PRIME US REIT

ANNUAL REPORT 2023

PRIME FOR

PROGRESS

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PRIME US REIT

Prime US REIT ("**PRIME**") was listed on the Main Board of the Singapore Exchange on 19 July 2019. It is a well-diversified real estate investment trust ("**REIT**") holding stable income-producing prime office assets in the United States ("**U.S.**"). PRIME offers investors direct exposure to a portfolio of 14 high-quality Class A freehold office properties strategically located in 13 key U.S. office markets. PRIME's portfolio has a total carrying value of US$1.41 billion as at 31 December 2023.

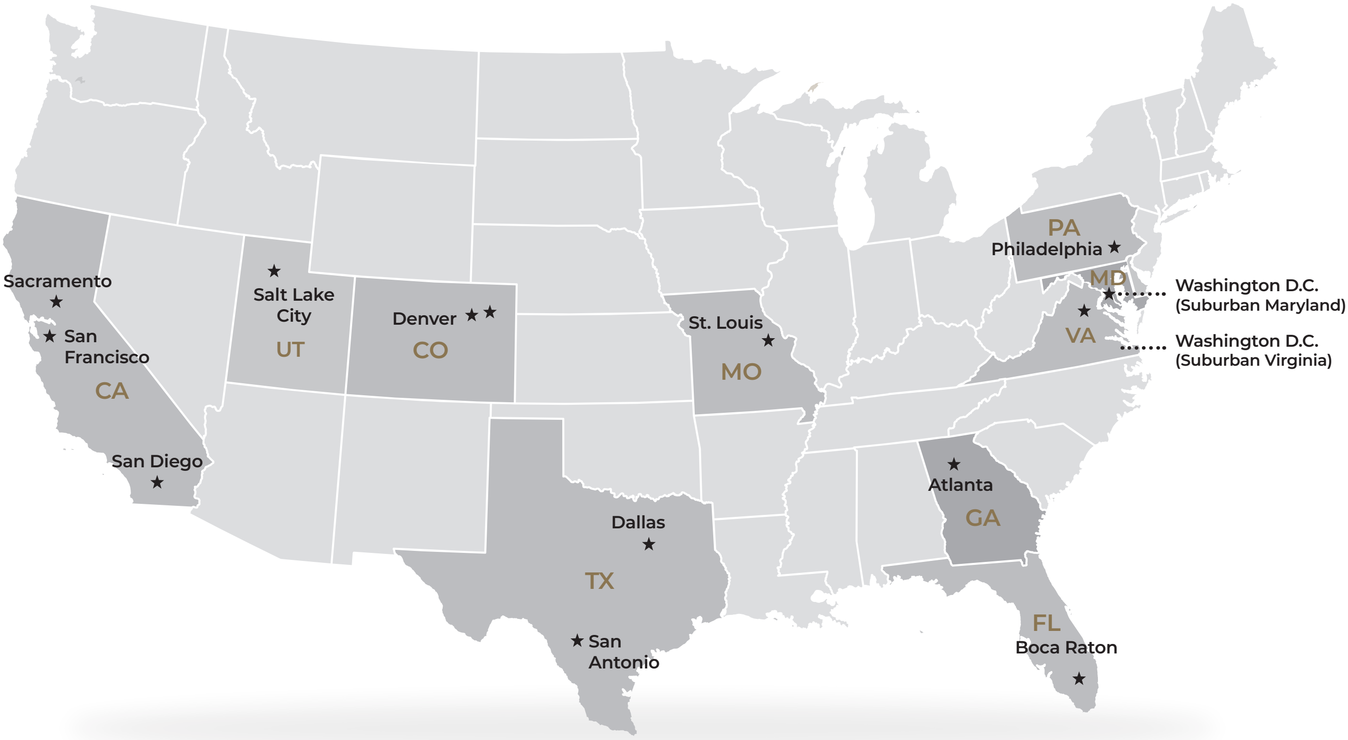
THE SPONSORS

The shareholders of KBS Asia Partners Pte. Ltd. ("**KAP**", Sponsor of PRIME) include founding members of KBS, a large operator of premier commercial real estate in the U.S. As a private equity real estate company and an SEC-registered investment adviser, KBS and its affiliates have generated more than US$40 billion worth of transactions on behalf of private and institutional investors since its inception in 1992.

THE MANAGER

PRIME is managed by Prime US REIT Management Pte. Ltd. (formerly known as KBS US Prime Property Management Pte. Ltd.) (the "**Manager**") which is jointly owned by KAP, Keppel Capital Two Pte. Ltd., a wholly-owned subsidiary of Keppel Capital Management Pte Ltd, Times Properties Private Limited, a wholly-owned subsidiary of Cuscaden Peak Investment Pte Ltd (formerly known as Singapore Press Holdings Limited), and Experion Holdings Pte. Ltd., a wholly-owned subsidiary of AT Holdings Pte. Ltd..

HIGH QUALITY PORTFOLIO OF PRIME OFFICE PROPERTIES DIVERSIFIED ACROSS KEY U.S. OFFICE MARKETS



DIVERSIFIED INCOME PROVIDES STABILITY

Geographical Diversification

Cash Rental Income ("CRI") by Primary Market

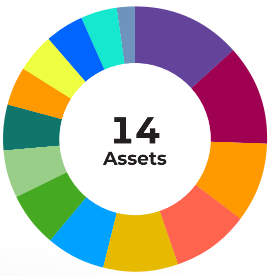
No single market contributing more than 12.9% of CRI

Salt Lake City	12.9%
Atlanta	11.1%
Denver	9.6%
Sacramento	8.8%
San Diego	8.7%
St. Louis	7.8%
Boca Raton	7.6%
Dallas	7.4%
Suburban Maryland	7.0%
Philadelphia	6.3%
San Antonio	5.7%
San Francisco, Emeryville	5.1%
Suburban Virginia	2.0%

Asset Diversification

Asset by Carrying value

No single asset contributing more than 13.0% of Valuation



222 Main	13.0%
171 17th Street	12.2%
Village Center Station II	10.4%
Park Tower	10.2%
Sorrento Towers	8.9%
Tower I at Emeryville	7.4%
CrossPoint	6.6%
One Town Center	6.0%
Tower 909	5.3%
Village Center Station I	5.0%
101 South Hanley	4.8%
Promenade I & II	4.7%
One Washingtonian Center	3.8%
Reston Square	1.7%

KEY MILESTONES SINCE LISTING

AS AT 31 DECEMBER 2023

2019: Listed on 19 July 2019 on the SGX Mainboard with 11 prime US office properties and an appraised value of US$1.2b

2020: Acquired Park Tower (Sacramento, CA) for US$165.5m, US$120m Equity Placement

2021: Acquired Sorrento Towers (San Diego, CA) for US$146m and One Town Center (Boca Raton, FL) for US$99.5m, US$80.0m Equity Placement

2022: Consolidation of Property Management services under Lincoln Property Company ("LPC")

KEY HIGHLIGHTS

AS AT 31 DECEMBER 2023

14 **Prime U.S. Office Properties**

100% Class A

100% Freehold

4.4 Million sq ft Net Lettable Area

OPERATIONAL HIGHLIGHTS

Leased Occupancy	Rental Reversion		Weighted Average Lease Expiry by Net Lettable Area ("NLA")
	4Q2023	FY2023	
85.4%	**9.6%**	**5.8%**	**4.0** years

FINANCIAL HIGHLIGHTS

Total Assets
US$1.44B

Net Asset Value
US$713.7M

Net Asset Value per Unit
US$0.60
Price to Book[1] (times): 0.17

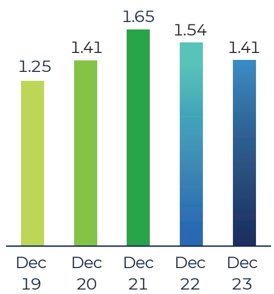
Debt Hedged or Fixed
79% to mid-2024
62% to mid-2026 and Beyond

Debt Headroom to 50%[2]
US$47.4M

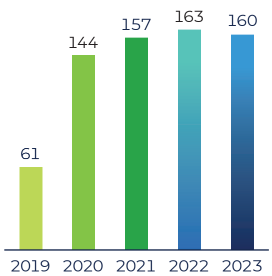
Undrawn & Available Facilities
US$166.2M

Weighted Average Maturity
1.3 / 1.6[3] Years

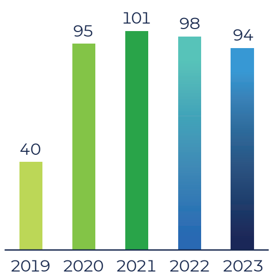
Investment Properties
US$1.41B



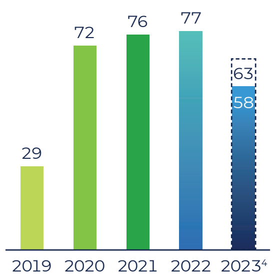
Gross Revenue
US$159.8M



Net Property Income
US$93.6M



Income Available for Distribution
US$57.8M



1. Based on closing unit price of US$0.103 on 20 February 2024.
2. Debt headroom to 50% aggregate leverage.
3. Based on extension options fully exercised until 2026. The two facilities with total outstanding balance of US$114.6million have two one-year extension options beyond its 2024 scheduled maturity date each.
4. The Manager had elected to receive 100% of its base fee in cash for 2023 to manage effect of dilution arising from issuance of new units. In previous years, the Manager had elected to receive 20% of its base fee in cash and the remaining 80% in units. Had the Manager continued with the same election, FY2023 income available for distribution would have been US$63.0 million on a like-for-like comparison.

LETTER TO UNITHOLDERS

Dear Unitholders,

On behalf of the Board of Prime US REIT Management Pte. Ltd., the manager (the "Manager") of PRIME, we are pleased to present PRIME's annual report for 1 January 2023 to 31 December 2023 ("FY2023").

The U.S. commercial real estate market has undeniably been shaken in 2023 as a result of the Federal Reserve's aggressive tightening campaign. Against the backdrop of record interest rate increases since July 2001, commercial properties' valuations broadly recorded declines and remained bifurcated. Varying return-to-office approaches post-pandemic, underlying fundamentals of city functionality and shifts in inflation and interest rates are creating significant divergence in the appetite for office space from potential tenants.

As tenants' needs evolve with the wider macroeconomic environment and their changing business cultures, preferences have shifted to buildings with modern amenities and functionalities. A recent report from JLL noted that more than 60% of office vacancies are concentrated in only 10% of buildings, which are older offices with limited amenities. By contrast, the top percentile of office buildings continues to achieve record-high rents and relatively stable occupancy rates. This presents an opportunity for PRIME's portfolio of 14 Class A properties which are strategically located across 13 markets in the U.S.

Amidst a cautiously stabilising external environment, we will continue to chart our own path forward based on our own realities. The Manager's immediate

priorities include adopting a proactive and prudent approach to leasing, asset management, and capital management strategies to maximise long-term returns to Unitholders.

Financial and Operational Highlights

In FY2023, PRIME recorded gross revenue of US$159.8 million, 2.0% lower than FY2022, mainly due to reduced rental income from lower occupancies in some of the assets. Net property income ("NPI") decreased by 4.5% year-on-year ("YoY") to US$93.6 million, due to higher property operating expenses from a higher rate of return-to-office, but was partially offset by lower property taxes.

Income available for distribution to Unitholders of US$57.8 million for FY2023 was lower than FY2022 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 FY2022.

In the current high interest rate environment, capital preservation is a key component to PRIME's deleveraging strategy but concurrently, we recognise the importance of regular distributions to Unitholders. In view of this, we have announced a distribution per unit of 0.25 US cents, approximately 10% of the distributable income for 2H2023. The decision was made to allow PRIME to preserve a substantial proportion of distributable income to meet its ongoing capital expenditure needs and assure creditors that PRIME will reinvest cash flows in the business. To express our appreciation for Unitholders' support, we decided to also issue new Units to Unitholders on the basis of 1 new Unit for every 10 existing Units.

