



(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.

ANNOUNCEMENT

(1) DISTRIBUTION OF US0.25 CENTS PER UNIT AND (2) PROPOSED ISSUANCE OF 1 NEW UNIT FOR EVERY 10 EXISTING UNITS TO UNITHOLDERS

1. INTRODUCTION

Prime US REIT Management Pte. Ltd., as manager of Prime US REIT (the “**Manager**”), wishes to announce that:

- (i) a distribution of US0.25 cents per unit in Prime US REIT (“**Unit**”) will be payable to unitholders of Prime US REIT (“**Unitholders**”) for the period from 1 July 2023 to 31 December 2023 comprising a:
 - (a) distribution out of tax-exempt income of US0.20 cents per Unit; and
 - (b) distribution out of capital of US0.05 cents per Unit,with the above distribution representing approximately 10% of the distributable income of Prime US REIT; and
- (ii) it proposes to undertake an issue of new Units (the “**New Units**”) to Unitholders on the basis of 1 New Unit to be credited as fully paid for every 10 existing Units held as at a date and time (the “**Record Date**”) to be determined by the Manager for the purpose of determining the entitlements of Unitholders to the New Units, fractional entitlements to be disregarded (the “**Proposed Issuance**”). **For the avoidance of doubt, Unitholders will receive the New Units pursuant to the Proposed Issuance as fully paid without the need to pay any consideration.**

2. RATIONALE

2.1 Rationale for the reduction in distribution

In light of the current US office environment which has contributed to a decrease in valuation, the need to spend on capital expenditure and tenant incentives and the upcoming loan due for refinancing in July 2024, there is a need to conserve capital. The macro environment necessitates prudence to maintain or conserve cash, considering the current tight availability of capital in debt and equity markets. Accordingly, the Manager is of the view that reducing the amount of distribution is in the interest of Prime US REIT and its Unitholders.

While the Manager recognises that distributions are important to Unitholders, this has to be balanced with the fact that it is in the interest of Prime US REIT and its Unitholders to

conserve a substantial proportion of distributable income to meet Prime US REIT's capital expenditure and tenant incentives needs and provide creditors with the assurance that Prime US REIT will reinvest cash flows in the business alongside its lenders.

2.2 Rationale for the Proposed Issuance

The Proposed Issuance is to reward Unitholders for their continued support of Prime US REIT.

3. TERMS

- 3.1** As at the date of this announcement, Prime US REIT has 1,189,327,094 Units in issue. Purely for illustration purposes, assuming there is no change in the number of issued Units from the date of this announcement to the Record Date, up to 118,932,710 New Units will be issued pursuant to the Proposed Issuance¹. The actual number of New Units to be issued by the Manager will depend on the total number of issued Units as at the Record Date.
- 3.2** The New Units will be issued pursuant to a general mandate (the "**General Mandate**") given to the Manager at the annual general meeting of Prime US REIT held on 26 April 2023, pursuant to which the Manager may issue new Units, including by way of bonus issue, on a *pro rata* basis to existing Unitholders, aggregating up to 50% of the total number of Units in issue at the time of passing of the resolution approving the General Mandate.
- 3.3** The total number of Units in issue as at 26 April 2023 was 1,183,932,523 Units. Pursuant to the General Mandate, the Manager was entitled to issue up to 591,966,261 new Units to existing Unitholders on a *pro rata* basis. As at the date of this announcement, 5,394,571 Units have since been issued under the General Mandate. Accordingly, assuming there is no change in the number of issued Units from the date of this announcement to the Record Date, the Manager may issue up to 586,571,690 new Units pursuant to the Proposed Issuance under the General Mandate. The number of New Units proposed to be issued pursuant to the Proposed Issuance will fall within the maximum number authorised by the General Mandate and accordingly, approval of the Unitholders is not required for the Proposed Issuance.
- 3.4** The New Units will be allotted and issued as fully paid, at nil consideration and without capitalisation of Prime US REIT's reserves. The New Units, when allotted and issued, will rank *pari passu* in all respects with the then existing issued Units and with each other, except that the New Units will not be entitled to such dividends, rights, allotments and other distributions (if any) the record date of which falls before the date of allotment and issuance of such New Units.
- 3.5** The New Units will be allotted and issued to Unitholders whose names appear in the register of unitholders of Prime US REIT or who have Units entered against their names in the depository register as at the Record Date on the basis of the number of such Units registered in their names or standing to the credit of their securities accounts as at the Record Date. Notice of the Record Date will be given at a later date, after the necessary approvals for the

¹ The Proposed Issuance will be treated as a bonus issue for the purposes of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**").

