Prime US REIT and its subsidiaries
(Constituted under a trust deed dated 7 September 2018
in the Republic of Singapore)

Unaudited Condensed Consolidated Financial Statements
For the six months and full year ended 31 December 2023

Prime US REIT and its subsidiaries

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Prime US REIT and its subsidiaries

Introduction

Prime US REIT ("PRIME" or the "Group") is a Singapore real estate investment trust constituted by the Trust Deed dated 7 September 2018 (as amended) between Prime US REIT Management Pte. Ltd., as the Manager of PRIME (the "Manager") and DBS Trustee Limited, as the Trustee of PRIME (the "Trustee").

PRIME was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 19 July 2019. PRIME's principal investment strategy is to invest, directly or indirectly, in stabilised income-producing office assets and real estate related assets, in the United States of America ("U.S."). PRIME's key objectives are to provide Unitholders with regular and stable distributions and to achieve long-term growth in Distribution Per Unit ("DPU") and net asset value ("NAV") per Unit, while maintaining an appropriate capital structure.

The portfolio of PRIME comprises 14 freehold, Class A office properties in the U.S. with an aggregate net lettable area of approximately 4.4 million square feet, as follows:

1. 101 South Hanley
2. 171 17th Street
3. 222 Main
4. CrossPoint
5. One Town Center
6. One Washingtonian Center
7. Park Tower
8. Promenade I & II
9. Reston Square
10. Sorrento Towers
11. Tower 909
12. Tower I at Emeryville
13. Village Center Station I
14. Village Center Station II

Prime US REIT and its subsidiaries

Summary of Results

	Group					
	2H 2023 US$'000	**2H 2022 US$'000**	**+/- %**	**FY 2023 US$'000**	**FY 2022 US$'000**	**+/- %**
Gross revenue	80,336	81,208	(1.1)	159,803	163,012	(2.0)
Net property income	46,392	47,114	(1.5)	93,559	97,934	(4.5)
Income available for distribution:						
- as reported	28,599	35,823	(20.2)	57,825	77,150	(25.0)
- re-presented(1)	28,599	32,898	(13.1)	57,825	70,852	(18.4)
Income available for distribution per unit (US cents)						
- as reported	2.40	3.03	(20.8)	4.86	6.55	(25.8)
- re-presented(1)	2.40	2.78	(13.7)	4.86	5.99	(18.9)
Distribution to Unitholders	2,973(2)	35,848		32,175(2)	77,233	
DPU(3) (US cents)	0.25	3.03		2.71	6.55	

(1) The Manager has elected to receive 100% of its base fee for 2023 in cash. For 2022, the Manager had received 20% of its base fee in cash and the remaining 80% in units. Accordingly, the 2022 income available for distribution has been re-presented on the assumption that 100% of the base fee was paid in cash to show a like-for-like comparison.

(2) Amount to be distributed to Unitholders is less than 90% of the annual distributable income. The amount retained will be used to fund capital expenditures on the properties and pare down borrowings. Please refer to PRIME's announcement on distribution and issuance of new Units dated 21 February 2024 for more details.

(3) The computation of DPU for 2H 2023 is based on the number of units entitled to distribution of 1,189,327,094 (2H 2022: 1,183,035,014).

Prime US REIT and its subsidiaries

Condensed Statements of Financial Position
As at 31 December 2023

		Group				Trust		
	Note	2023 US$'000	2022 US$'000	+/- %		2023 US$'000	2022 US$'000	+/- %
Current assets								
Cash and cash equivalents		11,756	11,581	1.5		3,627	2,127	70.5
Trade and other receivables		4,262	3,859	10.4		97	101	(4.0)
Prepaid expenses		1,723	1,462	17.9		1	78	(98.7)
Derivative assets		2,707	–	n.m.	(i)	–	–	n.m.
		20,448	16,902	21.0		3,725	2,306	61.5
Non-current assets								
Investment properties	5	1,407,950	1,542,200	(8.7)	(ii)	–	–	n.m.
Derivative assets		15,712	29,954	(47.5)	(i)	–	–	n.m.
Investment in subsidiaries		–	–	n.m.		710,926	892,217	(20.3)
		1,423,662	1,572,154	(9.4)		710,926	892,217	(20.3)
Total assets		**1,444,110**	**1,589,056**	**(9.1)**		**714,651**	**894,523**	**(20.1)**
Current liabilities								
Loans and borrowings	6	478,403	–	n.m.	(iii)	–	–	n.m.
Trade and other payables		20,904	18,126	15.3		851	904	(5.9)
Amounts due to related parties		1,016	361	>100	(iv)	1,016	361	>100
Rental security deposits		395	482	(18.0)		–	–	n.m.
Rent received in advance		7,356	6,777	8.5		–	–	n.m.
		508,074	25,746	>100		1,867	1,265	47.6
Non-current liabilities								
Loans and borrowings	6	218,018	665,572	(67.2)	(iii)	–	–	n.m.
Rental security deposits		4,238	3,820	10.9		–	–	n.m.
Preferred shares		125	125	–		–	–	n.m.
		222,381	669,517	(66.8)		–	–	n.m.
Total liabilities		**730,455**	**695,263**	**5.1**		**1,867**	**1,265**	**47.6**
Net assets		**713,655**	**893,793**	**(20.2)**		**712,784**	**893,258**	**(20.2)**
Represented by:								
Unitholders' funds		**713,655**	**893,793**	**(20.2)**		**712,784**	**893,258**	**(20.2)**
Units in issue and to be issued ('000)	7	**1,189,327**	**1,186,252**	**0.3**		**1,189,327**	**1,186,252**	**0.3**
Net asset value per Unit (US$)	8	**0.60**	**0.75**	**(20.0)**		**0.60**	**0.75**	**(20.0)**

n.m.: not meaningful

Explanatory Notes

(i) Derivative assets – Pertains to the fair value of the interest rate swaps. Decrease is due to mark to market loss on the interest rate swaps driven by interest rate outlook.

(ii) Investment properties – Pertains to the fair value of portfolio properties. Please refer to Note 5 for details on the valuation technique and key inputs.

(iii) Loans and borrowings – Current loans and borrowings increased due to reclassification of the main facility maturing in July 2024, with a corresponding decrease in non-current loans and borrowings. The Group is currently in the midst of refinancing negotiations and believes that it will be able to refinance these facilities before maturity.

(iv) Amounts due to related parties – Pertains to Manager's base fee that is payable in cash. Increase due to Manager base fee to be paid fully in cash for 2023 (previously paid 20% in cash).

The accompanying notes form an integral part of the condensed consolidated financial statements.