Going forward, we will continue to evaluate PRIME's distribution policy, factoring in the dynamics between macro regulatory, industry and REIT-specific developments.

Leasing continues to be a top priority of the Manager and we remain engaged in constructive conversations with existing and potential tenants to execute our leasing strategies. While the recovery of the office sector has been uneven across markets, we have seen good leasing momentum in several of our assets as reflected in more than a doubling of lease volumes in the fourth quarter of 2023 as compared to the preceding quarter. We are pleased that one of our top 10 tenants, Matheson Tri-Gas, has not only renewed but also increased its leased space at Tower 909 in Dallas. We are also in notable discussions with prospective tenants at several properties.

As at 31 December 2023, PRIME's portfolio leased occupancy stood at 85.4%, with a weighted average lease expiry ("WALE") of 4.0 years. This comprises tenants from various industries including telecommunications, scientific research and development, finance, legal, healthcare, biotechnology, manufacturing, and other professional services, thus reducing single asset and concentrated sectoral exposure.

Capital Preservation and Prudent Balance Sheet Management

The Manager is focused on capital and balance sheet management and is in the process of negotiating with its lenders in relation to the refinancing of its loans, with a key focus on seeking an extension of its US$600 million credit facility due in July 2024. These conversations have been constructive as the majority of our lenders comprise North American banks who are familiar with the U.S. commercial real estate market, understand the markets in which PRIME's assets are located, and appreciate the true value of these assets.

PRIME's 2023 year-end portfolio valuations were impacted by higher discount rates and capitalisation rates amid challenged market conditions for commercial real estate, elevated interest rates, and a tight lending environment for the sector which had an adverse impact on transaction activities. However, PRIME remains within its gearing and financial covenants. Fair value on investment properties was US$1.41 billion as at 31 December 2023, resulting in a year-end gearing of 48.4%. Net asset value ("NAV") attributable to unitholders was US$713.7 million as of 31 December 2023, or US$0.60 cents per unit.

In the near-term, the Manager remains keenly focused on paring down borrowings and strengthening its balance sheet to increase liquidity and create larger buffers to comply with the 50 per cent gearing thresholds mandated by the Monetary Authority of Singapore. It is targeting to execute up to US$100 million of deleveraging in 2024.

As at 31 December 2023, 79% of PRIME's debt is hedged to mid-2024 and 62% is hedged to mid-2026. PRIME has a fully extended weighted average debt maturity of 1.6 years.

Strengthening Fundamentals

The U.S. economy continued to defy recessionary expectations in 2023 and entered 2024 with solid momentum. Real GDP grew 3.3%[1] in 4Q 2023 and 2.5% for the full year 2023. The labour market started the year on a strong note, with unemployment rate at 3.7% in January 2024[2].

Consumer price inflation showed some notable stickiness in January as headline inflation cooled less than expected to 3.1%[3] YoY. Looking ahead, cyclical headwinds will continue to impact U.S. commercial real estate fundamentals, with the elevated interest rate environment weighing on companies' finance cost, debt servicing ability, and asset valuations. However, amid expectations of interest rates having peaked, we could expect a stabilisation of the U.S. office environment in 2024.

As companies mandate a return-to-office on a wider scale, demand for U.S. office spaces continue to trend upwards as reflected by an increase in active tenant requirements and leasing activity. JLL noted that active tenant requirements rose for the third consecutive quarter in 4Q2023, up 6.6% quarter-on-quarter ("QoQ") and 20.4% YoY. Leasing activity was up 14.1% QoQ in 4Q2023, with larger transactions returning to the market. Sublease vacancies have declined for the first time since late 2021, with slowing additions which have been declining steadily in 2023 and fell 18.1% QoQ in 4Q2023[3].

The pipeline of new supply has also continued to fall. Office groundbreakings fell to a 20-year low in 4Q2023. Deliveries have fallen from c.85 million sq ft 4 years ago to c.46 million sq ft in 2023 and are expected to decline to below c.10 million sq ft by 2026. Conversion activity of 18.8 million sq ft in 2023 reached record volume for the third consecutive year, as major cities and federal government continue to introduce incentives to reinvigorate commercial districts and address housing affordability concerns[3].

The Manager continues to work closely with our property management teams to drive our leasing efforts. We also engage in frequent conversations with current and prospective tenants to better understand their long-term workspace needs, and where appropriate, will execute timely and cost-effective asset enhancement initiatives to attract and retain tenants.

[1] U.S. Bureau of Economic Analysis Advance Estimate Q4 2023
[2] U.S. Bureau of Labor Statistics January 2024
[3] JLL Research Office Outlook Q4 2023

LETTER TO UNITHOLDERS

Tenant engagement has been one area of our efforts and this has been well-received. Over the past year, we introduced various programmes in our properties to bring tenants together and celebrate various festive occasions. These include community activities such as donation drives and Halloween and Christmas celebrations in Tower I at Emeryville, 101 South Hanley, Park Tower, Sorrento Towers and One Washingtonian Center.

ESG initiatives have also been another focus area for PRIME, with sustainability now a major consideration for many companies in the U.S. when they look for office spaces. We will continue to work closely with our property managers to evaluate ESG technology solutions and implement ESG initiatives to enhance the attractiveness of our assets.

Amidst the near-term uncertainties, the Manager remains cognisant of the importance of timely and regular communications with the investment community. Over the past year, we kept the wider research and investment community updated on our business strategy and priorities through regular meetings and presentations.

Acknowledgements

Mr Harmeet Bedi who joined PRIME in May 2020 has stepped down but continues to serve as a senior advisor to the Manager from 31 March 2024. We thank Harmeet for his leadership through these years. The Board has appointed Mr Rahul Rana as the new Chief Executive Officer of the Manager from 1 April 2024. Mr Rana is a shareholder of KBS Asia Partners Pte. Ltd., which is the sponsor of PRIME, and holds 40% of the shares of the Manager. Mr Rana has been involved with PRIME since the IPO and has a deep understanding of the portfolio, U.S. commercial landscape and capital markets in the U.S. and Singapore. He previously held senior investment bank roles with Deutsche Bank in Singapore and UBS in the U.S. His vast work experience and connectivity will be a valued addition to PRIME[4].

In September 2023, we welcomed Ms Cindy Teo who joined us as Chief Financial Officer of the Manager. Ms Teo brings with her more than 15 years of experience in the real estate industry in the areas of fund management and investment, corporate finance, treasury and statutory reporting. She is a core member of our management team and we will continue to work closely with her in the implementation of our plans for PRIME.

We would also like to express our gratitude to Ms Soh Onn Cheng Margaret Jane and Mr Pankaj Agarwal. Ms Soh retired from her appointments as Independent and Non-Executive Director of the Manager and Chairperson of the Nominating and Remuneration Committee ("NRC") in May 2023. Mr Agarwal stepped down from his position as Non-Independent and Non-Executive Director of the Manager in August 2023.

We would like to extend our heartfelt appreciation towards Ms Soh and Mr Agarwal for their invaluable counsel and contributions to PRIME.

We are delighted to welcome Mr Kevin John Eric Adolphe and Mr Richard Peter Bren to their new roles as the Chairperson of the NRC and member of the NRC respectively in June 2023.

Last but not least, we would like to thank our management, Board of Directors, valued partners at KBS Asia Partners, Keppel Capital, Cuscaden Peak Investments Pte. Ltd. and AT Capital, and all our colleagues for their support and contributions over the past year.

The Manager of PRIME is fully committed to delivering on our strategic priorities to enhance our portfolio's value and generate sustainable returns to Unitholders.

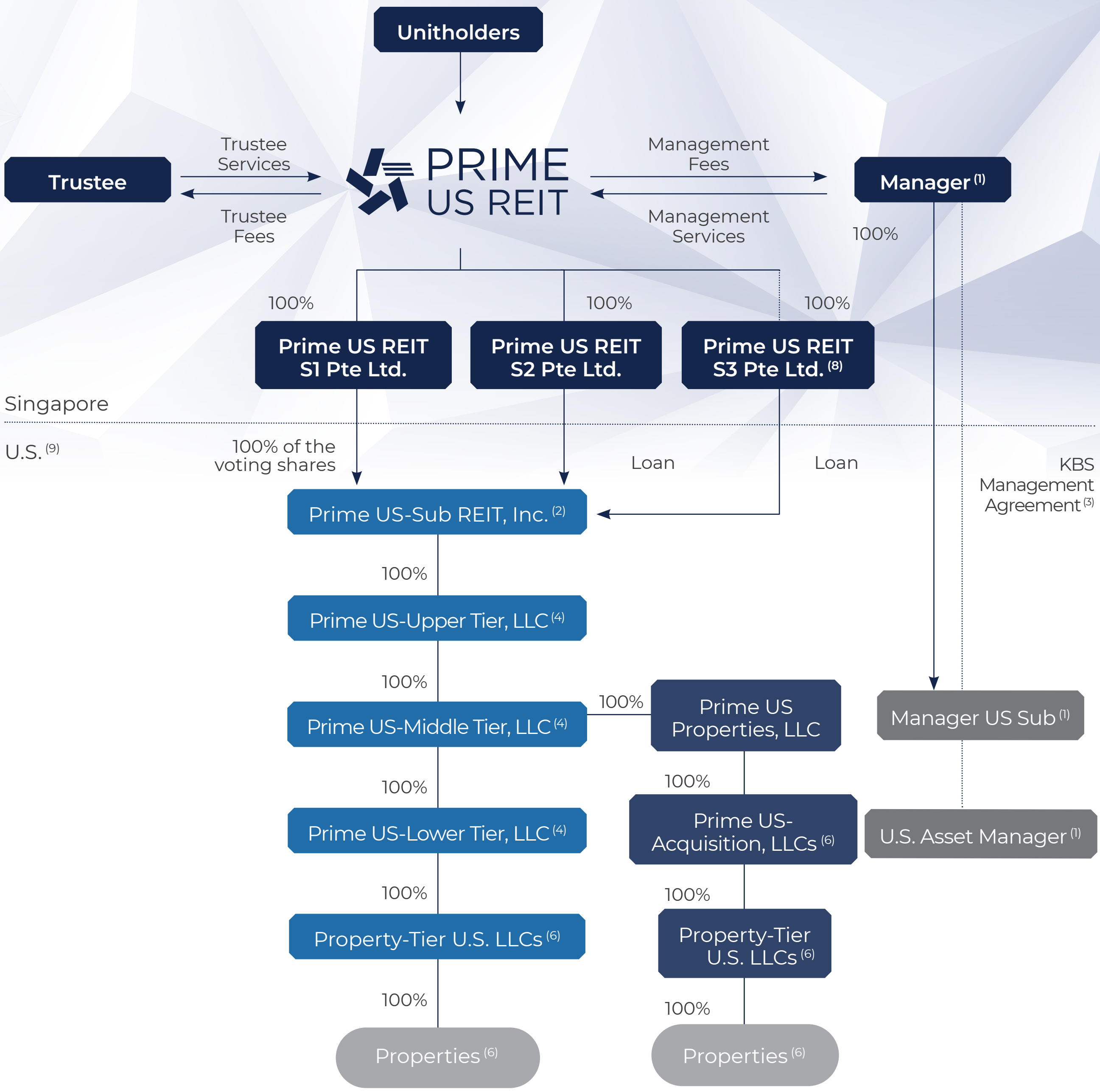
We look forward to your continued support as we chart forward with our plans in the coming year.

Professor Annie Koh
Chairperson, Independent Non-Executive Director

Mr Rahul Rana
Chief Executive Officer

[4] Message from Chairperson on the appointment of a new Chief Executive Officer.

TRUST STRUCTURE



(1) The Manager wholly-owns the Manager US Sub. The Manager has organised the Manager U.S. Sub so that to the extent activities of the Manager, including under the KBS Management Agreement, would be required to be performed within the U.S., those activities will be delegated to the Manager U.S. Sub.