Proposed Issuance have been obtained.

4. APPROVALS

- 4.1** The Proposed Issuance is subject to, *inter alia*, the receipt of the in-principle approval of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of and quotation for the New Units on the Main Board of the SGX-ST.
- 4.2** An application will be made to the SGX-ST for the listing of and quotation for the New Units on the Main Board of the SGX-ST.

5. WAIVER FROM COMPLIANCE WITH RULE 838 OF THE LISTING MANUAL

- 5.1** Pursuant to Rule 838 of the Listing Manual, an issuer must satisfy the SGX-ST that the daily weighted average price, adjusted for the bonus issue, will not be less than S\$0.50. The issuer should compute the adjusted price based on the proposed bonus issue ratio and the issuer’s lowest daily weighted share price of the shares for a month preceding the issuer’s proposed bonus issue application.
- 5.2** The lowest daily weighted average price of the Units in the month preceding 21 February 2024 would be US\$0.1037 (which is approximately S\$0.1395²) and accordingly, the theoretical ex-bonus price (“**TEBP**”) would be calculated as follows:

$$\text{TEBP} = \frac{\text{US\$0.1037}}{11} \times 10 = \text{US\$0.0943}$$

- 5.3** The SGX-ST has granted a waiver from Rule 838 of the Listing Manual (the “**Waiver**”) subject to the following conditions:
- 5.3.1** Prime US REIT announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Mainboard Listing Rule 107 and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, Prime US REIT must make an update announcement when the conditions have all been met;
- 5.3.2** disclosing whether there is any tax impact in Singapore and in the U.S. arising from the reduced distribution and the proposed bonus issue; and
- 5.3.3** no material adverse change in the factors considered in granting the Waiver stated below.

The above conditions have been complied with (see paragraphs 5.3, 5.4, 5.5 and 5.6).

- 5.4** The Waiver had taken into consideration the following:
- 5.4.1** Prime US REIT had obtained unqualified audit opinions for the past three (3) financial years;

² USD to SGD conversion based on exchange rate of US\$1.00 to S\$1.3449

- 5.4.2 Pre-tax profits before fair value changes of investment properties for FY2022 and unaudited FY2023 are US\$102.9 million and US\$45.4 million respectively. Prime US REIT had reported pre-tax profits of US\$72.9 million and US\$25.2 million in FY2021 and FY2020 respectively;
- 5.4.3 Prime US REIT had consistently recorded a Net Asset Value (“NAV”) per Unit of more than S\$0.50 for the past 3 financial years. Prime US REIT’s audited NAV per Unit for the past 3 financial years ended 31 December 2020 to 2022 ranged between US\$0.75 to US\$0.86 and the NAV per Unit after adjusting for the bonus issue will still be above S\$0.50; and
- 5.4.4 Prime US REIT’s track record of compliance with listing rules.
- 5.5 The rationale for the waiver is that the net asset value (“NAV”) Unit after adjustment for the Proposed Issuance would be more than S\$0.50, which shows that there is sufficient value in each Unit. Prime US REIT’s unaudited NAV per Unit as at 31 December 2023 is US\$0.60 (which is approximately S\$0.81) and after adjusting for the Proposed Issuance, it would be US\$0.55² (which is approximately S\$0.74²).
- 5.6 There is no material adverse tax impact in Singapore and in the U.S. arising from the reduced distribution and the Proposed Issuance. As per what has been done since the listing of Prime US REIT, Unitholders would need to continue to submit their relevant US withholding tax forms. Failure to submit such US withholding tax forms would impact on the distributions received by the Unitholders and may reduce the income retained by Prime US REIT.

6. CAUTION IN TRADING

Unitholders and potential investors of Prime US REIT should note that the Proposed Issuance is subject to, *inter alia*, the necessary approvals being obtained by the Manager, and are therefore advised to exercise caution when dealing in the Units. When in doubt, Unitholders and potential investors should seek independent advice from their bankers, stockbrokers, solicitors or other professional advisers.

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 February 2024

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 US REIT 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 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. Unitholders 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 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 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.

Notification under Section 309B of the Securities and Futures Act 2001: The New Units are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).