Prime US REIT and its subsidiaries

Condensed Consolidated Statement of Comprehensive Income
For the six months and full year ended 31 December 2023

		Group						
	Note	**2H 2023**	**2H 2022**	**+/(-)**	**FY 2023**	**FY 2022**	**+/(-)**	
		US$'000	**US$'000**	**%**	**US$'000**	**US$'000**	**%**	
Gross revenue	9	80,336	81,208	(1.1)	159,803	163,012	(2.0)	
Property operating expenses	10	(33,944)	(34,094)	(0.4)	(66,244)	(65,078)	1.8	
Net property income		**46,392**	**47,114**	**(1.5)**	**93,559**	**97,934**	**(4.5)**	
Manager's base fee		(3,178)	(3,655)	(13.1)	(6,425)	(7,872)	(18.4)	(i)
Trustee's fee		(101)	(108)	(6.5)	(201)	(208)	(3.4)	
Other trust expenses	12	(950)	(1,405)	(32.4)	(1,972)	(2,612)	(24.5)	(ii)
Net change in fair value of derivatives		(9,950)	10,842	>(100)	(11,534)	37,282	>(100)	(iii)
Finance expenses	11	(14,473)	(11,509)	25.8	(28,104)	(21,613)	30.0	(iv)
Finance income		60	13	>100	91	14	>100	
Net income before tax and fair value change in investment properties		**17,800**	**41,292**	**(56.9)**	**45,414**	**102,925**	**(55.9)**	
Net fair value change in investment properties	5	(161,206)	(143,732)	12.2	(161,206)	(143,732)	12.2	(v)
Net loss before tax		**(143,406)**	**(102,440)**	**40.0**	**(115,792)**	**(40,807)**	**>100**	
Tax (expense)/credit	13	(11)	18,339	>(100)	(45)	13,890	>(100)	(vi)
Net loss for the period		**(143,417)**	**(84,101)**	**70.5**	**(115,837)**	**(26,917)**	**>100**	
Earnings per Unit (US cents)								
Basic and diluted	14	(10.97)	(7.13)	53.9	(8.88)	(2.29)	>100	

Explanatory Notes

(i) Manager's base fee – The Manager has elected to receive 100% of its base fee in cash. The decrease is due to lower distributable income.

(ii) Other trust expenses – Decrease is due to absence of dead deal costs incurred in prior year in relation to properties not acquired and legal costs in relation to refinancing arrangements put on hold. These were added back in 2022 as distribution adjustments and did not impact distributable income.

(iii) Net change in fair value of derivatives – This pertains to non-cash mark to market on the fair value of the interest rate swaps for hedging. Decrease in fair value is driven by market outlook on the interest rates.

(iv) Finance expenses – Higher due to increase in interest rates on unhedged portion of borrowings and incremental drawdowns on debt facilities for capital expenditures.

(v) Net fair value change in investment properties – The Group obtains independent appraisals on an annual basis and according to the latest appraisals as at 31 December 2023, there is a net decrease in appraised fair value of investment properties. The decrease is mainly due to increase in cap rates and/or discount rates used in the valuations.

(vi) Tax (expense)/credit – Tax credit was recorded in prior year mainly due to the reversal of deferred tax liabilities as a result of the fair value loss on investment properties. Current tax expense mainly pertains to state taxes paid.

The accompanying notes form an integral part of the condensed consolidated financial statements.

Prime US REIT and its subsidiaries

Distribution Statement
For the six months and full year ended 31 December 2023

	Group			
	2H 2023	**2H 2022**	**FY 2023**	**FY 2022**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Income available for distribution at the beginning of period	29,239	41,423	35,861	39,348
Net loss for the period	(143,417)	(84,101)	(115,837)	(26,917)
Distribution adjustments (Note A)	172,016	119,924	173,662	104,067
Income available for distribution for the period	28,599	35,823	57,825	77,150
Distributions to Unitholders:				
- Distribution of US 3.36 cents per unit for the period from 6 July 2021 to 31 December 2021	–	–	–	(39,252)
- Distribution of US 3.42 cents per unit for the period from 1 January 2022 to 30 June 2022	–	(41,385)	–	(41,385)
- Distribution of US 3.03 cents per unit for the period from 1 July 2022 to 31 December 2022	–	–	(35,848)	–
- Distribution of US 2.46 cents per unit for the period from 1 January 2023 to 30 June 2023	(29,202)	–	(29,202)	–
Total distribution to Unitholders	(29,202)	(41,385)	(65,050)	(80,637)
Income available for distribution at the end of the period	**28,636**	**35,861**	**28,636**	**35,861**
Distribution per Unit (US cents)	**0.25**(1)	**3.03**	**2.71**(1)	**6.55**

(1) Amount to be distributed to Unitholders is less than 90% of the annual distributable income. The amount retained will be used to fund capital expenditures on the properties and pare down borrowings. Please refer to PRIME's announcement on distribution and issuance of new Units dated 21 February 2024 for more details.

Note A – Distribution adjustments comprise:

	Group			
	2H 2023	**2H 2022**	**FY 2023**	**FY 2022**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Property related non-cash items(1)	631	(830)	(200)	(2,139)
Manager's base fee paid/payable in Units(2)	–	2,924	–	6,298
Trustee's fee	101	108	201	208
Amortisation of upfront debt-related transaction costs(3)	742	811	1,513	1,824
Net change in fair value of derivatives	9,950	(10,842)	11,534	(37,282)
Net fair value change in investment properties	161,206	143,732	161,206	143,732
Deferred tax expense	–	(18,346)	–	(13,929)
Others(4)	(614)	2,367	(592)	5,355
Distribution adjustments	172,016	119,924	173,662	104,067

(1) Mainly comprise straight-line rent adjustments and amortisation of lease incentives.
(2) The Manager has elected to receive 100% of its base fee for 2023 in cash (2022: 20% of base fee in cash, 80% of base fee in Units).
(3) Upfront debt-related transaction cost are amortised over the life of the borrowings.
(4) Mainly comprise adjustments related to lease termination income. In 2022, adjustments related to lease termination income reflect the add-back of lease termination income previously deferred.

The accompanying notes form an integral part of the condensed consolidated financial statements.

Prime US REIT and its subsidiaries

Condensed Statements of Changes in Unitholders' Funds
For the six months and full year ended 31 December 2023

	Attributable to Unitholders		
	Units in issue and to be issued US$'000	**Retained earnings US$'000**	**Total US$'000**
Group			
At 1 January 2023	**932,803**	**(39,010)**	**893,793**
Net income for the period	–	27,580	27,580
Unitholders' transactions			
Issue of new units for Distribution Reinvestment Plan[(1)]	398	–	398
Distribution to Unitholders	(11,594)	(24,254)	(35,848)
Decrease in net assets resulting from Unitholders' transactions	**(11,196)**	**(24,254)**	**(35,450)**
At 30 June 2023	**921,607**	**(35,684)**	**885,923**
Net loss for the period	–	(143,417)	(143,417)
Unitholders' transactions			
Issue of new units for Distribution Reinvestment Plan[(2)]	351	–	351
Distribution to Unitholders	(6,173)	(23,029)	(29,202)
Decrease in net assets resulting from Unitholders' transactions	**(5,822)**	**(23,029)**	**(28,851)**
At 31 December 2023	**915,785**	**(202,130)**	**713,655**
At 1 January 2022	**955,481**	**35,603**	**991,084**
Net income for the period	–	57,184	57,184
Unitholders' transactions			
Issue of new units for Distribution Reinvestment Plan[(3)]	2,472	–	2,472
Manager's base fee paid/payable in Units	3,374	–	3,374
Distribution to Unitholders	(15,070)	(24,182)	(39,252)
Decrease in net assets resulting from Unitholders' transactions	**(9,224)**	**(24,182)**	**(33,406)**
At 30 June 2022	**946,257**	**68,605**	**1,014,862**
Net loss for the period	–	(84,101)	(84,101)
Unitholders' transactions			
Issue costs	182	–	182
Issue of new units for Distribution Reinvestment Plan[(4)]	1,311	–	1,311
Manager's base fee paid/payable in Units	2,924	–	2,924
Distribution to Unitholders	(17,871)	(23,514)	(41,385)
Decrease in net assets resulting from Unitholders' transactions	**(13,454)**	**(23,514)**	**(36,968)**
At 31 December 2022	**932,803**	**(39,010)**	**893,793**

(1) 897,509 new Units were issued on 31 March 2023 at the issue price of US$0.444 per Unit for the period from 1 July 2022 to 31 December 2022.