(2) 125 preferred shares have been issued by Prime US-Sub REIT, Inc. ("Parent U.S. REIT") to parties who are not related to the Sponsor with a coupon of 12.5%. The preferred shares are non-voting, non-participating and redeemable at the option of Parent U.S. REIT. The terms of the preferred shares are in accordance with customary terms offered to other accommodation shareholders (which are third party holders required to meet the 100 shareholder test) for U.S. REITs in the U.S.. The Certificate of Incorporation for Parent U.S. REIT contains provisions that ensure that this 100 shareholder requirement is continuously met at all times required under U.S. tax rules applicable to U.S. REITs.

(3) An agreement entered into between the Manager, the Manager US Sub, the U.S. Asset Manager, the Parent U.S. REIT and the Property Holding LLCs.

(4) For the avoidance of doubt, there will only be one Upper-Tier U.S. LLC, one Mid-Tier U.S. LLC and one Lower-Tier U.S. LLC.

(5) Each Acquisition LLC holds one Property-Tier U.S. LLC.

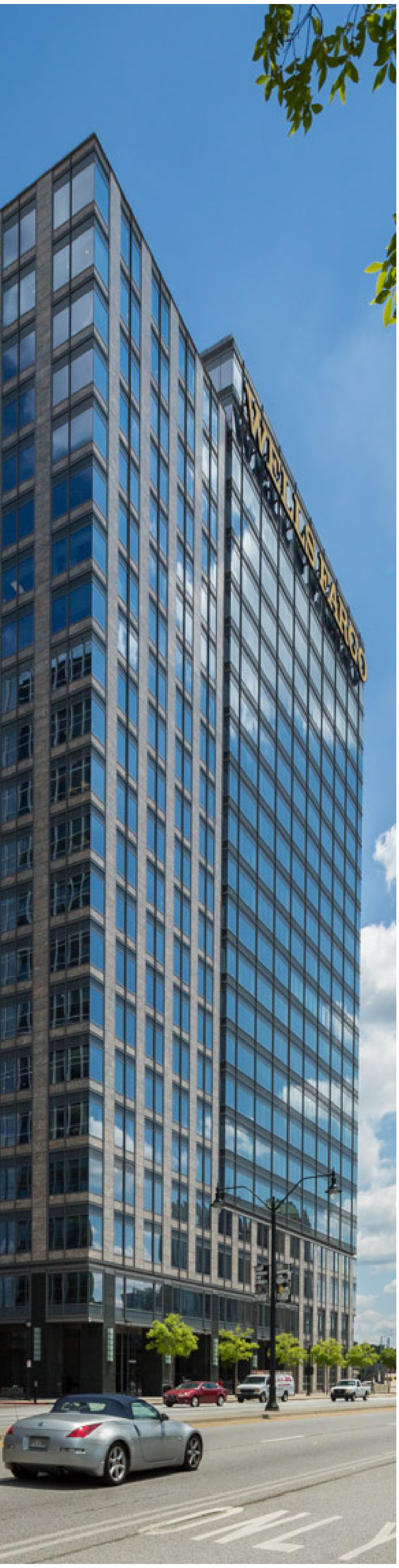
(6) Each Property will be held by an individual Property-Tier U.S. LLC.

(7) For the avoidance of doubt, KBS RA is not a subsidiary of the Manager, and KBS RA does not hold any shares in the Manager (whether directly or indirectly) and vice versa.

(8) PRIME US REIT S3 Pte. Ltd. ("Sing Sub 3") was incorporated in February 2020 in relation to the acquisition of Park Tower. Utilising proceeds from the private placement completed on 21 February 2020, Sing Sub 3 provided a loan to Parent U.S. REIT to partially finance the acquisition of Park Tower.

(9) As at the date of this Annual Report, PRIME is in compliance with the relevant tax laws and regulations for its relevant subsidiaries and associates to qualify as a real estate investment trust for U.S. federal income tax purposes.

BOARD OF DIRECTORS



PROFESSOR ANNIE KOH, 70

Chairperson, Independent Non-Executive Director

Member of Audit and Risk Committee
Member of Nominating and Remuneration Committee
Date of Appointment: 28 June 2019

Professor Annie Koh is Professor Emeritus of Finance (Practice) at Lee Kong Chian School of Business, Singapore Management University (SMU). She is a renowned conference speaker, panel moderator and commentator. She chaired the Asian Bond Fund 2 supervisory committee for the Monetary Authority of Singapore from 2005 - 2023 and is currently a committee member of Singapore's Customs Advisory Council. She has been appointed board member of Singapore Food Agency with effect from 1 April 2023.

Professor Koh is currently an independent director of NYSE-Listed AMTD IDEA Group, Prudential Assurance Company Singapore Pte Ltd and SGX-Listed Yoma Strategic Holdings Ltd, and a board member of EtonHouse Community Fund (Charity). She previously served on GovTech, Singapore's CPF, HMI, K1 Ventures boards, and was a member of the World Economic Forum Global Future Council from 2019 – 2022, and the HR Industry Transformation Advisory Panel from 2018 – March 2023.

Professor Koh also advises selected single-family offices and privately owned enterprises such as Flexxon Pte Ltd., JCK4Life and TOP International, and startups such as Dedoco, Float Foods Pte Ltd, Hyperscal Solutions Pte Ltd, Pyxis Maritime Pte Ltd, and non-profit organisation such as Cyber Youth Singapore. She has been an investment committee member of iGlobe Partners since July 2010, advisor to CUBE3 Ventures since October 2021, and Asia Food Sustainability Fund since February 2022. Previously held leadership positions at SMU before January 2021 include Vice President for Business Development; V3 Group Professor of Family Entrepreneurship; Academic Director of Business Families Institute and International Trading Institute; Associate Dean, Lee Kong Chian School of Business; and Dean, Office of Executive and Professional Education.

Professor Koh received her Ph.D. degree in International Finance as a Fulbright scholar from Stern School of Business, New York University in 1988. Her research interests are in Family Office and Family Business, Investor Behaviour, Alternative Investments and Enterprise Risk Management. She co-authored Financial Management: Theory and Practice, 2nd edition (2021), and Financing Internationalisation – Growth Strategies for Successful Companies (2004), co-editor of Asian Family Business: Succession, Governance and Innovation (2020), and author of a number of Asian family business cases and survey reports. In recognition of her contribution to education and the public sector, she was awarded the bronze and silver Singapore Public Administration medal in 2010 and 2016 respectively, the Adult Education Prism Award in 2017 and the Tripartite Alliance Award in 2023.

MR JOHN R. FRENCH, 65

Independent Non-Executive Director

Chairperson, Audit and Risk Committee
Date of Appointment: 8 November 2019

Founding Principal, French Asset Management, Inc., which manages real estate investments and provides advisory and other services to the real estate industry.

After 37 years serving public and private real estate clients, Mr French retired from Ernst & Young LLP (EY) in June 2019 as a Senior Assurance Partner. His specialties include: real estate investment funds/advisors/sponsors, REITs, land developers, homebuilders and hospitality companies. Prior to being a partner at EY, Mr French was an Assurance Partner at Kenneth Leventhal & Company, a real estate accounting firm acquired by EY in 1995. As a Senior Assurance Partner at EY, Mr French served some of the largest real estate investment sponsors, REIT, homebuilder, and other real estate and hospitality companies in the U.S.

For many years Mr French was actively involved with the National Association of Real Estate Investment Trusts (NAREIT) and the Urban Land Institute (ULI). Mr French also served on the Executive Board of University of California at Irvine (UCI) Paul Merage School of Business Center for Real Estate and the Policy Advisory Board of the Fisher Center for Real Estate and Urban Economics University of California at Berkeley. Mr French received the 2018 UCI Paul Merage School of Business Center for Real Estate Lifetime Achievement Award recognising his long-term commitment to serving the real estate industry.

Mr French graduated from California State University, Long Beach with a Bachelor of Science in Accountancy (1981) and a Master of Business Administration (1990). He is a Certified Public Accountant in California (inactive).

Mr French does not presently hold any other directorships in any other listed company.

MR KEVIN J.E. ADOLPHE, 61

Independent Non-Executive Director

Chairperson, Nominating and Remuneration Committee
Member of Audit and Risk Committee
Date of Appointment: 4 August 2020

Mr Adolphe has over 35 years of global experience in real estate, asset management and financial services. As a Partner with CEO Coaching International, Mr. Adolphe works with, advises and mentors CEOs and their leadership teams from around the world to achieve extraordinary results. Mr Adolphe was with Manulife for 13 years. As the President and CEO of Manulife Asset Management Private Markets and Manulife Real Estate, Mr Adolphe commercialized Manulife's Private Asset Management capabilities to clients and investors worldwide. He profitably grew Manulife's Real Estate platform threefold, expanding the business internationally including launching the first U.S. Office REIT on the Singapore Exchange. Prior to Manulife, Mr Adolphe was with CIBC for 16 years and held a variety of senior roles, including Chief Administrative Officer and Chief Financial Officer of CIBC World Markets.

Mr Adolphe is a Fellow of the Chartered Professional Accountants (Ontario), a member of the Institute of Corporate Directors and serves on the Boards of PRIME, Rogers Bank, Nieuport Aviation, and the Ontario Provincial Judges Pension Plan.

Mr Adolphe does not presently hold any other directorships in any other listed company.

BOARD OF DIRECTORS

PROFESSOR STEPHEN PHUA LYE HUAT, 60

Independent Non-Executive Director

Member of Audit and Risk Committee
Member of Nominating and Remuneration Committee
Date of Appointment: 1 January 2023

Professor Phua is an Associate Professor at the Faculty of Law, National University of Singapore. He has been teaching taxation laws since 1990 and currently holds the offices of Tax Director at the EW Barker Centre for Law & Business as well as the Director of the LLM (International Business Law) programme.

Professor Phua was a member on all 3 tax tribunals during the last 3 decades and currently practices as a senior tax consultant with a local law firm. He is also the Chairman of the Home Team Council as well as a member of the Curriculum Development and Examination Committee of the Tax Academy of Singapore.

Professor Phua has delivered papers in many international conferences and published articles in refereed journals and chapters in books. He is the editor of 2 books.

Professor Phua graduated from the National University of Singapore with a Bachelor of Laws in 1988 and obtained a Master of Laws (Tax) from University College London in 1990.

Professor Phua does not presently hold any other directorships in any other listed company.

MR RICHARD PETER BREN, 60

Non-Executive Director

Member of Nominating and Remuneration Committee
Date of Appointment: 22 July 2022

Mr. Bren is a substantial shareholder in Prime US REIT Management Pte. Ltd., the manager of Prime US REIT which is listed on the Singapore Stock Exchange.

As Managing Member since 2004 of Wave Hill Investors, LLC, Mr. Bren was portfolio manager for multiple institutional funds investing in various specialty finance and real estate derivative strategies.

From 1996 to 2003, Mr. Bren was a partner of Best Property Fund L.P., an investment vehicle of KBS Realty Advisors, a private equity real estate company and an SEC-registered investment advisor that has achieved over $44 billion of transactions since its inception in 1992. During this tenure, he ran the daily operations of its Commercial Mortgage-Backed Securities investment portfolio.

Prior to joining KBS in 1996, Mr. Bren was a partner of Onyx Partners, Inc. He was a managing general partner of Onyx Opportunity Fund, which acquired operating real estate assets and distressed mortgages from the Resolution Trust Company.

Prior to joining Onyx, Mr. Bren was an associate at Morgan Stanley Realty in New York and Los Angeles where he participated on project teams providing various real estate financial services to developers, financial institutions, pension funds and corporations.

Mr. Bren started his career at Drexel Burnham Lambert in Beverly Hills, California in 1986, where he worked extensively with the Commercial Mortgage Capital Markets Group.

Mr. Bren earned an MBA at The Anderson Graduate School of Management at UCLA with a concentration in real estate finance. Mr. Bren graduated with honors from Tufts University in 1985.

Mr Bren does not presently hold any other directorships in any other listed company.

