Diversified Income Provides Stability**

- No single market contributing more than 12.1% of CRI
- No single asset contributing more than 13.4% of total portfolio valuation
- 99% rent collection and minimal deferrals



**PRIME US REIT Portfolio Updates**

**15.3%**  
of Portfolio Leased in FY2022 (by CRI)

**11.4%**  
Positive Rental Reversion for FY2022

**4.1 years**  
Weight Average Lease Expiry (WALE) 31 Dec 2022

Lease Expiry Profile (As at 31 December 2022)<sup>(1)</sup>



\* Annualized cash rental income based on the month of December 2022.  
[1] Excludes month to month leases accounting for 3.7% of NLA or 2.1% of annualized CRI.

- Well-Staggered Lease Expiries
- 15.3% of portfolio (by CRI) leased in FY2022, another 15.4% to be addressed for FY2023
- Leasing remain active  
FY2022 Leasing activity: 646.5k sq ft  
FY2022 Rental reversion: +11.4%
- Leasing activities in 12 of 13 multi-tenanted properties (i.e. portfolio excluding 100% leased VCS II) in FY2022
- WALE by NLA remain healthy at 4.1 years



## Portfolio Updates

### Occupancy and Near-term Lease Expiries

Properties 31-Dec-2022	Primary Market, State	% Asset Carrying Value	Occu- pancy	% Lease expiry remaining in 2023 by CR <sup>(1)</sup>	WALE (years)
222 Main	Salt Lake City, Utah	13.4%	96.2%	1.3%	4.0
171 17th Street	Atlanta, Georgia	12.3%	95.0%	1.9%	5.4
Sorrento Towers	San Diego, California	9.6%	97.2%	0.4%	5.3
Park Tower	Sacramento, California	9.5%	86.1%	0.9%	3.5
Village Center Station II	Denver, Colorado	9.3%	100.0%	-	5.5
Tower I at Emeryville	San Francisco Bay Area, California	7.2%	76.1%	1.1%	4.2
CrossPoint	Philadelphia, Pennsylvania	6.6%	97.1%	1.2%	5.7
One Town Center	Boca Raton, Florida	5.9%	98.8%	0.4%	4.8
One Washingtonian Center	Suburban Maryland, Washington D.C.	5.4%	82.3%	5.6%	2.0
Tower 909	Dallas, Texas	4.9%	88.2%	0.8%	3.5
Promenade I & II	San Antonio, Texas	4.7%	85.2%	-	2.3
101 South Hanley	St. Louis, Missouri	4.6%	96.1%	0.7%	3.5
Village Center Station I	Denver, Colorado	4.6%	68.7%	0.9%	1.7
Reston Square	Suburban Virginia, Washington D.C.	2.0%	46.1%	0.2%	2.9
<b>Total / Weighted Average</b>		<b>100.0%</b>	<b>89.1%</b>	<b>15.4%</b>	<b>4.1</b>

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- Occupancy was **89.1%** as at end 4Q2022  
95% and above : 7 of 14 assets  
80-94% : 4 of 14 assets
- Some of our key leasing focus include
  - One Washingtonian Center  
- Sodexo (Expiring 31 Dec 2023)
  - Reston Square  
- Post WBB's departure in 2022  
(Subsequent to tenant being acquired)
  - Tower 1 Emeryville
  - Village Center Station 1
- Continually assess the leasing resources, and increased the intensity of engagements with prospective tenants
- Better amenitize and enhance the appeal of spaces available
- Concurrently, work towards full occupancy for other assets with already high occupancy performance

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Real GDP Growth  
4Q 2022<sup>1</sup>  
**2.6%**

Unemployment<sup>2</sup>  
Rate March 2023  
**3.5%**

Inflation Rate<sup>2</sup>  
March 2023  
**5.0%**  
year-on-year

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## Current Market Environment<sup>3</sup>

### Economic landscape remains challenged

- While unemployment remain low, layoffs have increased in sectors such as tech and finance
- Recent bank failures have raised concerns over capital availability and tightening credit conditions
- Inflation continued to trend down since it's peak of 9.1% in June 2022
- Most aggressive rate hike in over 40 years  
(Fed fund target rate: from 0-25 bps in March 2022, to current 450-475 bps)

- Rate environment widely expected to peak by mid-2023
- As per JLL Research Office Outlook Q1 2023
  - Past rate hike cycles have characterized by a brief plateau and relatively rapid easing
  - The peaking and eventual easing of interest rates will be a welcome development for office occupiers and investors.