(2) 2,177,168 new Units were issued on 28 September 2023 at the issue price of US$0.161 per Unit for the period from 1 January 2023 to 30 June 2023.

(3) 3,255,625 new Units were issued on 31 March 2022 at the issue price of US$0.759 per Unit for the period from 6 July 2021 to 31 December 2021.

(4) 1,975,982 new Units were issued on 22 August 2022 at the issue price of US$0.664 per Unit for the period from 1 January 2022 to 30 June 2022.

Prime US REIT and its subsidiaries

Condensed Statements of Changes in Unitholders' Funds
For the six months and full year ended 31 December 2023

	Attributable to Unitholders		
	Units in issue and to be issued US$'000	**Retained earnings US$'000**	**Total US$'000**
Trust			
At 1 January 2023	**932,803**	**(39,545)**	**893,258**
Net income for the period	–	22,937	22,937
Unitholders' transactions			
Issue of new units for Distribution Reinvestment Plan[(1)]	398	–	398
Distribution to Unitholders	(11,594)	(24,254)	(35,848)
Decrease in net assets resulting from Unitholders' transactions	**(11,196)**	**(24,254)**	**(35,450)**
At 30 June 2023	**921,607**	**(40,862)**	**880,745**
Net loss for the period	–	(139,110)	(139,110)
Unitholders' transactions			
Issue of new units for Distribution Reinvestment Plan[(2)]	351	–	351
Distribution to Unitholders	(6,173)	(23,029)	(29,202)
Decrease in net assets resulting from Unitholders' transactions	**(5,822)**	**(23,029)**	**(28,851)**
At 31 December 2023	**915,785**	**(203,001)**	**712,784**
At 1 January 2022	**955,481**	**6,793**	**962,274**
Net income for the period	–	22,430	22,430
Unitholders' transactions			
Issue of new units for Distribution Reinvestment Plan[(3)]	2,472	–	2,472
Manager's base fee paid/payable in Units	3,374	–	3,374
Distribution to Unitholders	(15,070)	(24,182)	(39,252)
Decrease in net assets resulting from Unitholders' transactions	**(9,224)**	**(24,182)**	**(33,406)**
At 30 June 2022	**946,257**	**5,041**	**951,298**
Net loss for the period	–	(21,072)	(21,072)
Unitholders' transactions			
Issue costs	182	–	182
Issue of new units for Distribution Reinvestment Plan[(4)]	1,311	–	1,311
Manager's base fee paid/payable in Units	2,924	–	2,924
Distribution to Unitholders	(17,871)	(23,514)	(41,385)
Decrease in net assets resulting from Unitholders' transactions	**(13,454)**	**(23,514)**	**(36,968)**
At 31 December 2022	**932,803**	**(39,545)**	**893,258**

(1) 897,509 new Units were issued on 31 March 2023 at the issue price of US$0.444 per Unit for the period from 1 July 2022 to 31 December 2022.

(2) 2,177,168 new Units were issued on 28 September 2023 at the issue price of US$0.161 per Unit for the period from 1 January 2023 to 30 June 2023.

(3) 3,255,625 new Units were issued on 31 March 2022 at the issue price of US$0.759 per Unit for the period from 6 July 2021 to 31 December 2021.

(4) 1,975,982 new Units were issued on 22 August 2022 at the issue price of US$0.664 per Unit for the period from 1 January 2022 to 30 June 2022.

The accompanying notes form an integral part of the condensed consolidated financial statements.

Prime US REIT and its subsidiaries

Condensed Consolidated Statement of Cash Flows
For the six months and full year ended 31 December 2023

	Group			
	2H 2023	**2H 2022**	**FY 2023**	**FY 2022**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Operating activities				
Net loss before tax	(143,406)	(102,440)	(115,792)	(40,807)
Adjustments for:				
Property related non-cash items	631	(830)	(200)	(2,139)
Manager's fee paid/payable in Units	–	2,924	–	6,298
Impairment loss/(reversal of impairment loss) on trade receivables	38	412	(84)	573
Net change in fair value of derivatives	9,950	(10,842)	11,534	(37,282)
Foreign exchange (gains)/losses	(7)	(6)	(8)	28
Finance expenses	14,473	11,509	28,104	21,613
Finance income	(60)	(13)	(91)	(14)
Net fair value change in investment properties	161,206	143,732	161,206	143,732
	42,825	44,446	84,669	92,002
Changes in working capital:				
Trade and other receivables	(678)	85	132	(380)
Prepaid expenses	810	226	(261)	20
Amounts due from related parties	–	11	–	–
Trade and other payables	(1,620)	(1,724)	(440)	146
Amounts due to related parties	643	(6)	655	–
Rental security deposits	188	49	332	(18)
Rent received in advance	(45)	520	579	(2,552)
Cash flow from operations	**42,123**	**43,607**	**85,666**	**89,218**
Taxes paid	–	–	(39)	(39)
Net cash generated from operating activities	**42,123**	**43,607**	**85,627**	**89,179**
Cash flows from investing activities				
Settlement of liabilities in relation to the acquisition of investment properties	–	(5)	–	(630)
Payment for capital expenditure relating to investment properties	(15,869)	(20,901)	(24,429)	(29,489)
Interest received	60	13	91	14
Net cash used in investing activities	**(15,809)**	**(20,893)**	**(24,338)**	**(30,105)**

Prime US REIT and its subsidiaries

Condensed Consolidated Statement of Cash Flows
For the six months and full year ended 31 December 2023

	Group			
	2H 2023 US$'000	**2H 2022 US$'000**	**FY 2023 US$'000**	**FY 2022 US$'000**
Cash flows from financing activities				
Distribution to Unitholders	(28,851)	(40,073)	(64,301)	(76,852)
Dividends on preferred shares	(8)	(8)	(16)	(16)
Proceeds from loans and borrowings	69,000	65,000	150,000	121,500
Payment of transaction costs related to loans and borrowings	(464)	(225)	(464)	(225)
Repayment of loans and borrowings	(56,200)	(38,500)	(120,200)	(86,500)
Interest paid on loans and borrowings	(13,544)	(10,282)	(26,141)	(19,245)
Net cash used in financing activities	**(30,067)**	**(24,088)**	**(61,122)**	**(61,338)**
Net (decrease)/increase in cash and cash equivalents	**(3,753)**	**(1,374)**	**167**	**(2,264)**
Cash and cash equivalents at the beginning of the period	15,502	12,949	11,581	13,873
Effect of exchange rate fluctuations on cash held in foreign currency	7	6	8	(28)
Cash and cash equivalents at end of the period	**11,756**	**11,581**	**11,756**	**11,581**

The accompanying notes form an integral part of the condensed consolidated financial statements.