MR CHUA HSIEN YANG, 46

Non-Executive Director

Date of Appointment: 26 July 2018

Mr Chua assumed the role of Managing Director & Head (Mergers & Acquisitions) at Keppel Limited on 15 February 2021. Prior to his appointment, he served as CEO of Keppel DC REIT Management since the listing of the REIT in 2014 till 14 February 2021.

Mr Chua has extensive experience in the real estate fund management and hospitality industries, including M&A, real estate investments, business development and asset management globally. Prior to joining the Keppel DC REIT Management, Mr Chua was Senior Vice President of Keppel REIT Management Limited (the manager of Keppel REIT) where he headed the investment team.

From 2006 to 2008, Mr. Chua was Director of Business Development and Asset Management at Ascott Residence Trust Management Limited (the manager of Ascott Residence Trust) and before that, he was with Hotel Plaza Limited (now known as Pan Pacific Hotels Group Limited) as Assistant Vice President of Asset Management, where he was responsible for the business development and asset management activities of the group-owned properties. Mr Chua previously held various directorships at subsidiaries and associated companies of Keppel DC REIT from 2016 to 14 February 2021.

Mr Chua holds a Bachelor of Engineering (Civil) from the University of Canterbury and a Master of Business Administration from the University of Western Australia.

Mr Chua does not presently hold any other directorships in any other listed company.

MS JANICE WU, 54

Non-Executive Director

Date of Appointment: 20 May 2022

Ms Wu is Executive Vice-President of Corporate Development at Cuscaden Peak Investments Pte Ltd. She leads its M&A and Investments teams in mergers and acquisitions, capital re-cycling and portfolio management, and oversees its sustainability initiatives.

She also sits on the boards of Cuscaden's joint ventures including MobileOne Ltd, Memphis 1 Pte Ltd, Woodleigh Mall Pte Ltd and Woodleigh Residences Pte Ltd. She is a Director of iFast Corporation Ltd and Thakral Corporation Ltd., both listed on the SGX, and MSI Global Private Limited, a wholly-owned subsidiary of the Land Transport Authority.

Ms Wu holds a Bachelor of Laws (Honours) degree from the National University of Singapore and was admitted as an advocate and solicitor of the Supreme Court of Singapore. She has attended the Executive Development Program at Kellogg School of Management, the Business Sustainability Management Program by University of Cambridge's Centre for Sustainability Leadership and the Advanced Management Program at Wharton Business School.

MANAGEMENT TEAM

MR RAHUL RANA

Chief Executive Officer

Mr Rahul Rana is the Chief Executive Officer of the Manager of Prime US REIT ("PRIME").

Mr Rana works closely with the Board and management team to define the overall corporate strategy for PRIME, while overseeing its strategic development, day-to-day management and operations. He is also in charge of executing PRIME's strategic priorities and capital management plans to enhance PRIME's portfolio value.

Mr Rana brings with him extensive investment banking experience in Singapore and the United States. Mr Rana is a shareholder of KBS Asia Partners Pte. Ltd., which is the sponsor of PRIME, and holds 40% of the shares of the Manager. Prior to joining PRIME, he held senior investment banking roles with Deutsche Bank in Singapore and UBS in the US. Mr Rana was also significantly involved in the IPO of PRIME and has deep understanding of the portfolio and US commercial landscape.

Mr Rana received his Master of Business Administration from the University of Illinois Urbana-Champaign and Bachelor of Commerce in Accounting and Finance from Shri Ram College of Commerce, University of Delhi.

MS CINDY TEO

Chief Financial Officer

Ms Cindy Teo is the Chief Financial Officer ("CFO") of the Manager.

Ms Teo brings with her more than 15 years of experience in the real estate industry in the areas of fund management and investment, corporate finance, treasury and statutory reporting. Prior to joining PRIME, Ms Teo was with LOGOS Property Group, a subsidiary of ESR Group for over 2 years, initially as Group Financial Controller and then Deputy CFO. She has also worked with the OUE group for over 11 years where she held various positions in finance, including a role with the manager of OUE Hospitality REIT between 2013 and 2016. Ms Teo is a Singapore Chartered Accountant, starting her career as an auditor with KPMG Singapore focusing on real estate clients. She holds a Bachelor of Accountancy from Nanyang Technological University of Singapore, and was admitted as a member of the Institute of Certified Public Accountant of Singapore in March 2009.

VILLAGE CENTER
STATION II

FINANCIAL REVIEW

Overview (US$'000)

	2023	2022	+/(-)%
Gross revenue	159,803	163,012	(2.0)
Property operating expenses	(66,244)	(65,078)	1.8
Net property income	**93,559**	**97,934**	**(4.5)**
Manager's base fee	(6,425)	(7,872)	(18.4)
Trustee's fee	(201)	(208)	(3.4)
Other trust expenses	(1,972)	(2,612)	(24.5)
Net change in fair value of derivatives	(11,534)	37,282	>(100.0)
Finance expenses	(28,104)	(21,613)	30.0
Finance income	91	14	>100.0
Net income before tax and fair value change in investment properties	**45,414**	**102,925**	**(55.9)**
Net change in fair value of investment properties	(161,206)	(143,732)	12.2
Net loss before tax	**(115,792)**	**(40,807)**	**>100.0**
Tax (expense)/credit	(45)	13,890	>(100.0)
Net loss attributable to Unitholders	**(115,837)**	**(26,917)**	**>100.0**
Distribution adjustments	173,662	104,067	66.9
Income available for distribution to Unitholders	**57,825**	**77,150**	**(25.0)**

Income Available for Distribution

Distributable income for FY2023 was US$57.8 million, 25.0% lower than FY2022, mainly due to higher finance expenses, lower net property income and the Manager electing to receive 100% of its base fees in cash for 2023 (2022: 20% in cash, 80% in Units).

Distribution per Unit (DPU) for FY2023 was 2.71 US cents, translating to a distribution yield of 11.3% based on the market closing price of US$0.240 per Unit as at the last trading day of FY2023. Total DPU of 2.71 US cents for FY2023 is less than 90% of the annual distributable income. The amount retained of approximately US$25.6 million will be used to fund capital expenditures on the properties and pare down borrowings.

Gross Revenue

Gross revenue for FY2023 was US$159.8 million, 2.0% lower than FY2022, largely due to lower rental income on decline in occupancy.

Gross Revenue Contribution by Asset (%)
for financial year ended 31 December

	2023	2022
222 Main	12.8	11.8
171 17th Street	11.7	11.9
Village Center Station II	7.7	7.4
Park Tower	9.8	9.8
Sorrento Towers	8.9	8.8
Tower I at Emeryville	4.6	5.2
CrossPoint	6.4	6.3
One Town Center	7.1	6.6
Tower 909	6.5	6.3
Village Center Station I	4.1	4.1
101 South Hanley	7.3	7.1
Promenade I & II	4.9	5.4
One Washingtonian Center	6.5	6.4
Reston Square	1.7	2.9
Total	**100.0**	**100.0**

Net Property Income (NPI)

NPI for FY2023 was US$93.6 million, 4.5% lower than FY2022, primarily due to lower gross revenue and higher property operating expenses from a higher rate of return-to-office, but was partially offset by lower property taxes.

Net Loss

Net loss for FY2023 was US$115.8 million, US$75.0 million higher than FY2022, attributed primarily to a loss in fair value of derivatives (compared to a gain in fair value of derivatives in FY2022), higher fair value loss on investment properties, higher finance expenses and absence of tax credit.

Net fair value change in derivatives resulted in a loss of US$11.5 million in FY2023, compared to a gain of US$37.3 million in FY2022. This is the result of mark to market on the fair value of the interest rate swaps for hedging. The fair value is mainly driven by market outlook on the interest rates. This is a non-cash item and therefore does not affect income available for distribution to Unitholders.

Net fair value loss in investment properties was US$161.2 million in FY2023. 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. This is a non-cash item and therefore does not affect income available for distribution to Unitholders.

Finance expenses of US$28.1 million was 30.0% higher than FY2022, primarily due to higher interest rates on unhedged portion of borrowings and incremental drawdowns on revolving credit facilities to fund capital expenditures.

Tax expense was US$0.05 million in FY2023, compared to a tax credit of US$13.9 million in FY2022. 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.

Investment Properties

As at 31 December 2023, assets under management (AUM) was approximately US$1.4 billion. This was 8.7% below AUM as at 31 December 2022 primarily due to fair value loss as a result of revaluation.

Valuation of Investment Properties (US$m)
as at 31 December

	2023	2022
222 Main	183.0	206.3
171 17th Street	171.3	190.4
Village Center Station II	145.9	143.3
Park Tower	143.0	146.8
Sorrento Towers	125.0	148.5
Tower I at Emeryville	104.3	111.1
CrossPoint	92.7	101.6
One Town Center	84.8	90.3
Tower 909	74.8	76.0
Village Center Station I	71.0	71.2
101 South Hanley	67.1	71.2
Promenade I & II	66.9	71.8
One Washingtonian Center	53.5	83.6
Reston Square	24.7	30.1
Total	**1,408.0**	**1,542.2**

Net Asset Value (NAV) per Unit

As at 31 December 2023, NAV per Unit was US$0.60, a decrease from US$0.75 as at 31 December 2022. The decrease was mainly attributed to the decline in valuation of the investment properties.

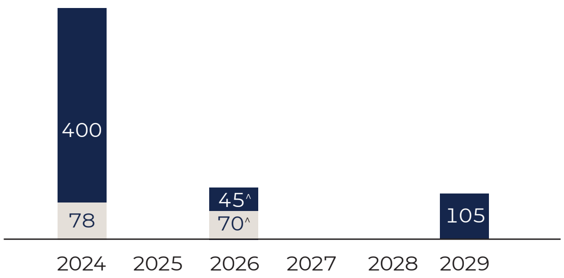
Funding and Borrowings

As at 31 December 2023, PRIME's gross borrowings were US$698.4 million, of which US$478.8 million are due for refinancing in July 2024. The Group is in the process of negotiating with its lenders to complete the refinancing.

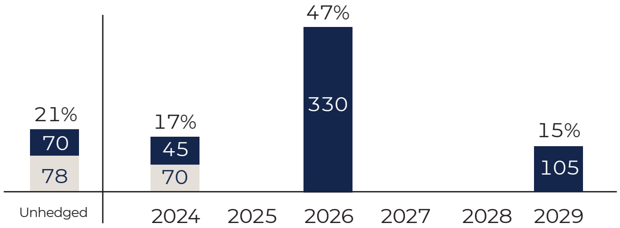
All of PRIME's borrowings are US dollar-denominated, providing a natural currency hedge for its income and investments. The effective interest rate on borrowings was 3.8% with an interest coverage ratio of 3.1 times.

FINANCIAL REVIEW

Debt Maturity Profile (US$m)



Hedge Expiry & Fixed Rate Loan Maturity (US$m)



^ With extension options fully exercised

PRIME has a fully extended weighted average debt maturity of 1.6 years and its gearing stood at 48.4% as at 31 December 2023 with US$166.2 million of undrawn credit facilities. Debt headroom to 50% aggregate leverage is US$47.4 million.

Cash Flows and Liquidity

As at 31 December 2023, PRIME's cash and cash equivalents were US$11.8 million.

Net cash generated from operating activities was US$85.6 million, mainly from cash received from NPI.

Net cash used in investing activities amounted to US$24.3 million. This comprised mainly payments for capital expenditures for investment properties of US$24.4 million.

Net cash used in financing activities amounted to US$61.1 million. This comprised mainly distributions to Unitholders of US$64.3 million during the year, partially offset by US$29.3 million of debt financing obtained from external banks, net of transaction costs and repayments and US$26.1 million of interest payments.

Capital Management

The Manager regularly reviews PRIME's financial policy, as well as its debt and capital management structures to optimise PRIME's funding sources.

The Manager seeks to maintain an optimal combination of debt and equity in order to balance the cost of capital and maximise returns to Unitholders. The Manager also monitors externally imposed capital requirements and ensures PRIME's adopted capital structure complies with these requirements.