1. U.S. Bureau of Economic Analysis Third Estimate Q4 2022

2. U.S. Bureau of Labor Statistics March 2023

3. JLL Research Office Outlook Q1 2023

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## U.S. Office Trends<sup>1</sup>

- **Flight to quality trend continuing** as tenants generally elect to reduce overall footprints while upgrading to best-in-class space
- **The leasing market remains active** although Q1 2023 leasing volume across Classes was 10.7% lower quarter-on-quarter
- **Rent growth continues to be positive** albeit with increased lease incentives amid relative scarcity of high-quality direct space
- **Move-in ready space is also increasingly attractive** given the reluctance of both sublessors and landlords to fund the upfront capex associated with buildouts
- **Development slowing sharply despite flight-to-quality.** New office construction came to a near halt in Q1 2023

1. JLL Research Office Outlook Q1 2023

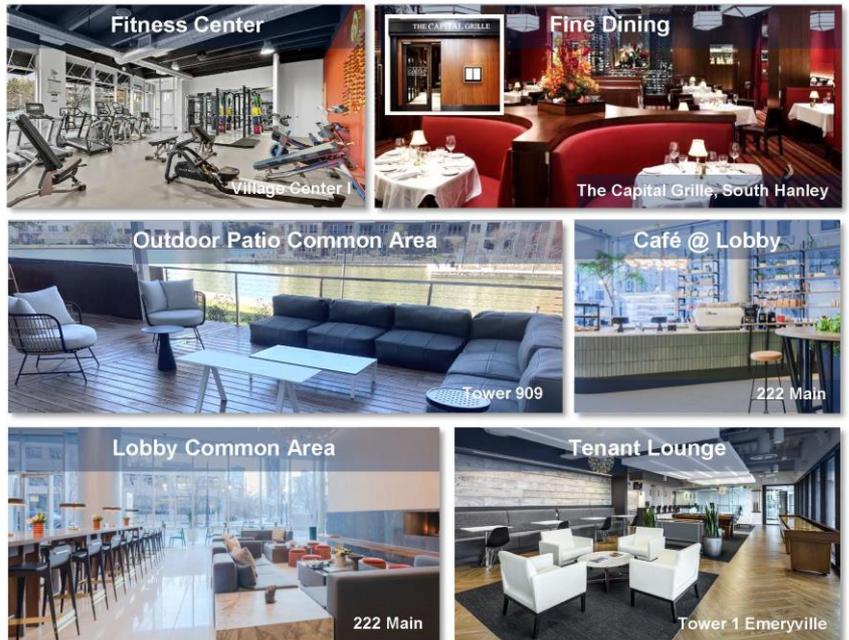
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## Amenities A Key Focus For Tenants

Provide amenities that promote social interactions and well-being

- **Provide amenities and services that promote well-being**
  - fitness centers
  - health clinics,
  - educational programs on healthy lifestyle choices
- **Create spaces that encourage movement and social interaction**
- **Enhance indoor environmental quality** (promote natural daylight, access to nature, improve air quality)
- **Offer healthy food options in common areas, and F&B outlets on premise**



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**Amenity Center Enhancement**

- Over 4,000 sf of ground floor space
- Delivering in May 2023

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## Amenitisation – Reston Square

Based on artist impressions

### New Amenity Center



**Tenant Lounge**  
Comfortable seating configurations with 2 booths, a large high-top table, and soft seating.



**Kitchen**  
Full coffee bar and extensive prep-areas. The long waterfall bar counter, allows for seating for 14 in addition to the bench seating

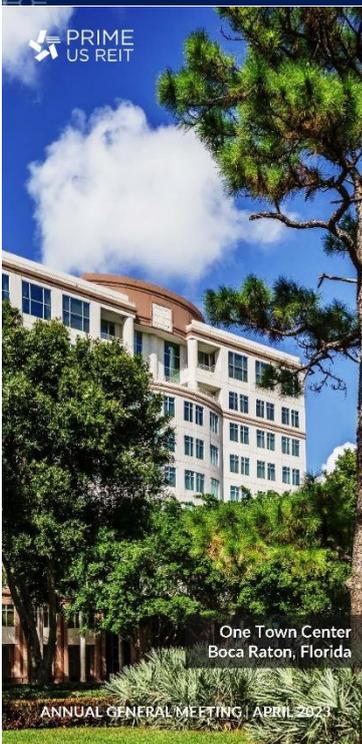


**Conference Room**  
Spacious light-filled room furnished with AV equipment and seating for approximately 48 (in a classroom configuration) with storage and built-in screens.



**Dining Area & Lounge**  
The open concept area offers versatile seating options including a bench, movable tables, and chairs.

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One Town Center  
Boca Raton, Florida

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## Amenitisation - One Town Center

- Newly Opened Dining Options
- Increases Vibrancy and Community Interactions



**Red Pine Chinese Restaurant & Lounge**



**Trend Tea & Coffee**

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## Environmental Social Governance (ESG)



- ✓ In 2022, PRIME announced the consolidation of property management for its properties to Lincoln Property Company ("LPC").
  - One of the largest diversified real estate services firms in the United States.
  - Has over 8,000 employees
  - Presence in more than 400 cities in the U.S.
- ✓ LPC's resource commitment to ESG activities was a key reason for the selection.
  - As PRIME continues to expand and further its ESG efforts, LPC access to multiple ESG solutions and technologies adds portfolio perspective to drive these initiatives.
- ✓ During FY2022, LPC led an initiative to conduct an ESG diagnostics exercise for each of PRIME's properties.
- ✓ PRIME's 2023 ESG Budget Plan includes
  - Operating initiatives on both a portfolio-wide and property-by-property basis
  - Tenant engagement and community outreach initiatives
  - Capital initiatives on an asset-by-asset basis