Prime US REIT and its subsidiaries

Consolidated Portfolio Statement
As at 31 December 2023

Description of property	Location	Tenure of land	Fair value 2023 US$'000	Percentage of total net assets 2023 %	Fair value 2022 US$'000	Percentage of total net assets 2022 %
101 South Hanley	St. Louis	Freehold	67,100	9.4	71,200	8.0
171 17th Street	Atlanta	Freehold	171,250	24.0	190,400	21.3
222 Main	Salt Lake City	Freehold	183,000	25.6	206,300	23.1
CrossPoint	Philadelphia	Freehold	92,700	13.0	101,600	11.4
One Town Center	Boca Raton	Freehold	84,800	11.9	90,300	10.1
One Washingtonian Center	Washington D.C. Area (Suburban Maryland)	Freehold	53,500	7.5	83,600	9.4
Park Tower	Sacramento	Freehold	143,000	20.0	146,800	16.4
Promenade I & II	San Antonio	Freehold	66,900	9.4	71,800	8.0
Reston Square	Washington D.C. Area (Suburban Virginia)	Freehold	24,700	3.5	30,100	3.4
Sorrento Towers	San Diego	Freehold	125,000	17.5	148,500	16.6
Tower I at Emeryville	San Francisco Bay Area (Oakland)	Freehold	104,300	14.6	111,100	12.4
Tower 909	Dallas	Freehold	74,800	10.5	76,000	8.5
Village Center Station I	Denver	Freehold	71,000	10.0	71,200	8.0
Village Center Station II	Denver	Freehold	145,900	20.4	143,300	16.0
Total investment properties			1,407,950	197.3	1,542,200	172.6
Other assets and liabilities (net)			(694,295)	(97.3)	(648,407)	(72.6)
Net assets			**713,655**	**100.0**	**893,793**	**100.0**

The accompanying notes form an integral part of the condensed consolidated financial statements.

1. General

Prime US REIT (the "Trust") is a Singapore real estate investment trust constituted pursuant to the trust deed (the "Trust Deed") dated 7 September 2018 (as amended and restated) between Prime US REIT Management Pte. Ltd. (the "Manager") and DBS Trustee Limited (the "Trustee"). The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries in trust for the Unitholders of the Trust. The Trust and its subsidiaries are collectively referred to as the "Group".

KBS Asia Partners Pte. Ltd. is the sponsor (the "Sponsor") of the Trust.

The Trust was inactive from the date of its constitution to 19 July 2019 (the "Listing Date"). The Trust was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 July 2019.

The registered office and principal place of business of the Manager is located at 1 Raffles Place, #40-01 One Raffles Place, Singapore 048616.

The principal activity of the Trust is investment holding. The principal activities of the Trust's subsidiaries are to own and invest, directly or indirectly, in a portfolio of income-producing office real estate in major markets in the United States, as well as real estate-related assets. The Group's key objectives are to provide regular and stable distribution and strong total returns for Unitholders.

2. Basis of preparation

2.1 Statement of compliance

The condensed financial statements for the six months and full year ended 31 December 2023 have been prepared in accordance with IAS 34 – *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB"), and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with International Financial Reporting Standards ("IFRS"), except for the adoption of new and amended standards as set out in Note 2.4 which are not expected to have a material impact on the financial statements.

The condensed financial statements are presented in United States dollars ("US$"), which is the functional currency of the Trust. All financial information presented in United States dollars has been rounded to the nearest thousand (US$'000), unless otherwise stated.

2. Basis of preparation (cont'd)

2.2 Going concern assumption

As at 31 December 2023, the Group's current liabilities exceeded its current assets by US$487.6 million which comprised mainly loans and borrowings of US$478.4 million drawn from the Group's US$600 million credit facilities which are maturing in July 2024.

The Group is in the process of negotiating with its lenders in relation to the refinancing of the loans. The process will require time to complete and may extend beyond the date of the audited financial statements before a firm refinancing commitment from the lender is obtained.

Notwithstanding the above, the financial statements have been prepared on a going concern basis as the Group believes that the refinancing of the loan facilities will be completed ahead of its maturity in July 2024 and hence, the Group is expected to continue meet its financial obligations as and when they fall due in the next twelve months.

2.3 Significant accounting judgements and estimates

The preparation of the Group's condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods affected.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Judgements made in applying accounting policies

There are no critical judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the condensed consolidated financial statements.

Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the end of the reporting period are described as follows:

Valuation of investment properties
The Group carries its investment properties at fair value with changes in fair values being recognised in profit or loss. The fair values of investment properties are determined based on assumptions and estimates on parameters including inputs from independent real estate valuation experts where available using recognised valuation techniques. These techniques include the Discounted Cash Flow Method, Income Capitalisation Method and Direct Comparison Method. The key assumptions used to determine the fair value of these investment properties are provided in Note 5.

2. Basis of preparation (cont'd)

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

2.4 New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period. The adoption of those standards does not have any material impact on the Group's financial statements.

New standards issued but not yet effective
The Group has not adopted the following standard which is applicable to the Group that has been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to IAS 17: *Lease Liability in a Sale and Leaseback*	1 January 2024

The adoption of the standard above will have no material impact on the financial statements in the year of initial application.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. The Group's investment properties are primarily commercial office properties and are located in the United States. Therefore, the directors consider that the Group operates within a single business segment and within a single geographical segment in the United States. Accordingly, no segment information has been presented in the condensed consolidated financial statements.

5. Investment properties

	Group	
	2023	2022
	US$'000	US$'000
Condensed Statement of Financial Position		
As at 1 January	1,542,200	1,653,000
Capital expenditure (including leasing commissions and incentives)[(1)] and straight line rent capitalised	23,731	29,087
Fair value changes in investment properties	(157,981)	(139,887)
As at 31 December	1,407,950	1,542,200
Condensed Consolidated Statement of Comprehensive Income		
Fair value changes in investment properties	(157,981)	(139,887)
Net effect of straight-lining	(3,225)	(3,845)
Net fair value change recognised in the Statement of Comprehensive Income	(161,206)	(143,732)

(1) Includes net lease commissions of US$4,002,000 (2022: US$5,345,000) and lease incentives amortisation of US$909,000 (2022: US$2,407,000)

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2023. The valuations were performed by Cushman & Wakefield and Kroll, LLC (2022: JLL Valuation & Advisory Services, LLC), independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued.

The following table shows the Group's valuation techniques used in measuring the fair value of investment properties, as well as the key unobservable inputs used as at 31 December 2023:

Valuation technique	Key unobservable inputs	Inter–relationship between key unobservable inputs and fair value measurements
Discounted cash flow method	• Discount rate of 7.75% to 9.75% (2022: 7.00% to 9.00%) • Terminal capitalisation rate of 6.25% to 8.50% (2022: 6.25% to 8.50%)	Higher discount rate would result in a lower fair value, while lower rate would result in a higher fair value.
Income capitalisation method	• Capitalisation rate of 6.50% to 8.25% (2022: 5.75% to 8.25%)	Higher capitalisation rate would result in a lower fair value, while lower rate would result in a higher fair value.
Direct comparison method	• Price per square foot of US$160 to US$485 (2022: US$189 to US$500)	Higher price per square foot would result in a higher fair value, while lower rate would result in a lower fair value.

5. Investment properties (cont'd)

The Group carries its investment properties at fair value with changes in fair value being recognised in profit or loss, determined annually by independent professional valuers based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The independent professional valuers have considered valuation techniques including direct comparison method, capitalisation approach and discounted cash flows in arriving at the open market value as at the reporting date. These valuation methods involve certain estimates. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The fair value of the Group's investment properties is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy based on the inputs to the valuation techniques used.

Property pledged as security

Three investment properties with carrying value of US$392,800,000 (2022: US$445,100,000) are mortgaged to secure loans (Note 6).