The Group is subjected to the aggregate leverage limits as defined in the Property Funds Appendix set out in the CIS Code. The Property Funds Appendix previously stipulated that the total borrowings and deferred payments (collectively the "Aggregate Leverage") of a property fund shall not exceed 45.0% of the fund's deposited property. With effect from 1 January 2022, the Aggregate Leverage limit for Singapore REITs ("S-REITs") is 50.0% with a minimum interest coverage ratio ("ICR") requirement of 2.5 times. Accordingly, S-REITs are allowed to increase their leverage to beyond the prevailing 45.0% limit (up to 50.0%).

PRIME has complied with the applicable leverage limits during the financial year ended 31 December 2023. PRIME's aggregate leverage was 48.4% as at 31 December 2023 with an adjusted ICR of 3.1 times.

Even though the aggregate leverage of PRIME has increased from 42.1% in FY2022 to 48.4% in FY2023, the Manager is of the opinion that there is no material change to the risk profile of PRIME.

The Manager is working on deleveraging strategies to pare down borrowings, strengthen its balance sheet, increase liquidity and create a large buffer against the MAS gearing thresholds, and to conclude refinancing discussions with lenders.

Financial Risk Management

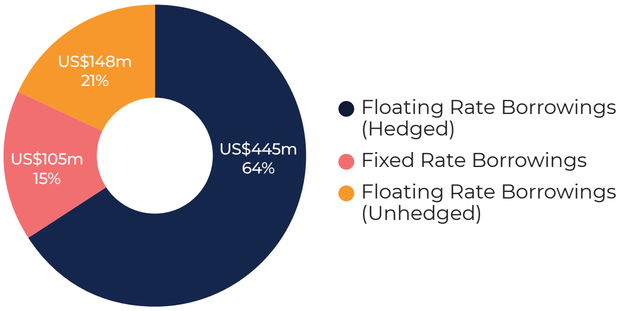
PRIME's activities expose it to tax risk, market risk, interest rate risk, credit risk and liquidity risk in the normal course of its business. Its overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

PRIME's financial risk management is discussed in more details in the notes to the financial statements.

The Manager continues to adopt appropriate hedging strategies to manage interest rate exposure for PRIME. Interest rate swaps have been entered into to hedge interest rate exposure of the long-term loans. As at 31 December 2023, 62% of the variable rate interest borrowings had been hedged using floating-to-fixed interest rate swaps. Including a 10-year term loan, PRIME had fixed or swapped into fixed, the interest rates on 79% of total gross borrowings to mitigate against near-term interest rate risks.

Debt Hedged or Fixed
(As at 31 Dec 2023)

79%	**62%**
to mid-2024	to mid-2026 and Beyond



Accounting Policy

The financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, the applicable requirements of the CIS Code issued by the MAS and the provisions of the Trust Deed.

PRIME's significant policies are discussed in more detail in the notes to the financial statements.

PARK TOWER

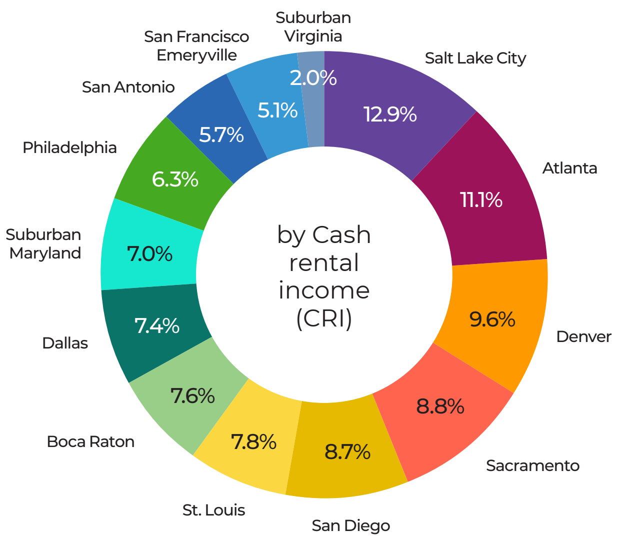
PORTFOLIO REVIEW

PRIME has a portfolio comprising 14 high-quality freehold Class A office buildings located in 13 key U.S. markets with an aggregate net lettable area ("NLA") of 4.4 million sq ft as at 31 December 2023. The assets are strategically located in high growth cities with access to an educated workforce and lifestyle amenities.

Geographical Diversification

No single market contributing more than 12.9% of Total Cash Rental Income

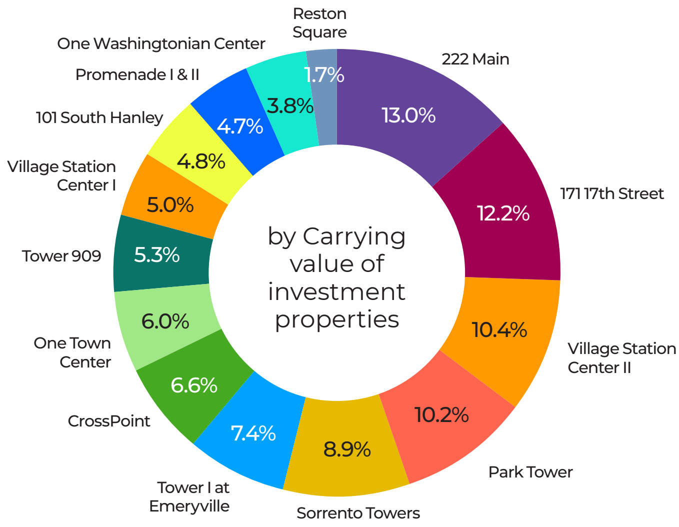
CRI by Primary Market



Asset Diversification

No single asset contributing more than 13.0% of Total Portfolio Carrying Value

Asset by Carrying Value

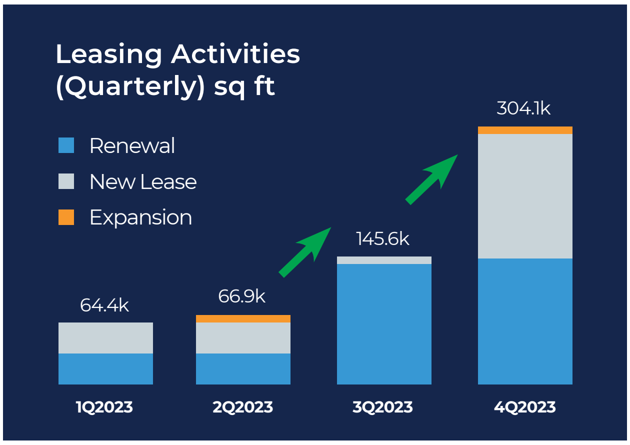


Leasing Activities

Leasing remained active with 580,997 sq ft of renewals and new leases signed in the year 2023, representing 13.2% of the portfolio's CRI. This demonstrates our tenants' continual commitment to lease office space and in particular to PRIME's properties.

Leasing momentum increased over the course of 2023 with 4Q2023 leasing volume of 304,143 sq ft. This surpassed previous quarterly leasing volume of 64,350 sq ft, 66,860 sq ft and 145,644 sq ft in the first, second, and third quarters, respectively. Approximately 89% of leases by NLA executed in 2023 have terms of 3 years or more. In addition, the retention ratio held relatively steady at 60% in 2023.

PRIME's portfolio recorded positive rental reversion of 5.8% in FY2023.



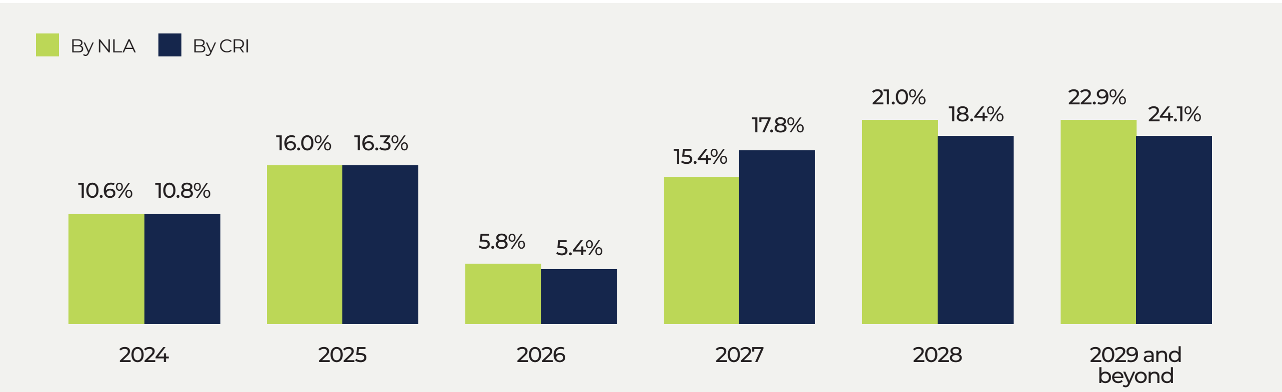
Name of Property (As at 31 December 2023)	Primary Market, State	% Asset Carrying Value	Leased Occupancy	WALE (years)	% Lease expiry in 2024
222 Main	Salt Lake City, Utah	13.0%	98.1%	3.1	0.5%
171 17th Street	Atlanta, Georgia	12.2%	78.6%	5.0	0.9%
Village Center Station II	Denver, Colorado	10.4%	100.0%	4.5	n.a.[2]
Park Tower	Sacramento, California	10.2%	72.5%	3.6	1.2%
Sorrento Towers	San Diego, California	8.9%	96.3%	4.6	0.6%
Tower I at Emeryville	San Francisco Bay Area, California	7.4%	69.1%	3.7	0.5%
CrossPoint	Philadelphia, Pennsylvania	6.6%	100.0%	8.7	-
One Town Center	Boca Raton, Florida	6.0%	99.7%	4.5	-
Tower 909	Dallas, Texas	5.3%	91.5%	4.2	0.6%
Village Center Station I	Denver, Colorado	5.0%	55.1%	3.3	0.4%
101 South Hanley	St. Louis, Missouri	4.8%	94.9%	2.6	2.7%
Promenade I & II	San Antonio, Texas	4.7%	85.9%	1.9	2.9%
One Washingtonian Center	Suburban Maryland, Washington D.C.	3.8%	86.3%	1.9	0.5%
Reston Square	Suburban Virginia, Washington D.C.	1.7%	47.0%	2.2	-
Total / Weighted Average		**100.0%**	**85.4%**	**4.0**	**10.8%**

1 Annualised cash rental income based on the month of December 2023.
2 Excludes Village Center Station II which is fully leased until 2028.

Stable Lease Profile with Well-Staggered Expiries

PRIME's lease expiries are well spread out across the portfolio, with 10.8% by cash rental income ("CRI") expiring in 2024 and 16.3% in 2025. As at 31 December 2023, weighted average lease expiry ("WALE") by NLA was 4.0 years. The largest single asset with lease expiry in 2024 accounts for 2.9% of portfolio CRI. PRIME's high quality and well diversified Class A portfolio continues to provide income stability with no single market contributing more than 12.9% of CRI.