## ESG Initiatives - Environmental

- Continually working to reduce energy consumption and increase efficiency
- (1) upgrading our facilities to use more energy-efficient equipment and technologies
  - (2) encouraging our tenants to adopt energysaving behaviours

### Energy Certifications

- 12 out of our 14 properties achieved Leadership in Energy and Environmental Design ("LEED") and/or Energy Star certification
- 71% of PRIME's 14 properties rated above average in Energy Star Performance for FY2022

### Energy Management

- Energy Consumption decreased -11.8% (excluding newly added assets)
- Implemented Gridium to achieve significant energy savings
- Implemented smart technology by using the Energy Star
- Optimise heating, ventilation, and air-conditioning ("HVAC") and lighting usage on unoccupied floors by setting to on-demand





## ESG Initiatives - Environmental

Emission Management	Water Management	Waste Management
<ul style="list-style-type: none"> <li>Reducing our Scope 2 emissions (purchased electricity) further through more efficient energy usage</li> <li>In 2022, 97% of total emissions were Scope 2<sup>1</sup></li> <li>17.9% drop in Scope 2 emissions compared to the prior year<sup>2</sup></li> </ul> <p>1. Based on data collected in 2022 for 13 of PRIME's properties 2. Based on data available for 11 of PRIME's properties for both 2021 and 2021.</p>	<p>Key initiatives</p> <ul style="list-style-type: none"> <li>Benchmark water usage via Energy Star</li> <li>Install low-flow fixtures for any plumbing renovations</li> <li>Utilise drip or smart irrigation technologies</li> <li>Use drought-tolerant, native plants at landscaped sites</li> <li>Leak detection system</li> <li>Integrating stormwater or greywater reuse systems</li> <li>Add automated or smart water meter readings</li> </ul>	<p>Key initiatives</p> <ul style="list-style-type: none"> <li>Benchmark waste via Energy Star</li> <li>Recycling program</li> <li>Electronic waste collection</li> <li>Composting programs</li> <li>Educational materials on proper disposal and reduction of waste to tenants</li> <li>Green Purchasing</li> </ul> 

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## ESG Initiatives - Community & Tenant Engagements

<p><b>Outdoor Activities</b></p>  <p>Tower 1 Emeryville</p>	<p><b>Blood Donation Drive</b></p>  <p>Promenade 1 &amp; II</p>	<p><b>Food Truck Events</b></p>  <p>One Town Center</p>
<p><b>Bee Event</b></p>  <p>One Washingtonian Center</p>	<p><b>Ice Cream Social Event</b></p>  <p>Park Tower</p>	

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## Key Management Priorities

### Leasing

- Leasing the key priority
- Execution of asset enhancement initiatives
- ESG initiatives to help drive leasing
- Safe and healthy workplace

### ESG Commitment

- Portfolio- wide initiatives: Gridium Energy Management, Energy Star/LEED recertifications and benchmarking, UL Air Quality Verification
- Property specific initiatives: Fitness Center upgrades, Wellness rooms, EV Charging stations, outdoor amenities, tenant and community engagement
- Evaluation of real estate technology solutions and green leases supported by LPC expertise

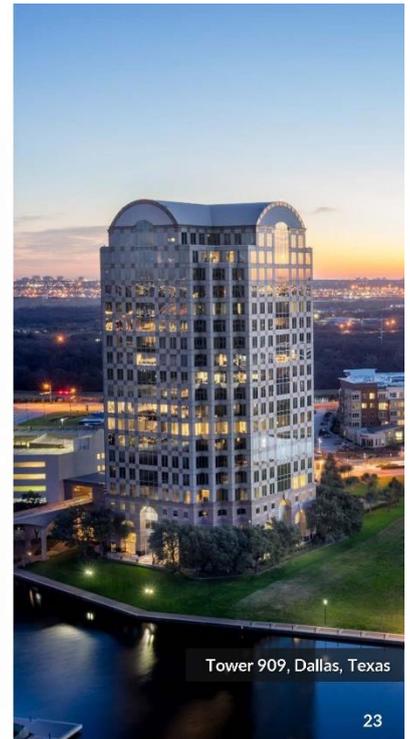
### Active Capital Management

- Monitoring bank debt markets and rate environment
- Ongoing focus on capital management to support building enhancements and leasing

### Acquisitions

- Monitoring real estate and capital markets
- Will consider acquisition opportunities in more stabilized markets

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Tower 909, Dallas, Texas

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## Thank You

✉ [info@primeusreit.com](mailto:info@primeusreit.com)

☎ +65 6951 8090

🌐 [www.primeusreit.com](http://www.primeusreit.com)

📍 1 Raffles Place  
#40-01 One Raffles Place  
Singapore 048616



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## **Appendix B**



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

### **PRIME US REIT'S ANNUAL GENERAL MEETING (26 APRIL 2023) RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS AND SECURITIES INVESTORS ASSOCIATION (SINGAPORE)**

The Board of Directors of Prime US REIT Management Pte. Ltd. (the "**Manager**"), as manager of Prime US REIT ("**PRIME**"), refers to:

- (a) the notice of annual general meeting ("**AGM**") of PRIME dated 4 April 2023; and
- (b) the accompanying announcements released on 4 April 2023 setting out, *inter alia*, the alternative arrangements relating to the participation of unitholders of PRIME ("**Unitholders**") at the AGM where Unitholders will be able to ask questions "live" during the "live" AGM audio-and-video webcast. Unitholders have also been asked to submit any substantial and relevant questions related to the resolutions to be tabled at the AGM in advance of the AGM by 14 April 2023, via the pre-registration website, by post or by email in relation to the agenda of the AGM.