5. Investment properties (cont'd)

Fair value of investment properties held by the Group:

Property	Description and Location	Tenure	2023 US$'000	2022 US$'000
101 South Hanley	19-storey Class A office building located in St. Louis, Missouri	Freehold	67,100	71,200
171 17th Street	21-storey Class A office building located in Atlanta, Georgia	Freehold	171,250	190,400
222 Main	21-storey Class A office building located in Salt Lake City, Utah	Freehold	183,000	206,300
CrossPoint	4-storey Class A office building located in Wayne, Pennsylvania	Freehold	92,700	101,600
One Town Center	10-storey Class A office building located in Boca Raton, Florida.	Freehold	84,800	90,300
One Washingtonian Center	14-storey Class A office building located in Gaithersburg, Maryland	Freehold	53,500	83,600
Park Tower	24-storey Class A office building located in Sacramento, California.	Freehold	143,000	146,800
Promenade I & II	Two 4-storey Class A office buildings located in San Antonio, Texas	Freehold	66,900	71,800
Reston Square	7-storey Class A office building located in Reston, Virginia	Freehold	24,700	30,100
Sorrento Towers	7-storey Class A office building located in San Diego, California.	Freehold	125,000	148,500
Tower 909	19-storey Class A office building located in Irving, Texas	Freehold	74,800	76,000
Tower I at Emeryville	12-storey Class A office building located in Emeryville, California	Freehold	104,300	111,100
Village Center Station I	9-storey Class A office building located in Greenwood Village, Colorado	Freehold	71,000	71,200
Village Center Station II	12-storey Class A office building located in Greenwood Village, Colorado	Freehold	145,900	143,300
			1,407,950	1,542,200

6. Loans and borrowings

	Nominal interest rate % per annum	Maturity	Group 2023 US$'000	Group 2022 US$'000
Current				
Revolving credit facility[1] [2]	SOFR + 1.30%/1.40%	July 2024	78,800	–
Four-year term loan facility[2]	SOFR + 1.15%1.25%	July 2024	200,000	–
Five-year term loan facility[2]	SOFR + 1.15%/1.25%	July 2024	200,000	–
			478,800	–
Less: Unamortised transaction costs			(397)	–
Total current loans and borrowings			478,403	–
Non-current				
Revolving credit facility[1] [2]	SOFR + 1.30%/1.40%	July 2024	–	49,000
Four-year term loan facility[2]	SOFR + 1.15%/1.25%	July 2024	–	200,000
Five-year term loan facility[2]	SOFR + 1.15%/1.25%	July 2024	–	200,000
Three-year term loan facility[4]	SOFR + 1.65%	July 2024[3]	44,675	44,675
Three-year term loan facility[5]	SOFR + 1.65%	July 2024[3]	69,900	69,900
Ten-year term loan facility[6]	4.11%	August 2029	105,000	105,000
			219,575	668,575
Less: Unamortised transaction costs			(1,557)	(3,003)
Total non-current loans and borrowings			218,018	665,572
Total loans and borrowings			696,421	665,572

(1) The total amount available under this facility as of 31 December 2023 is US$200 million (2022: US$200 million).
(2) The borrower is Prime US-Lower Tier, LLC, which has pledged its equity interest in each of the property-owning entities.
(3) The facility has two one-year extension options. The Group has the discretion to roll over the facility upon meeting certain conditions. Management has assessed that they are able to meet these conditions and plans to exercise its first extension option upon its maturity in July 2024. Accordingly, the Group continues to disclose the amount as non-current liability.
(4) The borrower is Prime US-One Town Center, LLC, and the facility is secured by the One Town Center property.
(5) The borrower is Prime US-Sorrento Towers, LLC, and the facility is secured by the Sorrento Towers property.
(6) The borrower is Prime US-222 Main, LLC, and the facility is secured by the 222 Main property.

As at 31 December 2023, the Group had total gross loans and borrowings of US$698.4 million (2022: US$668.6 million) and US$166.2 million (2022: US$196.0 million) unutilised under the revolving credit facilities to meet its future obligations.

6. Loans and borrowings (cont'd)

The interest rates on an aggregate of US$330 million of the four-year and five-year term loans have been hedged using floating-for-fixed interest rate swaps and the ten-year term loan has a fixed interest rate. Furthermore, term loans aggregating US$114.6 million have been hedged using floating for fixed interest rate swaps to cover the aggregate outstanding amounts under the One Town Center and Sorrento Towers term loan facilities.

The weighted average interest rate (including amortisation of upfront debt-related transaction costs and commitment fees) on loans and borrowings from 1 January 2023 to 31 December 2023 was 4.0% (2022: 3.3%) per annum (taking into account the interest rate swaps).

Aggregate leverage, as defined in the Property Funds Appendix, as at 31 December 2023 was 48.4% (2022: 42.1%). Interest coverage ratio for the year ended 31 December 2023 was 3.1 times (2022: 4.1 times).

IBOR reform
During the year, the Group's floating interest rate borrowings that were previously at LIBOR, were replaced by the Secured Overnight Financing Rate ("SOFR") plus a SOFR adjustment of 10 basis points, and the Group's interest rate swaps that were previously at LIBOR, were replaced by SOFR with no adjustment. The following table contains details of all the financial instruments that the Group holds that are affected by IBOR reform:

	Group	
	Borrowings US$'000	**Derivatives (Notional amount) US$'000**
Transited to SOFR effective 1 March 2023	478,800	330,000
Transited to SOFR effective 1 June 2023	114,575	114,575
Gross carrying amount as at 31 December 2023	593,375	444,575

The transition of the financial instruments from LIBOR to SOFR had no material effect on the amounts reported in the financial statements.

7. Units in issue and to be issued

	Group and Trust			
	2023		2022	
	No. of Units ’000	US$’000	No. of Units ’000	US$’000
Units in issue				
As at 1 January	1,183,035	931,448	1,168,192	953,836
Issue of new Units:				
- Units issued pursuant to Distribution Reinvestment Plan	3,075	749	5,232	3,783
- Management base fees paid in Units	3,217	1,355	9,611	6,588
- Issue costs	–	–	–	182
- Distribution to Unitholders	–	(17,767)	–	(32,941)
As at 31 December	1,189,327	915,785	1,183,035	931,448
Units to be issued				
Management fee payable in Units	–	–	3,217	1,355
Total Units in issue and to be issued as at end of year	**1,189,327**	**915,785**	**1,186,252**	**932,803**

The Trust does not hold any Units in treasury as at 31 December 2023 and 31 December 2022. There are no sales, transfers disposals, cancellation and/or use of treasury Units.

The Trust’s subsidiaries do not hold any Units in the Trust as at 31 December 2023 and 31 December 2022.

<u>Base fee</u>

Pursuant to the Trust Deed, the Manager is entitled to a base fee at the rate of 10.0% per annum of the Trust’s annual distributable income (calculated before accounting for the base fee and performance fee, if any). The base fee is payable in the form of cash and/or Units as the Manager may elect, in such proportions as may be determined by the Manager.

The Manager has elected to receive 100.0% (2022: 20.0%) of its base fee in the form of cash for the year ended 31 December 2023.

<u>Performance fee</u>

Pursuant to the Trust Deed, the Manager is entitled to a performance fee equal to the rate of 25.0% of the difference in Distribution Per Unit (“DPU”) in a financial year with the DPU in the preceding financial year (calculated before accounting for performance fee but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. The performance fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year where the performance fee is payable may be less than the DPU in any preceding financial year.

The performance fee is payable in the form of cash and/or Units as the Manager may elect, in such proportions as may be determined by the Manager.

The Group did not incur any performance fee for the years ended 2023 and 2022.