Lease Expiry Profile[4] as at 31 December 2023

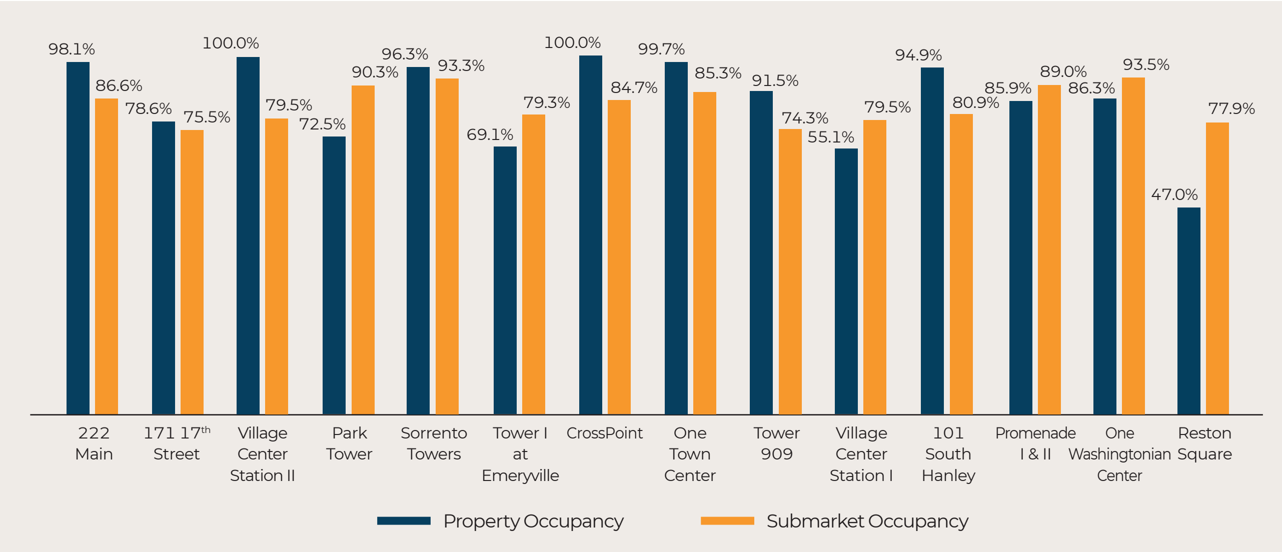


3 WALE of new leases entered into and commenced in FY2023 is 5.1 years. Including leases commencing in future years, WALE of all new leases signed in FY2023 is 5.1 years.
4 Excludes month to month leases accounting for 8.3% of NLA or 7.2% of annualised CRI.

PORTFOLIO REVIEW

Portfolio Occupancy above U.S. Class A Office Average

As at 31 December 2023, leased occupancy of 85.4% was well above U.S. Class A 4/5 Star office average of 80.9% reported by CoStar[1]. Committed occupancy was more than 90% for 7 of 14 assets, of which 5 were 95% or higher. The occupancy rates at 8 of 14 assets were higher than those in the submarket.

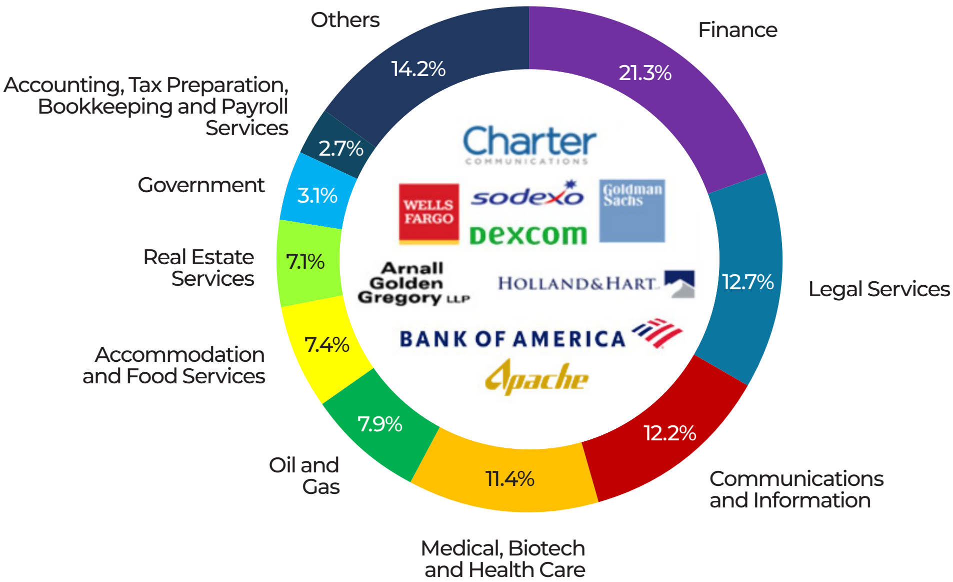


1. CoStar 4 & 5 Star National average occupancy rate as at 8 January 2024

Diversified Portfolio with Established Tenants Continue to Provide Sustainable Growth

PRIME's resilient portfolio is underpinned by a well-diversified, established tenant mix of 235 tenants across 22 sectors. As at 31 December 2023, 71% of PRIME's tenants by CRI are in established and growing STEM/TAMI[1] sectors such as finance, communications and information, legal services, medical and health care, and real estate.

Cash Rental Income[2] by Trade Sector



Top 10 Tenants

Tenant	Industry	Credit Rating[3]	Property	Leased sq ft	% of Portfolio CRI
Charter Communications	Communications and Information	Moody's: Ba2	Village Center Station I & II	419,881	8.7%
Goldman Sachs Group Inc.	Finance	Moody's: A2 S&P: BBB+ Fitch: A	222 Main	176,416	5.4%
Sodexo Operations LLC[4]	Accommodation and Food Services	S&P: BBB+	One Washingtonian Center	190,698	5.4%
Dexcom	Medical, Biotech & Health Care	Independent Firm Credit Analysis: Strong	Sorrento Towers	148,383	4.7%
Matheson Tri-Gas	Oil and Gas	Private Firm	Tower 909	99,129[5]	4.0%
Holland & Hart	Legal Services	Private Firm	222 Main	89,960	3.3%
Wells Fargo Bank NA	Finance	Moody's: Aa2 Fitch: AA- S&P: A+	171 17th Street	106,030	3.2%
Arnall Golden Gregory LLP	Legal Services	Private Firm	171 17th Street	103,079	2.8%
Bank of America, NA	Finance	Moody's: Aa1 Fitch: AA-	One Town Center	61,430	2.5%
Apache Corporation	Oil and Gas	Moody's: Baa3 S&P: BB+	Promenade I & II	69,086	2.2%
Total				**1,464,092**	**42.2%**
WALE of Top 10 Tenants				**3.7 Years**	

1. Established: Finance, Real Estate, Legal, Government; STEM: Science, Technology, Engineering, and Mathematics; TAMI: Technology, Advertising, Media, and Information.
2. Data for Cash Rental Income as at 31 December 2023.
3. Based on Bloomberg data as at 7 February 2024.
4. Tenant vacated after 31 December 2023. Leasing discussions and asset enhancement works in progress.
5. Expanded lease commitment to 118.7k sq ft in January 2024 (incremental 19.6k sq ft).

PORTFOLIO REVIEW

Top 10 Tenants
PRIME's top 10 tenants contributed 42.2% of its portfolio's CRI with a WALE of 3.7 years as at 31 December 2023. Major tenancies remained relatively stable during the year. Sodexo vacated One Washingtonian Center upon its lease expiry on 31 December 2023. Notable lease discussion and asset enhancements underway. Matheson Tri-Gas expanded lease commitment to 118.7k sq ft in January 2024, with 19.6k sq ft of incremental space.

Charter Communications (Village Center Station I and II)
Charter Communications, a leading telecommunications and mass media company with a Ba2 Moody's investors Service credit rating, is the anchor tenant at Village Center Station I & II. As PRIME's largest tenant leasing 419,881 sq ft of space, Charter Communications contributes 8.7% of PRIME's portfolio by CRI. This office serves as the regional (west coast) HQ, as well as for their research and development and main patent office.

Goldman Sachs (222 Main)
A multinational investment bank and financial services company with an A2 Moody's investors Service credit rating, taking up 176,416 sq ft space at 222 Main and contributing 5.4% of PRIME's portfolio by CRI. Opened in 2000, the Goldman Sachs' office in Salt Lake City is now one of the largest offices in the organization. Initially a hub for a handful of functions, the Salt Lake City office now has operations across 14 of Goldman Sachs' 16 divisions.

Sodexo (One Washingtonian Center)
Sodexo Operations, a worldwide leader in integrated food and facilities management services, with a S&P BBB+ credit rating, continues to operate their U.S. headquarters at One Washingtonian Center with a leased space of 190,698 sq ft, accounting for 5.4% of PRIME's portfolio by CRI. This office serves as their North American HQ. As such, there are multiple functions held within the office.

Dexcom (Sorrento Towers)
Dexcom, Inc. is a medical device company primarily focused on the design, development and commercialization of continuous glucose monitoring systems for use by people with diabetes and by healthcare providers. Headquartered in San Diego, Dexcom currently leases 148,383 sq ft at Sorrento Towers, contributing 4.7% of PRIME's portfolio by CRI. With Dexcom's expansion into the full 5375 Building of Sorrento Towers, Dexcom relocated all corporate executives and the majority of corporate (non-manufacturing, non-R&D, etc) operations into Sorrento Towers and established this location as their main "Guest & Visitor Center".

Matheson Tri-Gas (Tower 909)
Matheson Tri-Gas is a company that produces and supplies industrial and specialty gases, and gas handling equipment in the U.S. and internationally. The firm provides complete customer solutions, offering everything from onsite air separation plants to small portable cylinders and all the services required to support these products and customer applications. Headquartered in Tower 909, Matheson Tri-Gas currently has 4,500 employees across the U.S. Matheson currently occupies 99,129 sq ft, contributing 4.0% of PRIME's portfolio by CRI. It's expansion lease of incremental 19,556 sqft commencing in January 2024.

Holland & Hart (222 Main)
Founded in 1947, the Colorado-based Holland & Hart is one of the largest law firms in the Mountain West Region with more than 450 attorneys operating in 13 offices across eight states with a diverse practice. Salt Lake City is the firm's 2nd largest office. Occupying over 89,960 sq ft, they contribute 3.3% of PRIME's portfolio by CRI.

Wells Fargo (171 17th Street)
Wells Fargo is a diversified financial services firm providing banking, investment and mortgage products and services, as well as consumer and commercial finance, with a Moody's Aa2 credit rating. Wells fargo occupies 106, 030 sq ft, contributing 3.2% of PRIME's portfolio by CRI. Their offices at 171 17th Street serve as the bank's Atlanta regional headquarters.

Arnall Golden Gregory (171 17th Street)
Arnall Golden Gregory ("AGG"), an Am Law 200 law firm, serves the clients in healthcare, real estate, retail, fintech/payment systems, global commerce/global mobility, government investigations, life sciences, and logistics and transportation. The aggregate area of 103,079 sq ft at 171 17th Street currently serves as AGG's headquarters and houses the majority of the firm's senior leadership. The firm currently contributes 2.8% of PRIME's portfolio by CRI.

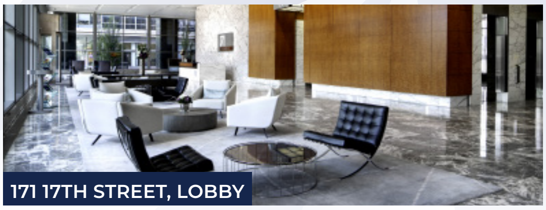
Bank of America (One Town Center)
Bank of America, a multinational investment bank and financial services holding company with a Moody's Aa1 credit rating, leases 61,430 sq ft at One Town Center, contributing 2.5% of PRIME's portfolio by CRI. The company's location at One Town Center primarily focuses on institutional wealth management, ranking among the firm's top locations in the world.

Apache (Promenade I & II)
Apache is a company engaged in hydrocarbon exploration, organized in Delaware and headquartered in Houston. Apache currently leases 69,086 sq ft at Promenade I & II, contributing 2.2% of PRIME's portfolio by CRI.