The Manager would like to thank PRIME Unitholders for submitting their questions in advance of PRIME's annual general meeting to be convened and held by way of electronic means on Wednesday, 26 April 2023, at 9.00 am (Singapore time). The responses to the list of substantial and relevant questions received from Unitholders addressed by the Chief Executive Officer during the AGM will also be subsequently published on PRIME's website and on SGXNET.

Please refer to **Appendix A** hereto for the responses to the list of substantial and relevant questions received from Unitholders.

BY ORDER OF THE BOARD

Harmeet Singh Bedi  
Chief Executive Officer

**Prime US REIT Management Pte. Ltd.**  
(Company Registration No. 201825461R)  
As Manager of Prime US REIT  
21 April 2023

#### **IMPORTANT NOTICE**

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of PRIME in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of units in PRIME (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) 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 ("**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 ("**SGX-ST**"). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

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

The past performance of PRIME is not necessarily indicative of its future performance.

**APPENDIX A**

**PRIME US REIT AGM FY2022 - 26 APRIL 2023, 9AM (WEDNESDAY)  
RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS AND SECURITIES INVESTORS ASSOCIATION (SINGAPORE)**

**GROUPED BY TOPIC**

<b>A. LEASING &amp; VALUATION</b>	
1.	<p>With the continued work from home trend affecting income, and thus asset value, is the REIT prepared for similar situation facing Manulife US REIT?</p>
	<ul style="list-style-type: none"> <li>▪ We continue to monitor office re-entry trends, which have seen some progress in recent months, although they remain below pre-pandemic levels. Many major companies are requiring employees to return to the office full or part time, and new hiring is also beginning to pivot away from fully remote positions. However, return to office trends have been uneven.</li> <li>▪ Corporate tenants, in their efforts to bring employees back to office, are moving up the quality chain for their office needs, and PRIME is actively managing its assets, enhancing amenities and ESG initiatives to make them more attractive to tenants as they make leasing decisions, to fill upcoming vacancy, improve occupancy and organic growth.</li> <li>▪ PRIME's assets are well amenitized Class A assets located in non-gateway cities that are relatively more affordable, have access to human capital and are seeing good employment. While we continue to watch the developments in 2023, we believe PRIME's focus on non-gateway and more affordable cities will see better resilience amid current headwinds.</li> </ul>
2.	<p>Please help us understand the reason for the low occupancy at Tower I at Emeryville (76.1%), Village Center Station I (68.7%) and Reston Square (46.1%)?</p> <p>What has the management done to improve the occupancy at these 3 properties?</p> <p>How is the demand for the empty space at these 3 properties?</p>
	<p>Tower I at Emeryville (contributes 7.2% of portfolio cash rental income)</p> <ul style="list-style-type: none"> <li>▪ WeWork vacated approximately 25% of the property in 4Q2021. While two-thirds of WeWork's leased space has since been backfilled, there are other vacancies in the space as a consequence of tenant departures and downsizing.</li> </ul> <p>Village Center Station I (contributes 4.6% of portfolio cash rental income)</p> <ul style="list-style-type: none"> <li>▪ A sub-market that has seen little new to market tenant, and large tenant activity since the start of the COVID-19 pandemic. We are evaluating various options to enhance the appeal of the space and improve leasing prospects. This includes the implementation of an amenitization plan, potential demising of space to smaller units, and a recent change in the leasing team to intensify our leasing efforts.</li> </ul> <p>Reston Square (contributes 2.0% of portfolio cash rental income)</p> <ul style="list-style-type: none"> <li>▪ Whitley Bradley &amp; Brown was acquired and subsequently amalgamated with its acquirer post lease expiry in 3Q2022. The vacancy at Reston Square is almost entirely on account of Whitley Bradley &amp; Brown's departure.</li> </ul> <p>We continue to see interest from prospective tenants at the abovementioned properties.</p>