8. Net asset value per Unit

	Group		Trust	
	2023	**2022**	**2023**	**2022**
Net asset value per Unit (US$)	0.60	0.75	0.60	0.75
Net asset value per Unit is based on:				
- Net assets (US$'000)	713,655	893,793	712,784	893,258
- Total Units in issue and to be issued at year end ('000)	1,189,327	1,186,252	1,189,327	1,186,252

9. Gross revenue

	Group			
	2H 2023	**2H 2022**	**FY 2023**	**FY 2022**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Rental income	61,743	62,858	123,423	127,707
Recoveries income	13,460	13,960	26,662	26,797
Other operating income	5,133	4,390	9,718	8,508
	80,336	**81,208**	**159,803**	**163,012**

Recoveries income includes, amongst others, charges to tenants for recovery of certain operating costs and real estate taxes and is estimated in accordance with the individual tenant leases.

Other operating income includes parking income and lease termination income, where applicable.

10. Property operating expenses

	Group			
	2H 2023	**2H 2022**	**FY 2023**	**FY 2022**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Utilities	4,775	4,772	9,074	8,689
Repair and maintenance expenses	4,337	3,942	8,235	7,704
Property management fees	3,279	3,496	6,365	6,476
Property taxes	11,080	11,888	22,694	23,687
Other property operating expenses	10,473	9,996	19,876	18,522
	33,944	**34,094**	**66,244**	**65,078**

Other property operating expenses comprise mainly of janitorial, security, insurance, and landscaping costs.

11. Finance expenses

	Group			
	2H 2023 US$'000	**2H 2022 US$'000**	**FY 2023 US$'000**	**FY 2022 US$'000**
Interest expense on loans and borrowings	13,562	10,526	26,222	19,428
Amortisation of upfront debt-related transaction costs	742	811	1,513	1,824
Commitment fees	161	164	343	335
Dividends on preferred shares	8	8	26	26
	14,473	**11,509**	**28,104**	**21,613**

Upfront debt-related transaction costs are amortised over the tenure of the borrowings.

12. Other trust expenses

Included in other trust expenses are the following:

	Group			
	2H 2023 US$'000	**2H 2022 US$'000**	**FY 2023 US$'000**	**FY 2022 US$'000**
Audit fees and non audit fees paid/payable to auditors of the Group	318	158	608	602
Tax compliance fees	187	63	384	351
Valuation fees	84	140	145	140
Other expenses	361	1,044	835	1,519
	950	**1,405**	**1,972**	**2,612**

Other expenses include legal fees, investor relations and miscellaneous expenses. In 2022, other expenses included a one-off expense of $339,000 incurred on aborted deals and legal costs of $257,000 in relation to refinancing arrangements put on hold.

13. Tax expense/(credit)

The Group calculates tax expense/(credit) for the period using the tax rate that would be applicable to the expected total annual earnings. The major components of tax expense/(credit) in the condensed consolidated statement of comprehensive income are:

	Group			
	2H 2023	**2H 2022**	**FY 2023**	**FY 2022**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Current tax expense				
Income tax expense	11	6	45	39
Deferred tax expense				
Movement in temporary differences	–	(18,345)	–	(13,929)
	11	(18,339)	45	(13,890)

14. Consolidated Earnings per Unit ("EPU") and Distribution per Unit ("DPU")

	Group			
	2H 2023	**2H 2022**	**FY 2023**	**FY 2022**
<u>EPU</u>				
Net loss for the period (US$'000)	(143,417)	(84,101)	(115,837)	(26,917)
Weighted average number of Units in issue and to be issued ('000)	1,307,101	1,178,810	1,304,861	1,175,258
Basic and diluted EPU (US cents)[1]	**(10.97)**	**(7.13)**	**(8.88)**	**(2.29)**
<u>DPU</u>				
Income available for distribution to Unitholders (US$'000)	28,599	35,823	57,825	77,150
Distribution to Unitholders (US$'000)	2,973	35,848	32,175	77,233
Number of Units in issue at the end of the period ('000)	1,189,327	1,183,035	1,189,327	1,183,035
DPU (US cents)	**0.25**	**3.03**	**2.71**	**6.55**

[1] Diluted EPU is equivalent to basic EPU as there were no dilutive instruments in issue during the period. Basic and diluted EPU have taken into account proposed issuance of new Units as disclosed in Note 18.

15. Significant related party transactions

In the normal course of its business, the Group carried out transactions with related parties on terms agreed between the parties. During the year, in addition to those disclosed elsewhere in the condensed consolidated financial statements, the following significant related party transactions took place at terms agreed between the parties:

	Group			
	2H 2023	**2H 2022**	**FY 2023**	**FY 2022**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Manager's base fees paid/payable	3,178	3,655	6,425	7,872
Reimbursement to the Manager	70	98	164	160
Reimbursement to related parties	79	88	127	94
Property audit fees paid/payable to a related party	80	165	160	165
Trustee fees paid/payable	101	108	201	208
Other fees paid/payable to Trustee	1	–	1	2

16. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

16. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group US$'000 Fair value measured at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
31 December 2023				
Assets measured at fair value – recurring				
Non-financial assets				
Investment properties				
- *Commercial*	–	–	1,407,950	1,407,950
Total non-financial assets	–	–	1,407,950	1,407,950
Financial assets				
Derivative assets				
- *Interest rate swaps*	–	18,419	–	18,419
Total financial assets	–	18,419	–	18,419
31 December 2022				
Assets measured at fair value – recurring				
Non-financial assets				
Investment properties				
- *Commercial*	–	–	1,542,200	1,542,200
Total non-financial assets	–	–	1,542,200	1,542,200
Financial assets				
Derivative assets				
- *Interest rate swaps*	–	29,954	–	29,954
Total financial assets	–	29,954	–	29,954

16. Fair value of assets and liabilities (cont'd)

(c) Classification and fair values

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2023 and 31 December 2022:

	Carrying amount			
Group	**Financial assets at amortised cost US$'000**	**Financial liabilities carried at amortised cost US$'000**	**Economic hedging instruments at fair value through profit or loss US$'000**	**Total carrying amount US$'000**
31 December 2023				
Financial assets not measured at fair value				
Cash and cash equivalents	11,756	–	–	11,756
Trade and other receivables[(1)]	4,160	–	–	4,160
	15,916	–	–	15,916
Financial assets measured at fair value				
Derivative assets	–	–	18,419	18,419
	–	–	18,419	18,419
Financial liabilities not measured at fair value				
Trade and other payables	–	20,904	–	20,904
Amounts due to related parties	–	1,016	–	1,016
Rental security deposits	–	4,633	–	4,633
Loans and borrowings	–	696,421	–	696,421
Preferred shares	–	125	–	125
	–	723,099	–	723,099

(1) Excludes GST Receivables

16. Fair value of assets and liabilities (cont'd)

(c) Classification and fair values (cont'd)

Group	Carrying amount			
	Financial assets at amortised cost US$'000	**Financial liabilities carried at amortised cost US$'000**	**Economic hedging instruments at fair value through profit or loss US$'000**	**Total carrying amount US$'000**
31 December 2022				
Financial assets not measured at fair value				
Cash and cash equivalents	11,581	–	–	11,581
Trade and other receivables[(1)]	3,756	–	–	3,756
	15,337	–	–	15,337
Financial assets measured at fair value				
Derivative assets	–	–	29,954	29,954
	–	–	29,954	29,954
Financial liabilities not measured at fair value				
Trade and other payables	–	18,126	–	18,126
Amounts due to related parties	–	361	–	361
Rental security deposits	–	4,302	–	4,302
Loans and borrowings	–	665,572	–	665,572
Preferred shares	–	125	–	125
	–	688,486	–	688,486

(1) Excludes GST Receivables

16. Fair value of assets and liabilities (cont'd)

(c) Classification and fair values (cont'd)