PROPERTIES PROFILE

AS AT 31 DECEMBER 2023


CROSSPOINT


171 17TH STREET, LOBBY


PARK TOWER

171 17TH STREET


ONE WASHINGTONIAN CENTER

222 MAIN


ONE TOWN CENTER


TOWER 1 EMERYVILLE


TOWER 909

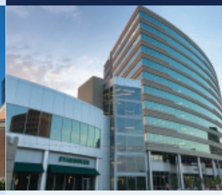

SORRENTO TOWERS

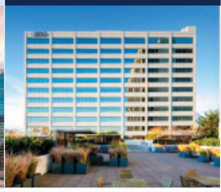

VILLAGE CENTER STATION II


222 MAIN, LOBBY

PROPERTIES PROFILE

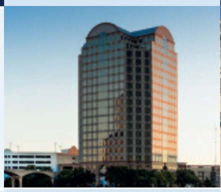
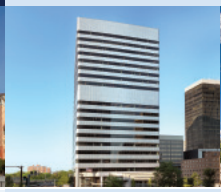
AS AT 31 DECEMBER 2023

Property Primary Market, State	Portfolio	222 Main Salt Lake City, Utah	171 17th Street Atlanta, Georgia	Village Center Station II Denver, Colorado	Park Tower Sacramento, California
					
Office Grade	A	A	A	A	A
Land Tenure	Freehold	Freehold	Freehold	Freehold	Freehold
Ownership Interest	100%	100%	100%	100%	100%
Net Lettable Area (sq ft)	4,377,020	433,346	510,268	325,576	489,171
Acquisition Date	NA	19 Jul 2019	19 Jul 2019	19 Jul 2019	24 Feb 2020
Purchase Price (US$ million)	1,633.2	211.3	176.5	144.6	165.5
Carrying Value of Investment Properties (31 December 2023) (US$ million)	1,408.0	183.0	171.3	145.9	143.0
% Contribution by Carrying Value	100.0%	13.0%	12.2%	10.4%	10.2%
Weighted Average Lease Expiry (By NLA) years	4.0	3.1	5.0	4.5	3.6
Committed Occupancy	85.4%	98.1%	78.6%	100.0%	72.5%
Number of Tenants	235	16	15	1	36
Gross Revenue FY2023 (US$ million)	159.8	20.4	18.7	12.3	15.7
Net Property Income FY2023 (US$ million)	93.6	15.1	10.7	9.2	8.4
Address	NA	222 South Main Street, Salt Lake City, Utah 84101	171 17th Street NW, Atlanta, Georgia 30363	6360 S. Fiddler's Green Circle, Greenwood Village, Colorado 80111	980 9th Street, Sacramento, California 95814

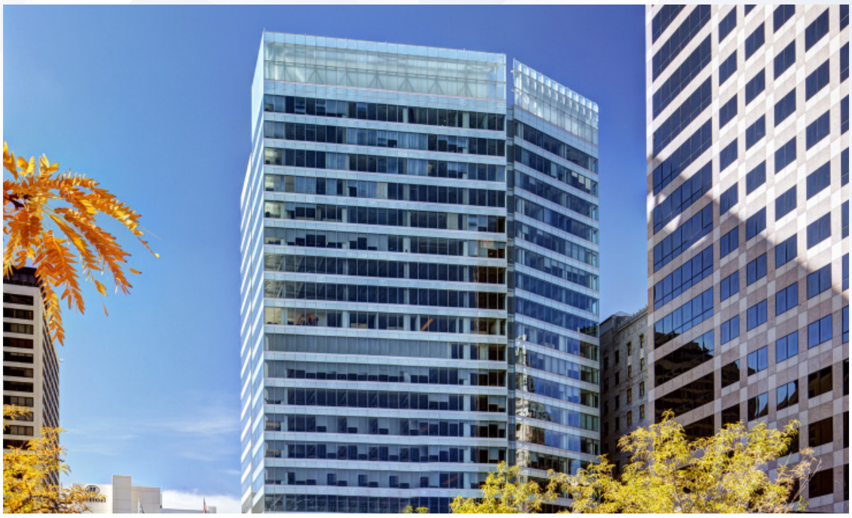
Property Primary Market, State	Sorrento Towers San Diego, California	Tower I at Emeryville San Francisco Bay Area, California	CrossPoint Philadelphia, Pennsylvania	One Town Center Boca Raton, Florida	Tower 909 Dallas, Texas
					
Office Grade	A	A	A	A	A
Land Tenure	Freehold	Freehold	Freehold	Freehold	Freehold
Ownership Interest	100%	100%	100%	100%	100%
Net Lettable Area (sq ft)	296,327	222,606	272,360	191,294	374,251
Acquisition Date	23 Jul 2021	19 Jul 2019	19 Jul 2019	21 Jul 2021	19 Jul 2019
Purchase Price (US$ million)	146.0	121.1	97.7	99.5	76.3
Carrying Value of Investment Properties (31 December 2023) (US$ million)	125.0	104.3	92.7	84.8	74.8
% Contribution by Carrying Value	8.9%	7.4%	6.6%	6.0%	5.3%
Weighted Average Lease Expiry (By NLA) years	4.6	3.7	8.7	4.5	4.2
Committed Occupancy	96.3%	69.1%	100.0%	99.7%	91.5%
Number of Tenants	14	15	10	19	37
Gross Revenue FY2023 (US$ million)	14.2	7.4	10.3	11.4	10.3
Net Property Income FY2023 (US$ million)	8.8	2.7	6.2	6.9	5.4
Address	5355 & 5375 Mira Sorrento Place, San Diego, California 92121	1900 Powell Street, Emeryville, California 94608	550 East Swedesford Road, Wayne Pennsylvania 19087	One Town Center Road, Boca Raton, Florida 33486	909 Lake Carolyn Parkway, Irving, Texas 75039

PROPERTIES PROFILE

AS AT 31 DECEMBER 2023

Property Primary Market, State	Village Center Station I Denver, Colorado	101 South Hanley St. Louis, Missouri	Promenade I & II San Antonio, Texas	One Washingtonian Center Suburban Maryland, Washington D.C.	Reston Square Suburban Virginia, Washington D.C.
					
Office Grade	A	A	A	A	A
Land Tenure	Freehold	Freehold	Freehold	Freehold	Freehold
Ownership Interest	100%	100%	100%	100%	100%
Net Lettable Area (sq ft)	241,846	360,505	205,773	314,284	139,413
Acquisition Date	19 Jul 2019	19 Jul 2019	19 Jul 2019	19 Jul 2019	19 Jul 2019
Purchase Price (US$ million)	89.1	79.7	72.8	102.1	51.0
Carrying Value of Investment Properties (31 December 2023) (US$ million)	71.0	67.1	66.9	53.5	24.7
% Contribution by Carrying Value	5.0%	4.8%	4.7%	3.8%	1.7%
Weighted Average Lease Expiry (By NLA) years	3.3	2.6	1.9	1.9	2.2
Committed Occupancy	55.1%	94.9%	85.9%	86.3%	47.0%
Number of Tenants	7	30	13	14	8
Gross Revenue FY2023 (US$ million)	6.6	11.7	7.8	10.3	2.7
Net Property Income FY2023 (US$ million)	2.9	6.5	4.5	5.5	0.8
Address	6380 S. Fiddler's Green Circle, Greenwood Village, Colorado 80111	101 S. Hanley Road, Clayton, St. Louis, Missouri 63105	17802 & 17806 IH-10 W, San Antonio, Texas 78257	9801 Washingtonian Boulevard, Gaithersburg, Maryland 20878	11790 Sunrise Valley Drive, Reston, Virginia 20191

222 MAIN
Salt Lake City, Utah



- 222 Main is a 21-storey Class A multi-tenanted office building located in the CBD submarket within the Salt Lake City primary market with a nine-storey parking structure.
- Close proximity to a light rail (TRAX) stop that allows access to locations throughout Salt Lake Valley and the Salt Lake International Airport. Easy access to other public transportation and Interstates 15, 80, and 215 are a close distance away. Located within seven miles (11km) of Salt Lake City International Airport which is undergoing a $4 billion expansion.

98.1% Occupancy	**US$183.0M** Carrying Value	**13.0%** Contribution (By Carrying Value)	**433,346** Net Lettable Area (sq ft)

171 17TH STREET
Atlanta, Georgia

- 171 17th Street is a 22-storey Class A multi-tenanted office building located in the Midtown/Pershing/Brookwood submarket within the Atlanta primary market and the master planned mixed use development of Atlantic Station.
- Benefits from easy access to Interstate 20, 75, 85, 285, 575 and 675; and Georgia Highway 400. Close proximity to Hartsfield Jackson International Airport.
- Onsite amenities include café, conference centre, coffee bar, outdoor patio lounge and shuttle service.

78.6% Occupancy	**US$171.3M** Carrying Value	**12.2%** Contribution (By Carrying Value)	**510,268** Net Lettable Area (sq ft)

PROPERTIES PROFILE

AS AT 31 DECEMBER 2023

VILLAGE CENTER STATION I

Denver, Colorado

55.1% Occupancy	US$71.0M Carrying Value	5.0% Contribution (By Carrying Value)	241,846 Net Lettable Area (sq ft)

- Village Center Station I is a 9-storey Class A multi-tenanted office building located in the Southeast Suburban submarket of the Denver primary market with an adjacent parking structure.
- Amenities include a state-of-the- art fitness center with private lockers and shower facilities, conference center, collaboration areas, outdoor courtyard/patio, and on-site restaurants. Primary access to the local market is provided by Interstate 25, the major north-south highway through the Denver CBSA and the State of Colorado. Easily accessible to Centennial Airport - one of U.S.' busiest executive airports. Adjacent to Arapahoe at Village Centre Station light rail passenger station where riders can take three lines, E, F and R, into the heart of Denver and other residential and financial areas.

VILLAGE CENTER STATION II

Denver, Colorado

100% Occupancy	US$145.9M Carrying Value	10.4% Contribution (By Carrying Value)	325,576 Net Lettable Area (sq ft)

- Village Center Station II is a 12-storey Class A single tenanted office tower with attached parking and an additional 2-storey building located in the Southeast Suburban submarket of the Denver primary market.
- Amenities include a state-of-the- art fitness center with private lockers and shower facilities, conference center, collaboration areas, outdoor courtyard/patio, and on-site restaurants. Primary access to the local market is provided by Interstate 25, the major north-south highway through the Denver CBSA and the State of Colorado. Easily accessible to Centennial Airport - one of U.S.' busiest executive airports. Adjacent to Arapahoe at Village Centre Station light rail passenger station where riders can take three lines, E, F and R, into the heart of Denver and other residential and financial areas.

PARK TOWER
Sacramento, California

72.5%	US$143.0M	10.2%	489,171
Occupancy	Carrying Value	Contribution (By Carrying Value)	Net Lettable Area (sq ft)

- Park Tower is located in Sacramento, California and is part of the CBD submarket within the Sacramento primary market.
- It is a prominent 24-storey Class A office tower with a complimentary shuttle service and easy access to Light Rail and RT Bus service. Amenities include a 3-storey atrium lobby, fitness centre, locker rooms, conference centre and tenant lounge.
- The property is three blocks away from the State Capitol building and two blocks from the newly developed Downtown Commons and Golden 1 Center, a mixed-use hotel, entertainment and shopping complex that serves as the home of the Sacramento Kings.

SORRENTO TOWERS
San Diego, California

96.3%	US$125.0M	8.9%	296,327
Occupancy	Carrying Value	Contribution (By Carrying Value)	Net Lettable Area (sq ft)

- Sorrento Towers is located in San Diego, California and is part of the Sorrento Mesa submarket, a technology and life science hub.
- It comprises two 7-storey Class A office towers above a 3-storey podium garage with an NLA of 296,327 sq ft. Sorrento Towers was last refurbished in 2020 and offers amenities such as state-of-the-art fitness centre, conferencing spaces, a training centre, and multiple outdoor, collaborative meeting areas.
- It has good visibility and excellent access to local and regional transportation arteries, including Inland Freeway ("I-805"), and to Sorrento Court shopping centre that offers two dozen eateries, banking, and lifestyle amenities.