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		<p>At a portfolio level, we continually assess the leasing resources engaged in our various markets and properties. In some instances, we have refreshed leasing teams working on certain properties, and increased the intensity of engagements with prospective tenants. Concurrently, we will also evaluate various options to better amenitize and enhance the appeal of these spaces available.</p>
3.	<p>Can the manager provide more insight for unitholders on the level of physical attendance at its office properties, as businesses reportedly struggle to bring workers back to the office?</p>	<ul style="list-style-type: none"> <li>▪ Physical occupancy remains bifurcated across the markets PRIME has a presence in.</li> <li>▪ As at 31 March 2022, PRIME's average physical occupancy was 56% (ranging from 24% to 85%).</li> <li>▪ We see more employers requiring employees to return to the office full time or part time. We are also hearing that new hiring in recent months continues to pivot away from fully remote positions which were more common at the early stage of the COVID-19 pandemic.</li> <li>▪ Overall, our active approach to asset management, air quality and safety and amenitization to increase the attractiveness of the portfolio and facilitate a smooth return-to-office for tenants worked well for PRIME during the year.</li> </ul>
4.	<p>Can the manager help unitholders reconcile the apparent contradiction between decreasing demand and positive rental reversions?</p>	<ul style="list-style-type: none"> <li>▪ Leasing dynamics vary across markets, and are dependent on a number of factors including in the specific sub-market demand for space, new construction/development deliveries, asking rents, tenant concessions, and availability of sublease space in the market.</li> <li>▪ We would also note that while headline rents have continued to increase, they have often been accompanied by higher tenant incentive packages.</li> <li>▪ While the reported quarterly rental reversion depends very much on specific spaces leased out for a particular quarter, the consecutive positive rental reversions reflect tenants' and prospective tenants' interest to be in our properties.</li> </ul>
5.	<p>What is the current status of rental payments from tenants? Are there any instances of late payments or rental arrears? What is the typical range of security rental deposit collected upfront by the REIT?</p>	<ul style="list-style-type: none"> <li>▪ The Manager and asset managers practice active monitoring of rental payments from tenants to minimize rental arrears and bad debts.</li> <li>▪ There are instances of late payments or rental arrears, however, these have remained very low.</li> <li>▪ Security deposits arrangements vary based on tenant's credit/financial profile, and are typically in a range of a few months' rent.</li> </ul>