	Carrying amount		
Trust	**Financial assets at amortised cost US$'000**	**Financial liabilities carried at amortised cost US$'000**	**Total carrying amount US$'000**
31 December 2023			
Financial assets not measured at fair value			
Cash and cash equivalents	3,627	–	3,627
	3,627	–	3,627
Financial liabilities not measured at fair value			
Trade and other payables	–	851	851
Amounts due to related parties	–	1,016	1,016
	–	1,867	1,867
31 December 2022			
Financial assets not measured at fair value			
Cash and cash equivalents	2,127	–	2,127
	2,127	–	2,127
Financial liabilities not measured at fair value			
Trade and other payables	–	904	904
Amounts due to related parties	–	361	361
	–	1,265	1,265

17. Financial ratios

	Group	
	2023	**2022**
	%	**%**
Ratio of expenses to weighted average net assets(1)		
- Including performance component of the Manager's management fees	0.99	1.07
- Excluding performance component of the Manager's management fees	0.99	1.07
Portfolio turnover rate(2)	–	–

(1) The annualised ratio is computed in accordance with guidelines of the Investment Management Association of Singapore ("IMAS"). The expenses used in the computation relate to expenses at the Group level, excluding property related expenses, finance expenses, net foreign exchange differences and income tax expense. The Group did not incur any performance fee for the years ended 31 December 2023 and 31 December 2022.

(2) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value in accordance with the formula stated in the CIS Code. There was no purchase or sale of properties during the years ended 31 December 2023 and 31 December 2022.

18. Subsequent events

Distribution

On 21 February 2024, the Manager announced a cumulative distribution per Unit of 0.25 US cents (comprising a tax-exempt income component of 0.20 US cents, and a capital component of 0.05 US cents) for the period from 1 July 2023 to 31 December 2023. This distribution will be paid later at a date to be determined.

Bonus issue

On 21 February 2024, the Manager announced a bonus issue of new Units (collectively, "Bonus Units" and each, a "Bonus Unit") on the basis of 1 Bonus Unit to be credited as fully paid for every 10 existing Units held as at a date and time to be determined by the Manager for the purpose of determining the entitlements of Unitholders to the Bonus Units, fractional entitlements to be disregarded.

1. **Review**

The Condensed Consolidated Statements of Financial Position of Prime US REIT and its subsidiaries as at 31 December 2023 and the related Condensed Consolidated Statement of Comprehensive Income, Condensed Statements of Changes in Unitholders' Funds and Condensed Consolidated Statement of Cash Flows for the six-month period and full year ended and certain explanatory notes have not been audited or reviewed.

2. **Review of performance of the Group**

Review of 2H 2023 vs 2H 2022

Gross revenue of US$80.3 million for 2H 2023 decreased slightly from 2H 2022 by 1.1%, mainly due to lower straight-line rent and lease incentives, lower recoverable expenses on lower occupancy.

Property expenses of US$33.9 million for 2H 2023 were lower than 2H 2022 by 0.4%, mainly from lower property taxes but partially offset by higher other property operating expenses owing to higher return to office.

As a result, net property income of US$46.4 million for 2H 2023 was lower than 2H 2022 by 1.5%.

Other trust expenses of US$1.0 million for 2H 2023 was lower than 2H 2022 by 32.4%, mainly due to absence of dead deal costs incurred in 2H 2022 in relation to properties not acquired and legal costs in relation to refinancing arrangements put on hold. These were added back in 2H 2022 as distribution adjustments and did not impact distributable income.

Net fair value change in derivatives resulted in a loss of US$10.0 million in 2H 2023, as compared to a gain of US$10.8 million in 2H 2022. This pertains to non-cash mark to market on the fair value of the interest rate swaps for hedging. The decrease in fair value is mainly driven by market outlook on the interest rates.

Finance expenses of US$14.5 million for 2H 2023 was higher than 2H 2022 by 25.8%, largely due to higher interest rates on unhedged portion of borrowings and incremental drawdowns on revolving credit facilities to fund capital expenditures.

Net fair value loss in investment properties was US$161.2 million in 2H 2023. The Group obtains independent appraisals on an annual basis and according to the latest appraisals as at 31 December 2023, there was a net decrease in appraised fair value of the investment properties with the exception of Village Center Station II, where a fair value gain was recorded. The decrease was mainly attributed to One Washingtonian Center, Sorrento Towers, 222 Main and 171 17th Street and was mainly due to increase in capitalisation rates and/or discount rates used in the valuations.

2. **Review of performance of the Group (cont'd)**

Tax credit of US$18.3 million was recorded in prior year mainly due to the reversal of deferred tax liabilities as a result of the fair value loss on investment properties. Current tax expense mainly pertains to state taxes paid.

Due to the net effects of the above, the Group had a net loss of US$143.4 million for 2H 2023 which was higher than 2H 2022.

Overall, income available for distribution to Unitholders of US$28.6 million for 2H 2023 was lower than 2H 2022 by 20.2%, mainly due to higher finance expenses and the Manager electing to receive 100% of its base fee for 2023 in cash compared to 20% of its base fee in cash and 80% of its base fee in Units for 2022.

Review of FY 2023 vs FY 2022

Gross revenue of US$159.8 million for FY 2023 was 2.0% lower than FY 2022, mainly due to lower rental income on decline in occupancy.

Property expenses of US$66.2 million for FY 2023 were slightly higher than FY 2022 by 1.8%, mainly due to higher non-cash amortisation of leasing commissions and offset by lower property taxes.

As a result, net property income of US$93.6 million for FY 2023 was lower than FY 2022 by 4.5%.

Other trust expenses of US$2.0 million for FY 2023 was lower than FY 2022 by 24.5%, mainly due to absence of dead deal costs incurred in prior year in relation to properties not acquired and legal costs in relation to refinancing arrangements put on hold. These were added back in FY 2022 as distribution adjustments and did not impact distributable income.

Net fair value change in derivatives resulted in a loss of US$11.5 million in FY 2023, compared to a gain of US$37.3 million in FY 2022. This pertains to non-cash mark to market on the fair value of the interest rate swaps for hedging. The decrease in fair value is mainly driven by market outlook on the interest rates.

Finance expenses of US$28.1 million for FY 2023 was higher than FY 2022 by 30.0%, largely due to higher interest rates on unhedged portion of borrowings and incremental drawdowns on revolving credit facilities to fund capital expenditures.

2. **Review of performance of the Group (cont'd)**

Net fair value loss in investment properties was US$161.2 million in FY 2023. The Group obtains independent appraisals on an annual basis and according to the latest appraisals as at 31 December 2023, there was a net decrease in appraised fair value of the investment properties with the exception of Village Center Station II, where a fair value gain was recorded. The decrease was mainly attributed to One Washingtonian Center, Sorrento Towers, 222 Main and 171 17th Street and was mainly due to increase in capitalisation rates and/or discount rates used in the valuations.

Tax expense was US$0.05 million in FY 2023, compared to a tax credit of US$13.9 million in FY 2022. Tax credit was recorded in prior year mainly due to the reversal of deferred tax liabilities as a result of the fair value loss on investment properties. Current tax expense mainly pertains to state taxes paid.

Due to the net effects of the above, the Group had a net loss of US$115.8 million for FY 2023 compared to a net loss of US$26.9 million in FY 2022.

Overall, income available for distribution to Unitholders of US$57.8 million for FY 2023 was lower than FY 2022 by 25.0%, mainly due to higher finance expenses, lower net property income and the Manager electing to receive 100% of its base fee for 2023 in cash compared to 20% of its base fee in cash and 80% of its base fee in Units for 2022.

3. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The Manager has not disclosed any financial forecast for the current period.

4. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months**

U.S. real GDP grew 3.3%[1] in 4Q 2023 and 2.5% for the full year 2023. U.S. labor market remain healthy in January 2024, with unemployment rate at 3.7%[2]. U.S. reported an inflation rate of 3.1% YoY in January 2024, against its target rate of 2%. At the last FOMC meeting held in January 2024, the Fed kept the target fed rate at 5.25%-5.50%, unchanged for the fourth straight meeting, and added that a rate cut as soon as March 2024 was unlikely[3].

Demand for U.S. office space broadly strengthened in 4Q 2023 as reflected by an increase in active tenant requirements and leasing activity. Active tenant requirements rose for the 3rd consecutive quarter in 4Q 2023, up 6.6% QoQ and 20.4% YoY. Leasing activity was up 14.1% QoQ in 4Q 2023, with larger transactions returning to the market. Sublease additions declined steadily in 2023, and fell 18.1% QoQ in 4Q2023. As a result of slowing additions and acceleration of backfill activities, sublease vacancy declined for the first time since late 2021.[4]

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months (cont'd)

The pipeline of new supply has also continued to fall. Office groundbreakings fell to an over 20-year low in 4Q 2023. Deliveries have fallen from c.85 million sf four years ago to c.46 million sf in 2023, and are expected to decline to below c.10 million sf by 2026. Conversion activity of 18.8 million sf in 2023 reached record volume for the 3rd consecutive year, as major cities and federal government continue to introduce incentives to reinvigorate commercial districts and combat housing affordability concerns. U.S. office transaction activity remains low but may begin to see improvement amid expectations of interest rates having peaked.[4]

In 4Q 2023, PRIME executed 304k sf of leases, with a positive rental reversion of 9.6%. Leased occupancy was 85.4%, with a weighted average lease expiry (WALE) of 4.0 years as of 31 December 2023. This included renewals from 2 of PRIME's top 10 tenants, one of whom expanded their leased space concurrent to the renewal. While the recovery of the office sector has been uneven across markets, PRIME has seen good leasing momentum in several of its assets as reflected in more than a doubling of lease volumes QoQ (by number and lettable space), and are in the mix on sizable potential new leases in Sacramento, Maryland, Atlanta, Emeryville, St Louis, and St Antonio.

PRIME's 2023 year-end portfolio valuations were impacted by higher discount rates and capitalisation rates as a result of challenged market conditions for office, elevated interest rates, and a tight lending environment for the sector impacting transaction activities. Consequently, PRIME recorded an unrealised non-cash fair value decline on investment properties of 8.7% YoY, resulting in an aggregate leverage 48.4%.

Amidst a cautiously stabilising external environment, the Manager remains proactive and prudent in its leasing, asset management, and capital management strategies to maximise long-term returns to Unitholders.

The Manager is working on deleveraging strategies to pare down borrowings, strengthen its balance sheet, increase liquidity and create larger buffers to the MAS gearing thresholds, and to conclude refinancing discussions with lenders. Capital preservation is a key component to this effort.

With these objectives in mind, the Manager has made the decision to announce a distribution of 0.25 US cents, equating to approximately 10% of the distributable income for 2H 2023, in order to balance our objectives to preserve a substantial proportion of distributable income to meet PRIME's capex needs and provide creditors with the assurance that PRIME will reinvest cash flows in the business alongside its lenders. At the same time, PRIME understands the importance of regular distributions to Unitholders. In addition to the cash distribution, PRIME will be issuing new Units to Unitholders on the basis of 1 new Unit for every 10 existing Units held as at a date and time to be determined by the Manager for the purpose of determining the entitlements of Unitholders to the new Units, fractional entitlements to be disregarded. These new Units issued as fully paid at nil consideration reflect a token of acknowledgement for Unitholders' support in strengthening PRIME's capital position.

Going forward, the Manager will evaluate PRIME's distribution policy dynamically, factoring in macro, regulatory and REIT-specific developments.

[1] U.S. Bureau of Economic Analysis Advance Estimate Q4 2023

[2] U.S. Bureau of Labor Statistics January 2024

[3] Bloomberg (1 February 2023): Powell Says Fed Rate Cut in March Is Unlikely

[4] JLL Research Office Outlook Q4 2023

5. Distributions

(a) Current Financial Period

Any distribution recommended for the current financial period? Yes

(i) 9th distribution of 0.25 US cents for the period from 1 July 2023 to 31 December 2023

Distribution period	:	9th Distribution for the period from 1 July 2023 to 31 December 2023
Distribution type/rate	:	Distribution of 0.25 US cents per Unit comprising of: a. Tax-exempt income: 0.20 US cents per Unit b. Capital: 0.05 US cents per Unit
Tax rate	:	Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders. Capital distribution represents a return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of PRIME Units, the amount of capital distribution will be applied to reduce the cost base of PRIME Units for Singapore income tax purpose.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any distribution declared for the corresponding period of the immediately preceding financial year? Yes

(i) 7th distribution of 3.03 US cents for the period from 1 July 2022 to 31 December 2022

Distribution period	:	7th Distribution for the period from 1 July 2022 to 31 December 2022
Distribution type/rate	:	Distribution of 3.03 US cents per Unit comprising of: a. Tax-exempt income: US 2.05 cents per Unit b. Capital: 0.98 US cents per Unit
Tax rate	:	Capital distribution represents a return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of PRIME Units, the amount of capital distribution will be applied to reduce the cost base of PRIME Units for Singapore income tax purpose.

5. Distributions (cont'd)

(c) Book closure date

9th Distribution – To be determined

(d) Date paid/payable

9th Distribution – To be determined

6. Distribution Statement

Other than disclosed in item 5 above, no other distribution has been declared/recommended.

7. Segmental Information

Segment revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.

Not applicable. The Group operates within a single business segment and within a single geographical segment in the U.S.

8. Material changes in contribution by operating segments

In the review of the performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments.

Please refer to item 2 above for the review of performance.

9. General Mandate relating to Interested person transactions

The Group has not obtained a general mandate from Unitholders for Interested Person Transactions.

10. Breakdown of revenue

	2023 US$'000	2022 US$'000	Change %
First half year			
Gross Revenue	79,467	81,804	(2.9)
Net Property Income	47,167	50,820	(7.2)
Second Half Year			
Gross Revenue	80,336	81,208	(1.1)
Net Property Income	46,392	47,114	(1.5)

11. Breakdown of Annual Total Distribution

	FY 2023 US$'000	FY 2022 US$'000
6 July 2021 to 31 December 2021 (paid)	–	39,252
1 January 2022 to 30 June 2022 (paid)	–	41,385
1 July 2022 to 31 December 2022 (paid)	35,848	–
1 January 2023 to 30 June 2023 (paid)	29,202	–
1 July 2023 to 31 December 2023 (to be paid)	2,973	–
	68,023	80,637

12. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

13. Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule Pursuant to Rule 704(13) of the Listing Manual, the Manager confirms that there is no person occupying a managerial position in the Manager who is a relative of a director, chief executive officer, substantial shareholder of the Manager or substantial unitholder of PRIME.

On behalf of the Board
Prime US REIT Management Pte. Ltd.
(Company Registration Number: 201825461R)
As Manager of Prime US REIT

Professor Annie Koh	**John French**
Chairman	**Director**

21 February 2024

This announcement 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 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

By Order of the Board
Prime US REIT Management Pte. Ltd.
(Company Registration Number: 201825461R)
As Manager of Prime US REIT

Lun Chee Leong
Company Secretary
21 February 2024