

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.) (the “Manager”)

MINUTES OF ANNUAL GENERAL MEETING OF PRIME US REIT HELD AT MEETING ROOM 334 – 336, LEVEL 3, SUNTEC SINGAPORE CONVENTION & EXHIBITION CENTRE, 1 RAFFLES BOULEVARD, SINGAPORE 039593 ON THURSDAY, 25 APRIL 2024 AT 9.00AM (SINGAPORE TIME)

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
Mr. Kevin John Eric Adolphe – Independent Non-Executive Director and Chairperson of the Nominating and Remuneration Committee
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

In Attendance:

Mr. Rahul Rana – Chief Executive Officer (“CEO”)
Ms. Cindy Teo – Chief Financial Officer (“CFO”)
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

CHAIRPERSON : Professor Annie Koh

OPENING

Professor Annie Koh took the chair (the “**Chairperson**”) of the Annual General Meeting of PRIME (“**AGM**” or “**Meeting**”) and on behalf of the board of directors (the “**Directors**” or “**Board**”) and the management (the “**Management**”) team of the Manager, 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 of PRIME (“**Unitholders**”) attending the AGM was confirmed by the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., the Chairperson declared the AGM open at 9:00 a.m.

INTRODUCTION

The Chairperson introduced the Directors, members of the Management team, delegations from the Trustee of PRIME, PRIME’s Unit Registrar, members of PRIME’s external audit team from Messrs. Ernst and Young LLP, Company Secretary, and members of PRIME’s legal counsel team from Allen & Gledhill LLP.

PRESENTATION BY THE CEO TO UNITHOLDERS

The Chairperson invited the CEO of the Manager, Mr. Rahul Rana, to share a presentation on PRIME which sought to provide Unitholders with an overview of PRIME's operational and financial performance for the financial year ended 31 December 2023 ("**FY2023**").

The AGM presentation slides had been announced via SGXNet on 25 April 2024.

NOTICE OF AGM AND QUESTION AND ANSWER SESSION

The Notice of AGM dated 10 April 2024, convening the AGM, had been previously circulated to the Unitholders via SGXNet and was taken as read.

As stated in the Notice of AGM, Unitholders were informed to submit their questions in relation to the agenda of this AGM by 9.00 a.m. on Monday, 17 April 2024 (the "**Submission Deadline**"). In this regard, the Chairperson thanked Unitholders who submitted their questions in advance of the AGM by the Submission Deadline and informed the Meeting that:

- (i) The Manager had, on 20 April 2024, made an announcement via SGXNet and published on PRIME's corporate website, the responses to the relevant and substantial questions received from Unitholders by the Submission Deadline;
- (ii) For the avoidance of doubt, questions for which responses had been provided prior to the AGM will not be addressed again;
- (iii) However, questions and follow-up questions to the responses announced and published, respectively, on SGXNet and PRIME's corporate website by the Manager on 20 April 2024, would be addressed during the question-and-answer session (the "**Q&A Session**") in respect of the resolutions to be tabled for approval at this AGM. The Manager had not received any questions from Unitholders subsequent to the Submission Deadline.
- (iv) Unitholders may also ask substantial and relevant questions during the Q&A Session which are related to the resolutions to be tabled for approval at this AGM and the Manager will address all such questions received during the Q&A Session.

The Chairperson then invited the CEO of the Manager, along with the Management team, to lead the Q&A Session and address any substantial and relevant questions from Unitholders. The Chairperson introduced Mr. Nigel Nai ("**Mr. Nai**") from the Investor Relations team who moderated the Q&A Session. Mr. Nai invited Unitholders and proxies to, respectively, state their name or the name of the Unitholder whom he or she represents, before putting forward any questions to the Meeting. The following questions were asked by Unitholders, and they were addressed by the CEO and/or CFO:

- (i) Question 1: "The aggregate leverage of PRIME increased from c. 43% to c. 48% in FY2023 and the Manager was now planning to deleverage. Please explain the rationale behind this strategy."
 - The CEO commented that PRIME's leverage ratio was at 48.4% as at 31 December 2023. He explained that the Manager had been investing capital into PRIME's assets that could lead to a possibly higher valuation which in turn would, in effect, reduce the leverage ratio of PRIME. The CEO added that the Management team constantly monitored the various relevant regulatory thresholds and changes and noted that in this environment, the Manager would be playing defense with regards to PRIME's leverage ratio.
- (ii) Question 2: "I note that PRIME's leverage ratio increased from c. 43% to c. 48% and I presume that was partly due to a decline in PRIME's asset valuations. As a result, the Board of the Manager decided to withhold a portion of the distributable income. I would like to know what is the target leverage ratio which the Manager hopes to achieve for PRIME before deciding to reinstate a full distribution?"
 - The CEO responded that the Manager is on the path of delivering the deleveraging strategy.

There is no ideal exact leverage ratio because the market condition is dynamic. Nevertheless, the Manager does not want PRIME's leverage ratio to exceed 50% or be below 40%.

- (iii) Question 3: "Is it a good time to be monetizing assets given the poor asset valuations at present?"
- The CEO responded that this is dependent on sub-markets and noted that buyers keen to purchase an asset could be found if it was of the right size and the tenant profile of the building was suitable. The CEO added that the Manager has deep connections in the sub-markets PRIME is in and asset monetization would only be done if pricing makes sense from the valuation metric standpoint.
- (iv) Question 4: "Is a pricing that makes sense one which is above book value or above the price which PRIME acquired the property for? What is the Manager's definition of a pricing that makes sense?"
- The CEO responded that the asset valuations obtained for FY2023 was reflective of the value of the assets in current market. The Manager was evaluating and had not decided on asset monetization but when the time comes to make a decision, the price must be fair to both buyer and seller.
- (v) Question 5: "Is the proposed refinancing with United States ("U.S.") banks to be done with U.S. banks based in the U.S. or based here in Singapore?"
- The CEO responded that the refinancing was negotiated with U.S. banks based in the U.S. and this was a strategic decision made by the Manager.
- (vi) Question 6: "Are there differences in terms of refinancing with U.S. banks based in the U.S. versus here in Singapore? Are there differences in financing costs?"
- The CEO responded that in terms of the financing costs, it depends on what stage in the market one was in. At the stage of PRIME's initial public offering in 2019, office was an asset class many lenders would want to lend towards and there was no pricing gap. Now, PRIME is at a different stage and U.S. banks have a huge amount of liquidity and they have been selective in their borrowers and the quality of portfolio. In terms of Singapore banks, the Manager is unable to comment as the Manager has not worked with them. The CEO emphasized that it is also important to know the banking system and how the process works and having relationships and experience matters.
- (vii) Question 7: "Would your refinancing costs be significantly higher than your average cost of debt right now?"
- The CEO responded that credit spreads have widened, and given where interest rates are now, the Manager expects refinancing costs to be higher. However, PRIME has interest rate hedges in place of which some will fall off in July 2024 but c.60% will remain till 2026.
- (viii) Question 8: "Could you provide a range of the expected costs for this portion of refinancing due in July 2024?"
- The CEO responded that that such disclosure would be more appropriately made after the refinancing is signed, sealed, and delivered.
- (ix) Question 9: "Could you comment and share your thoughts as to why there has been a sudden surge in crime rates in gateway cities like San Francisco and the reason the relevant authorities have been unable to put a stop to the increase in crime rates?"
- The CEO responded that that each city in the U.S. is different. In some cities such as San Francisco, the laws may not be able to address certain offences as effectively. The CEO also noted that rising homelessness issue in San Francisco was challenging, and people were afraid to travel to their office due to safety concerns. The CEO added that solutions to resolve such issues, which include actions taken by the public sector and public-private partnerships, will take time to produce tangible results.