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6.	<p>The portfolio has a weighted average lease expiry (WALE) by net lettable area of 4.1 years.</p> <p>(i) What is the WALE by cash rental income (CRI) for the portfolio?</p> <p>(ii) What are the reasons for the significant declines in values of the assets mentioned above?</p> <p>(iii) Is there significant risk that the REIT's aggregate leverage will increase and exceed 45% or 50% if the valuations face greater pressure? If so, what would be the impact on the REIT when aggregate leverage is higher than 45%/50%?</p> <p>(iv) Can the audit and risk committee (ARC) help unitholders better understand their level of familiarity, knowledge and expertise of the US commercial property market, particularly in the states where the group operates?</p>	<p>(i) What is the WALE by cash rental income (CRI) for the portfolio?</p> <ul style="list-style-type: none"> <li>▪ PRIME currently discloses WALE by net lettable area instead of WALE by cash rental income.</li> </ul> <p>(ii) What are the reasons for the significant declines in values of the assets mentioned above?</p> <ul style="list-style-type: none"> <li>▪ Portfolio valuations declined 6.7% year-on-year as at 31 December 2022.</li> <li>▪ In the current environment, the independent valuer, JLL Valuation &amp; Advisory Services, LLC used the discounted cashflow method as its primary valuation metric in valuing PRIME's properties.</li> <li>▪ The decline in valuations was mainly due to the increase in discount and cap rates. Cap rates as at 31 December 2022 were at 6.56%, a 47 basis points ('bps') increase from 6.09% as at 31 December 2021.</li> </ul> <p>(iii) Is there significant risk that the REIT's aggregate leverage will increase and exceed 45% or 50% if the valuations face greater pressure? If so, what would be the impact on the REIT when aggregate leverage is higher than 45%/50%?</p> <ul style="list-style-type: none"> <li>▪ Year-end valuations will depend on a number of factors including the quantum and terms of the leases that PRIME enters into during the course of 2023, existing and projected occupancy levels, the state of the US office market, and the US economic and interest rate environment.</li> <li>▪ However, on the basis of PRIME's valuations remaining constant, we target to keep PRIME's gearing below 45% at the end of 2023.</li> <li>▪ Additionally, Management is focused on leasing and occupancy and will concurrently evaluate our options to address increased gearing that would result from potential declines in portfolio valuations including but not limited to raising capital from asset divestments, and asset swaps.</li> </ul> <p>(iv) Can the audit and risk committee (ARC) help unitholders better understand their level of familiarity, knowledge and expertise of the US commercial property market, particularly in the states where the group operates?</p> <ul style="list-style-type: none"> <li>▪ The ARC consists of four independent non-executive directors.</li> <li>▪ The ARC is led by Mr John French, Senior Assurance Partner from Ernst &amp; Young LLP US (retired), specializing in real estate investment funds/advisors/sponsors and REITs, land developers, homebuilders and hospitality companies. Mr French was actively involved with the National Association of Real Estate Investment Trusts (NAREIT) and the Urban Land Institute (ULI). Mr French is also Founding Principal, French Asset Management, Inc., which manages real estate investments and provides advisory and other services to the real estate industry.</li> <li>▪ Mr Kevin Adolphe has over 35 years of global experience in real estate, asset management and financial services. As President and CEO within a global financial group, Mr Adolphe has extensive experience in the real estate sector, on both listed and private platforms. This includes expanding the business internationally, launching an IPO successfully, and growing</li> </ul>
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		<p>the group's real estate platform threefold profitably.</p> <ul style="list-style-type: none"> <li>▪ Professor Annie Koh is Professor Emeritus of Finance (Practice) at Lee Kong Chian School of Business, Singapore Management University (SMU). She is a pre-eminent figure in Singapore higher education, and brings to the ARC and Board a wealth of experience from her board and advisory positions across a number of listed and private corporates, start-up enterprises, multilateral agencies, and Singapore government entities.</li> <li>▪ Professor Stephen Phua has over 30 years of experience in the area of law specialising in tax, including corporate tax. He has served on several government boards/committees, including his current position as Chairman of the Home Team Council, and Member of the Curriculum Development and Examination Committee of the Tax Academy of Singapore. Professor Phua was also a panel member of all the three tax tribunals (income tax, GST and property tax) in Singapore for a cumulative period of nearly 40 years.</li> <li>▪ While Mr French and Mr Adolphe have extensive experience in the US Commercial real estate market, the ARC's composite is well complemented by the experience of Professor Koh's and Professor Phua's depth of knowledge and experience in the areas of finance, tax, legal, government boards' best practices.</li> <li>▪ The diverse range of skillsets and experience of all ARC directors, including those with extensive experience in US commercial real estate, provides a comprehensive spectrum of expertise to the ARC and the Board.</li> <li>▪ The ARC's "familiarity, knowledge and expertise" is also derived from KBS Realty Advisors, LLC, PRIME's US asset manager, and Lincoln Property Company, the consolidated property management service provider of PRIME, who both have an extensive presence in those states where PRIME has holdings.</li> </ul>
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<b>B. FINANCING</b>																		
1.	Does PRIME has any banking relationship with US regional banks?	<ul style="list-style-type: none"> <li>▪ PRIME does not have exposure to US regional banks that are facing going-concern issues.</li> </ul>																
2.	<p>Currently, credit conditions are tightening and possibly worsening conditions going into 2024.</p> <p>With a sizeable debt maturing and requiring refinancing, how is the REIT preparing for a situation where refinancing in 2024 may likely prove to be more challenging?</p>	<ul style="list-style-type: none"> <li>▪ The Manager is cognizant of the developments in the banking sector, and credit conditions in the US. We are continuing to evaluate the bank and debt capital markets as we get closer to our final extended debt maturity of our Bank of America led facility in 2024.</li> <li>▪ PRIME and our US asset manager KBS continue to be supported by a diverse network of existing and prospective lenders within the US commercial real estate space.</li> <li>▪ The Manager will consider all relevant sources of funding to refinance the debt, and in a timely manner.</li> </ul>																
3.	<p>Management has classified the revolving credit facility and the four-year term loan facility as non-current, as the manager has the option for a one-year extension to roll over the facility, subject to certain conditions being met.</p> <p>(i) What conditions must be met for the one-year extension?</p> <p>(ii) If the facilities are extended by one year, will there be changes to the spread?</p> <p>(iii) Assuming that options to extend debt tranches maturing in July 2023 and July 2024 are exercised, the REIT still faces a US\$449 million debt maturity challenge in July 2024 (reproduced below).</p> <p style="text-align: center;"><b>Debt Maturity Profile* (US\$m)</b></p> <table border="1" style="margin-top: 10px; width: 100%; border-collapse: collapse;"> <caption>Debt Maturity Profile (US\$m)</caption> <thead> <tr> <th>Year</th> <th>Debt Maturity (US\$m)</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>0</td> </tr> <tr> <td>2024</td> <td>449</td> </tr> <tr> <td>2025</td> <td>0</td> </tr> <tr> <td>2026</td> <td>115</td> </tr> <tr> <td>2027</td> <td>0</td> </tr> <tr> <td>2028</td> <td>0</td> </tr> <tr> <td>2029</td> <td>105</td> </tr> </tbody> </table> <p style="font-size: small;">* With extension options fully exercised</p>	Year	Debt Maturity (US\$m)	2023	0	2024	449	2025	0	2026	115	2027	0	2028	0	2029	105	<p>(i) What conditions must be met for the one-year extension?</p> <ul style="list-style-type: none"> <li>▪ Conditions for extension mainly relate to maintaining existing covenants.</li> </ul> <p>(ii) If the facilities are extended by one year, will there be changes to the spread?</p> <ul style="list-style-type: none"> <li>▪ No change to spread at extension, there is a payment of 10bps in one-time extension fees.</li> </ul> <p>(iii) What guidance has the board provided to the manager regarding the strategy to achieve an optimal outcome for the REIT's refinancing?</p> <ul style="list-style-type: none"> <li>▪ The Board and Manager are cognizant of the importance of completing a successful refinancing on a timely basis.</li> <li>▪ As a first step, the Manager has initiated the 1-year extension of the two debt tranches due in 2023.</li> <li>▪ The Manager will thereafter focus its efforts on evaluating the appropriate sources and timing for the 2024 debt maturities.</li> </ul>
Year	Debt Maturity (US\$m)																	
2023	0																	
2024	449																	
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	<p>What guidance has the board provided to the manager regarding the strategy to achieve an optimal outcome for the REIT's refinancing?</p>	
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<b>C. DISTRIBUTION</b>		
1.	<p>What is the take-up rate of the distribution reinvestment plan?</p> <p>How does it help the REIT when investor takes up such plan?</p>	<ul style="list-style-type: none"> <li>▪ Pursuant to PRIME's Distribution Reinvestment Plan (the "DRP"), 5.23m* new units (with an aggregate value at issue of US\$3.78m*) were issued in FY2022.</li> <li>▪ Relative to the income available for distribution to Unitholders for FY2022 of US\$77.15m<sup>^</sup>, the amount of distribution paid via the DRP in Units instead of cash of US\$3.78m represents 4.9% of the total distribution.</li> <li>▪ Distribution to Unitholders paid via the DRP in Units allow PRIME to have additional liquidity potentially for operational cashflow, capex and/or revolving financing obligations.</li> </ul> <p><i>* NTA 12 - Units In Issue and To Be Issued (Page 151 of PRIME's Annual Report 2022)</i> <i>^ Consolidated Distribution Statement (Page 125 of PRIME's Annual Report 2022)</i></p>
2.	<p>As at 31 December 2022, aggregate leverage is 42.1%.</p> <p>With the increase in interest rate as a backdrop, is the management considering gradually reducing the debt of the REIT overtime (such as setting aside a small portion of distribution to repay the debt as they are due to reduce borrowing, hence reducing interest cost and enhancing the returns to shareholders?)</p>	<ul style="list-style-type: none"> <li>▪ We are cognizant of higher interest cost in the current environment, as well as the increase in gearing as a result of PRIME's 2022 year-end portfolio valuation. Accordingly, we will look to balance sustainable long-term distributions to our Unitholders with a prudent capital management strategy.</li> <li>▪ We will continue to evaluate this, and will keep Unitholders apprised of any changes on distribution strategy.</li> </ul>
3.	<p>PRIME REIT is taking management fee in shares. At the current management fee of \$7.8 million amount, this amounts to an issuance of 2% of the share capital annually to the REIT manager (at current price).</p> <p>Given that the dilution is large, would management consider taking the fee in cash similar to what Keppel Pacific Oak is doing? This will prevent dilution to shareholders with shares being issued at a cheap valuation. I acknowledge that the amount available for distribution will drop by approximately 20%, but reducing the amount of shares issued solves the long term problem where shareholders distribution will face a natural decline of 2% annually.</p>	<ul style="list-style-type: none"> <li>▪ We are cognizant of the dilutive impact on our Unitholders arising from the issuance of Management Fee Units to the Manager at high discounts to NAV.</li> <li>▪ We are currently evaluating the option of taking the Management Fee in cash, and weighing the dilutive impact of such issuance against any consequent negative impact on DPU.</li> <li>▪ We will keep Unitholders apprised of any updates to the Management Fee structure.</li> </ul>

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4.	<p>Would the management review a share buyback to reduce the number of shares in circulation? If management is confident in PRIME's REIT future, this will mean shareholders will enjoy higher DPU in future.</p>	<ul style="list-style-type: none"> <li>▪ We are seeking Unitholder's approval for the renewal of the Manager's Unit Buy-Back Mandate which is being tabled as Ordinary Resolution 4 at the upcoming AGM.</li> <li>▪ As PRIME pays out 100% of its distributable cash flow, any unit buyback will need to be funded from drawdowns of PRIME's credit facilities, thus reducing PRIME's available liquidity. Concurrently, the units bought back would be cancelled, thereby reducing unitholder equity, and this would adversely impact PRIME's gearing.</li> <li>▪ We therefore do not propose buying back Units immediately but are renewing our mandate to provide us with the flexibility to do so should we believe this is in the best interests of PRIME and its Unitholders during the course of the year.</li> </ul>
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<b>D. GOVERNANCE</b>	
<p>1. For the benefit of unitholders, can the board, potentially led by the independent directors, identify and summarise the key operating risks to the REIT and update unitholders on how the REIT manager is actively addressing these risks?</p>	<p>There are a few key operating areas that we are constantly watching closely.</p> <p><b>Leasing and Return-to-office</b></p> <ul style="list-style-type: none"> <li>▪ The Manager constantly assesses the properties' competitiveness and how it can further intensify efforts on the leasing front to elevate the attractiveness of our well-located, well-amenitised Class A offices.</li> <li>▪ Maintain relevancy of our offerings as the destination of choice for corporates looking to lease spaces.</li> </ul> <p><b>Liquidity and Financing Risks</b></p> <ul style="list-style-type: none"> <li>▪ The Manager monitors the financial market closely for lenders' appetite and opportunities to get ahead of refinancing situations.</li> <li>▪ The Manager proactively monitors PRIME's cash flow, debt maturity profile, gearing and liquidity positions, including managing tenure of borrowings, to ensure a well-staggered debt maturity profile.</li> <li>▪ The Manager maintains a robust cash flow position and working capital to ensure that there are adequate liquid reserves to meet financial obligations.</li> </ul> <p><b>Economic and Taxation Risks</b></p> <ul style="list-style-type: none"> <li>▪ The Manager manages this by closely monitoring the US economic situation, political environment, economic developments and tax regime so that it may take anticipatory moves to safeguard income flows. The Manager also works closely with tax agents and advisors in the US and Singapore to anticipate and evaluate the impact of any changes in taxation legislation, administrative guidance and regulations on the business of PRIME.</li> </ul> <p><b>Exposure to Financial Markets Risk</b></p> <ul style="list-style-type: none"> <li>▪ The Manager constantly monitors exposure to interest rates. It utilises various financial derivative instruments, where appropriate, to hedge against such risks.</li> <li>▪ As at 31 December 2022, 82.0% of total debt were either fixed rate loans or had been hedged using interest rate swaps from floating to fixed rate.</li> </ul> <p><b>Credit Risk</b></p> <ul style="list-style-type: none"> <li>▪ Credit risk assessments of tenants are carried out prior to signing of lease agreements. Credit risks are further mitigated through various mechanisms, including the upfront collection of security rental deposits where applicable.</li> <li>▪ Systematic rental collection procedures are implemented to ensure regular collection of rents, thereby reducing the incidence of rental arrears.</li> </ul> <p>For further detail, please refer to Enterprise Risk Management section of PRIME's Annual Report 2022 (Page 54-56).</p>