- (x) Question 10: "Is the fairly low office occupancy in the San Francisco area due to: (a) the high crime rates; (b) work-from-home policies; or (c) the high taxes in California in general which, as a result, force companies to move out of the area?"
- The CEO responded that that due to the high crime rate in downtown Oakland, PRIME's asset located in Emeryville (Tower I at Emeryville), which is a short drive away, benefitted by being able to attract good tenants who were looking to relocate from downtown Oakland to Emeryville as safety and satisfaction of their employees were important considerations for these tenants. The CEO added that the Manager has been working with its property managers and asset managers to bring food trucks to Tower I at Emeryville to supplement the dining options in the area.
- (xi) Question 11: "Would you say the issue of crime is the main driving factor for low occupancy rates in San Francisco?"
- The CEO responded that that crime was a big factor and return to office is another factor. The Emeryville office complex where Tower I is located has 3 buildings, with a police station nearby. To provide some statistics, the CEO mentioned that the office complex has seen c.1,000 cars parked per day pre-pandemic. The number reduced to c.100 cars during the pandemic and is now at c.400 cars. He noted that there was an upward trend and a slow but steady path towards recovery in terms of return to office.
- (xii) Question 12: "Is the return-to-office trend on the rise?"
- The CEO responded that this would depend on each employer and the type of industry they are in. Most employers were adopting a hybrid work model. The CEO added that the path to recovery is not easy and there is still work to do because tenants have choices but PRIME will try to attract tenants by: being a financially stable landlord; addressing tenants' needs; and creating a conducive environment where tenant employees feel happy to return to office.
- (xiii) Question 13: "The other two U.S. office S-REITs did something different, one recapitalized via equity fundraising while another completely stopped their distribution. Why did PRIME choose to pay 10% and do a bonus issue? Could you share the rationale and insight behind this decision?"
- The CFO responded that given the macro environment, the persistently high interest rate, and the decline in valuation, the Manager had to exercise prudence and conserve PRIME's capital. The CFO emphasized that the Management and Board of the Manager recognized that distributions were important to Unitholders. In this connection, the Manager had, in consultation with its legal advisor and the Trustee of PRIME, reached the conclusion that PRIME would be able to make a 10% payout for the second half of FY2023. In relation to the bonus issue, the CFO explained that it was a gesture of appreciation to Unitholders for staying with PRIME.
- (xiv) Question 14: "What is the Manager's rationale for choosing Kroll as one of the valuer for PRIME's properties? I ask this question because I noticed you have used Cushman as well and Kroll is not well-known in this part of the world but I am not sure about the U.S.."
- The CFO responded that Kroll is a very reputable valuer in the U.S.. In respect of the decision to use two valuers, the CFO explained that every two years, PRIME would need to change its valuer and the Manager did not want the entire portfolio to stick to just one valuer. The CFO highlighted that the valuers appointed were independent and qualified to perform the valuation of PRIME's assets.
- (xv) Question 15: "I would like to commend the Directors and Management for having this cash payout and bonus issue. The bonus issue seems like a scrip dividend. As such, why did the Manager not choose to characterize the bonus issue as a dividend payable in units so that it will satisfy towards the 90% payout?"
- The CFO responded that under the Trust Deed, the 90% payout must be in cash and not in the form of only scrip dividend without a cash option. Hence, PRIME paid a bonus issue to all Unitholders to recognize Unitholders' support.

(xvi) Question 16: “There are only four U.S. REITs listed in Singapore, and they are all trading at a price-to-book ratio of around 0.2 and at a dividend yield (based on the previous dividends declared before the cutback) of probably 50% to 60%, which is a bargain to me. Could the CEO give us a flavour of what the U.S. REITs are trading at in the U.S. itself?”

- The CEO responded that some of the U.S. REITs in the U.S. are trading at a discount to Net Asset Value (“NAV”) of between c.30% to 40% and that the U.S. REITs in Singapore are trading at a deeper discount. The CEO noted that PRIME’s NAV per unit is U.S. 55 cents, and the stock is currently trading at a unit price of U.S. 12 cents. The CEO acknowledged that there is work to do on PRIME’s portfolio occupancy but stated that on a long-term perspective, there is value.

(xvii) Question 17: “Can you give us a sense of the market in Singapore versus the U.S. market by comparing the price-to-book discount of PRIME compared to the U.S. market? Based on what was mentioned, the U.S. REITs are trading at 0.5 price-to-book ratio but the S-REITs have been trading at a price-to-book ratio of around 0.2.”

- The CEO responded that the U.S. REIT market is massive even within the office REIT space and hence the correct comparisons had to be made. The CEO observed that those U.S. office REITs which had exposure to gateway cities such as Boston, New York, Chicago, San Francisco and Los Angeles would have experienced greater decline whereas those REITs which had exposure to sub-markets where there had been high job growth and more people returning to work would be less affected.

(xviii) Question 18: “Would it make sense for PRIME to sell itself or privatize and let the U.S. REITs take it over because they are trading at a lesser discount to NAV?”

- The CEO responded that he is unable to comment on this question.

(xix) Question 19: “It was mentioned that people will be coming back to the office slowly but surely. How true is this statement because there had been talk in the media that working from home will be the new status quo, especially for young people who had become used to the freedom which working from home can provide. Can we expect the REIT’s unit price to go back to the pre-pandemic levels?”

- The CEO responded that there had been deep leasing conversations at PRIME’s assets and that the Manager was working hard to deliver results and bring some of the assets back to a path of stability. The CEO added that it would be difficult to answer the question on whether the REIT’s unit price would go back to the pre-pandemic levels as it was beyond the control of the Manager. He observed that there is a flip side to working from home such as loss in productivity and some employees do prefer to meet and socialize with colleagues.

(xx) Question 20: “Now that the payout is only at 10%, would there be a negative impact on PRIME’s tax status and on the distributions which Unitholders receive?”

- The CFO clarified if the question asked was whether the paying of less than 90% of the distributable income of the REIT would jeopardize PRIME’s REIT structure. The CFO responded that, from a Singapore tax perspective, PRIME does not have tax transparency because it does not own any Singapore properties and the requirement to distribute 90% of its income did not apply to PRIME. However, PRIME has a U.S. REIT status and such status requires PRIME to pay out at least 90% of its taxable income. The CFO explained that due to the tax depreciation of PRIME’s assets, its U.S. entities are currently in a tax loss position. Hence, the requirement to pay 90% of taxable income did not apply. The CFO affirmed that PRIME’s tax structure is still sound.

(xxi) Question 21: “On a scale of 1 to 10, how likely will PRIME be able to secure refinancing? If PRIME does not secure refinancing, what are your back-up plans?”

- The CEO highlighted his decades of work experience in the U.S. and the banking industry, in particular, his experience with large securitization vehicles and knowledge of the capital markets. From the conversations and workstreams taking place with lenders, the CEO was confident that PRIME would be able to secure refinancing. In relation to back-up plans and alternatives, the CEO noted that the securitization industry in the U.S. is massive with many types of product offerings. The CEO added that there are a number of private lender vehicles in the industry and he had deep relationships with some of the players running these platforms.

BUSINESS OF MEETING

The Chairperson proceeded with the formal business of the AGM.

The Chairperson informed the meeting that:

- (a) 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;
- (b) Unitholders who wished to appoint proxies to vote on their behalf were informed to submit to the Manager their proxy forms appointing their proxies to cast votes on their behalf by 9 a.m., 22 April 2024;
- (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; and
- (d) The validity of the proxy forms submitted by the Unitholders by the submission deadline of 9.00 a.m. on 22 April 2024 had been reviewed and the votes of all such valid proxies had been counted and verified by DrewCorp Services Pte Ltd, who had been appointed as scrutineers for the poll. Boardroom Corporate & Advisory Services Pte. Ltd. had been appointed as the polling agent.

All the resolutions and poll voting results were presented during the AGM.

Ordinary resolutions 1 to 3 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:

	Number of Units	%
Votes “For”	478,639,139	99.81
Votes “Against”	919,492	0.19
Total number of valid votes cast	479,558,631	100.0

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 2023 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:

	Number of Units	%
Votes "For"	478,540,427	99.77
Votes "Against"	1,106,204	0.23
Total number of valid votes cast	479,646,631	100.0

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:

	Number of Units	%
Votes "For"	403,200,770	90.31
Votes "Against"	43,264,361	9.69
Total number of valid votes cast	446,465,131	100.0

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.”

CONCLUSION

There being no other business, the Chairperson declared the AGM of PRIME closed at 10.24 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