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<p>2. The REIT has had substantial personnel changes in the board and in the management in the past year.</p> <p>(i) Did the significant personnel changes to the board and management team lead to any disruptions in the manager? Have the new directors and CEO been fully onboarded and hit the ground running?</p> <p>(ii) Will the newly constituted board be reviewing the REIT's performance and strategy given the current challenges in the environment?</p> <p>(iii) Can the nominating and remuneration committee (NRC) help unitholders better understand the rationale, selection criteria and the search and nomination process that led to the appointment of Professor Stephen Phua Lye Huat? In particular, as a first-time director with limited/no direct professional experience in US commercial real estate, how is Professor Stephen Phua Lye Huat going to contribute to the board at this challenging time for the trust?</p>	<p>(i) Did the significant personnel changes to the board and management team lead to any disruptions in the manager? Have the new directors and CEO been fully onboarded and hit the ground running?</p> <ul style="list-style-type: none"> <li>▪ There were no disruptions to the Manager arising from the personnel changes. The new directors had undergone the necessary onboarding trainings and briefings to be familiarized with PRIME and their duties as directors of the Manager.</li> <li>▪ The new CEO, Mr Harmeet Singh Bedi, was previously the Deputy CEO and CFO of the Manager and he joined PRIME in May 2020. Since then, he had been actively involved and was familiar with the various aspects of the Manager's functions.</li> </ul> <p>(ii) Will the newly constituted board be reviewing the REIT's performance and strategy given the current challenges in the environment?</p> <ul style="list-style-type: none"> <li>▪ All directors (including new directors) attend regular board meetings where PRIME's performance and strategy were reviewed and robustly discussed considering the current challenges.</li> </ul> <p>(iii) Can the nominating and remuneration committee (NRC) help unitholders better understand the rationale, selection criteria and the search and nomination process that led to the appointment of Professor Stephen Phua Lye Huat?</p> <ul style="list-style-type: none"> <li>▪ The NRC continuously reviews the structure, size, balance and diversity of the Board and makes recommendations to the Board on the appointment of new directors, taking into consideration aspects such as professional qualifications, industry and geographic knowledge, skills, experience, age, gender and the needs of PRIME.</li> <li>▪ As part of the renewal process, the NRC takes all the factors above into consideration to ensure that the Board has the desired diversity and optimal balance of skills to meet the ongoing and future needs of the REIT. The nature and scope of outreach are varied and this may include leveraging on internal and external industry-wide networks available.</li> <li>▪ Professor Stephen Phua has over 30 years of experience in the legal sector, specialising in tax, including corporate tax. He was a consultant with the Inland Revenue Authority of Singapore ("IRAS") for a few years and has been actively practicing as a consultant in taxation laws to many local law firms for more than 10 years where he has advised publicly listed as well as private companies operating in different sectors on tax, regulatory and restructuring issues. In addition, Professor Phua has also been a convener and co-teacher of a module "Business and Finance for Lawyers" which teaches basic accounting to law students for more than 17 years. He was also a panel member of all three tax tribunals (income tax, GST and property tax) in Singapore for a cumulative period of nearly 40 years.</li> <li>▪ Professor Phua has also served as Chairman of the National Police Cadet Corps Council and Home Team Corps Council in the last 10 years. In addition, he served on committees of the Singapore Academy of Law for over 2 decades and is currently also a member of committees in IRAS, Ministry of Home Affairs and Singapore Institute of Directors. Besides these public offices, he had held office of Sub-Dean and directorships of different research centres/programmes in the Faculty of Law, National University of Singapore for about 3</li> </ul>
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		<p>decades.</p> <ul style="list-style-type: none"><li>▪ With Professor Phua's broad ranging skills set and experience, including his expertise on taxation and legal issues, the NRC and the Board are of the view that he has much to contribute to the Board of the Manager. In addition, his diverse experience in different management positions in the National University of Singapore over the last 3 decades complements the current range of skillsets and experience of other directors (including those with extensive experience in US commercial real estate), hence strengthening the Board by improving its overall balance and effectiveness.</li></ul>
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