PROPERTIES PROFILE

AS AT 31 DECEMBER 2023

TOWER I AT EMERYVILLE

San Francisco Bay Area, California

69.1% Occupancy	US$104.3M Carrying Value	7.4% Contribution (By Carrying Value)	222,606 Net Lettable Area (sq ft)

- Tower 1 is a 12-story Class A multi-tenant office building located in the Emeryville submarket which is part of the East Bay - Oakland Metropolitan Office Market. Tower 1 is located just a few minutes' drive east of downtown San Francisco.
- Situated close to the San Francisco Bay, Tower I at Emeryville lies in close proximity to the Oakland International Airport and enjoys views of the San Francisco Bay, the San Francisco skyline, Golden Gate Bridge and the Treasure Island.
- Public transportation is easily accessible through Amtrak, AC Transit, and free shuttles connecting Emeryville's employers and shopping centres with the MacArthur BART station. Quick access to Interstate-580, which passes from San Rafael in the Bay Area to Tracy in the Central Valley.

ENERGY STAR

CROSSPOINT

Philadelphia, Pennsylvania

100% Occupancy	US$92.7M Carrying Value	6.6% Contribution (By Carrying Value)	272,360 Net Lettable Area (sq ft)

- CrossPoint is a 4-storey Class A multi-tenanted office building well located along Swedesford Road, in the King of Prussia submarket within the Philadelphia primary market.
- Good proximity to malls and local highways including Route 202 and Interstate 76. Proximity to the King of Prussia Mall, the second largest mall in the U.S., a Walmart Supercenter, and the Village at Valley Forge, a live-work-play development which includes Wegman's, Nordstrom Rack, REI and LA Fitness. Served by commuter bus service, and the property provides free shuttle service to a nearby commuter rail station.
- High-quality finishes throughout with extensive window lines, and provides tenants with a full-service dining facility, conference centre and fitness centre.

ONE TOWN CENTER
Boca Raton, Florida

99.7%	US$84.8M	6.0%	191,294
Occupancy	Carrying Value	Contribution (By Carrying Value)	Net Lettable Area (sq ft)

- One Town Center is located in Boca Raton submarket, one of the wealthiest growing enclaves in the U.S. It is a 10-storey Class A office tower and a 5-storey attached parking garage with an NLA of 191,294 sq ft.
- One Town Center was last refurbished in 2020 and offers amenities such as a coffee shop, covered parking, full-time concierge and security, fitness center, and farm- to-table restaurant offering lunch and dinner.
- The property is one of the newest and tallest buildings in Boca Raton, and is situated in the heart of the most desirable office location in Boca Raton within walking distance to key landmarks such as the Town Center Mall, Boca Center, and Glades Plaza as well as restaurants, national and boutique retail, and hotels.
- It has good access to local and regional transportation arteries and is in close proximity to public bus transportation services, a regional light commuter rail service and the interstate 95.

TOWER 909
Dallas, Texas

91.5%	US$74.8M	5.3%	374,251
Occupancy	Carrying Value	Contribution (By Carrying Value)	Net Lettable Area (sq ft)

- 19-storey Class A multi-tenanted office tower located in the Las Colinas Urban Center submarket within the Dallas Fort-Worth primary market with a seven-storey parking structure.
- The Urban Center is a highly established business address, and a live-work-play atmosphere with tremendous amenities, including a convention center, hotels, variety of residential, restaurants, retail and entertainment amenities, and green space.
- Direct access to State Highways 114, 12, and 183, as well as Interstate 1-35, providing access to the Dallas Metroplex and Dallas Fort-Worth Airport.
- Excellent access to public transportation, including an on-site stop for the Las Colinas Area Personal Transit System, and direct access to the DART light rail system that provides access throughout Dallas, including Dallas Fort-Worth Airport.
- Full array of amenities, including a conference centre, a tenant lounge, fitness centre with full locker rooms, private shuttle to the adjacent Water Street mixed-use retail project and the Toyota Music Factory venue, on-site lake front patio and cafe, dry cleaning, concierge, and covered parking.

ENERGY STAR

PROPERTIES PROFILE

AS AT 31 DECEMBER 2023

101 SOUTH HANLEY

St. Louis, Missouri

- 101 South Hanley is a 19-storey Class A multi-tenanted office tower located in the Clayton submarket within the St. Louis primary market with a 4-storey parking structure.
- Close proximity to Interstate 170 and Interstate 64 which serve as primary traffic arteries for St. Louis County and the St. Louis metropolitan area. Easy access to Clayton Business District, the interstate highway system and other important local destinations and a MetroLink light rail station is two blocks away.
- Features a full array of amenities such as a conference centre, a tenant lounge, fitness centre with full locker rooms, car wash, and a full-service restaurant.

94.9%	US$67.1M	4.8%	360,505
Occupancy	Carrying Value	Contribution (By Carrying Value)	Net Lettable Area (sq ft)

PROMENADE I & II

San Antonio, Texas

- Promenade I and II are two 4-storey multi-tenanted Class A office buildings located in the Far Northwest submarket within the San Antonio primary market.
- Located within the Eilan mixed-use development which includes a boutique hotel, restaurants, retail, apartment complex and office space surrounding a piazza with Tuscan style stucco exteriors, stone facades and clay-tiled roofs.
- Within the northwest quadrant of Interstate 10 and Loop 1604, near the region's top employers and proximate to many affluent executive housing and multi-family residential developments. Interstate 10 connects San Antonio with Houston and beyond to the east and El Paso and beyond to the west. Loop 1604 encircles the city of San Antonio and provides access to the outer and suburban areas of the city of San Antonio.
- Feature workout facilities, spa services, conference rooms, convenience store, dry cleaning services, tennis courts, indoor and outdoor pools, and drinking and dining options.

85.9%	US$66.9M	4.7%	205,773
Occupancy	Carrying Value	Contribution (By Carrying Value)	Net Lettable Area (sq ft)

ONE WASHINGTONIAN CENTER

Suburban Maryland, Washington D.C.

86.3%	US$53.5M	3.8%	314,284
Occupancy	Carrying Value	Contribution (By Carrying Value)	Net Lettable Area (sq ft)

- One Washingtonian Center is a 13-storey Class A multi-tenanted office tower located in the submarket of Suburban Maryland (Gaithersburg) within the Washington D.C. Area (Suburban Maryland) primary market; and within the I-270 Corridor, which is a leading biotech and medical research market.
- Part of the exclusive Washingtonian Center mixed-use project, Gaithersburg's premier lakefront shopping, dining, and entertainment destination.
- Offers direct on and off access to Interstate 270 as well as the newly constructed InterCounty Connector which connects the Interstate 270/370 corridor and the Interstate 95/US Route 1 corridor.
- Onsite amenities include a café, virtual concierge, conference center, tenant lounge, outdoor courtyard/patio, on-site security, dry cleaning service, covered parking, and food catering.

RESTON SQUARE

Suburban Virginia, Washington D.C.

47.0%	US$24.7M	1.7%	139,413
Occupancy	Carrying Value	Contribution (By Carrying Value)	Net Lettable Area (sq ft)

- Reston Square is a 6-storey Class A multi-tenanted office building located in the Reston-Herndon submarket of Suburban Virginia (Reston) within the Washington D.C. Area (Suburban Virginia) primary market.
- Part of the Reston Heights mixed-use development and enjoys proximity to local neighbourhood amenities such as Reston Town Center and the Reston Town Center Metrorail station. Within ten miles of Washington Dulles International Airport.
- Features onsite amenities including a virtual concierge, tenant lounge, electric vehicle car charging stations, outdoor courtyard/patio, on-site security, coffee bar and conference and fitness centre with private lockers. The building also offers Uber for Business at this location to provide tenants access to the two metro stops and Reston Town Center.

INDEPENDENT MARKET REVIEW

By Cushman & Wakefield

GDP grew at 2.5% in 2023, exceeding forecasts and the strongest showing since late 2021.

United States (US) Economy

The Commercial Real Estate (CRE) market is driven by investor demand and strong liquidity. We are monitoring the impact on both factors as they relate to the Federal Reserve's historical and projected interest rate changes, inflation, and other macroeconomic factors, which have increased uncertainty in the financial and CRE markets. Furthermore, Cushman & Wakefield is closely examining all latest economic developments, and their effects on the subject and its market.

Economic Conditions

At the beginning of 2023, it appeared that, in the battle to combat high inflation, the Federal Reserve's (the Fed's) interest rate hikes would likely lead to a slowdown, or possibly even a recession. Instead, the economy gained momentum in the spring and summer as resilient consumer spending and resurgent business investment helped keep a recession at bay. In fact, GDP grew at 2.5% in 2023, exceeding forecasts and the strongest showing since late 2021.

The driver behind the current economic strength is the job market. Despite some concerns about the banking crisis and the major tech layoffs in the spring, job openings remain plentiful, and layoffs are low by historical standards. Consumer spending patterns have moderated, but they are strong enough to keep the economy moving forward. Healthy stock prices and robust housing prices are also signs of resilience.

Despite the torrid growth, there are mixed signals ahead and most economists believe the acceleration in economic activity may be coming to an end. The job market, while headline growth remains decidedly positive, is also becoming more fractured with declining employment across several sectors such as manufacturing, financial services, and tech. Furthermore, the yield curve, which depicts the yields of short-term Treasury bills compared to the yields of long-term Treasury notes and bonds, remains inverted and points to continued tight credit conditions. In short, tightened monetary policy takes time to flow through the entire economy, and we are currently experiencing a slow-burn down credit cycle. The current wave of inflation began in 2021, immediately following the pandemic in 2020. Its rise has been largely attributed to various causes, including pandemic-related fiscal and monetary stimulus, shortages in the global supply chain, price gouging, and as of 2022, the Russian invasion of Ukraine. While inflation has slowed significantly in the past year, it still hasn't loosened its grip entirely. For December 2023, the Bureau of Labor Statistics (BLS) reported that the Consumer Price Index (CPI) jumped 3.4% on an annual basis and 0.5% over November 2023. Core inflation, which excludes volatile food and energy prices, was in line with expectations, rising 3.9% year-over-year (YOY) and holding steady from 3.9% the previous month.

In early 2022, the Federal Reserve was holding the federal funds rate at around zero. Various measures of inflation kept inching up and reaching 40-year highs. To combat inflation, the Federal Reserve employed multiple increases to the effective federal funds rate in 2022 and into the first half of 2023. In their January 2024 meeting, the Federal Reserve decided to pause interest rate hikes for the fourth consecutive time, leaving rates unchanged since July 2023. However, they are keeping alive the possibility of a future increase as inflation has retreated but is not yet sufficiently subdued.

U.S. Real Estate Market Implications

In 2023, deal volume fell at a pace that was reminiscent of the Global Financial Crisis with the final quarter showing the worst performance. Typically, the fourth quarter is the strongest time of the year for commercial real estate as investors end the year with capital to deploy. This was not the case for 4Q2023. In fact, the US$89.5 billion in deal volume marked it as the weakest quarter of the year, with first quarter volume surpassing the final quarter by 5%.

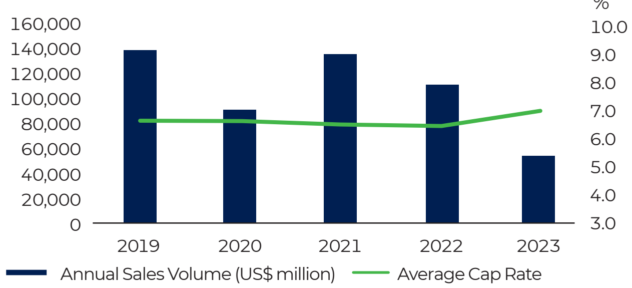
The aftershocks of the remedies used to protect the economy during the worst parts of the Covid-19 pandemic was the root cause for the difficult year. For example, central bank interventions, coupled with limited demand for investment capital, pushed interest rates down to record lows. Investors were willing to take on some risks in a low-rate environment; however, when the Federal Reserve started to significantly increase rates at the end of 2022, investors began tightening their belts.

Ultimately, buyers and sellers could not find common ground in 2023 which led to a disconnected market. Deal activity fell 51% in 2023; however, when compared to the average annual pace of deal volume seen between 2015 and 2019, volume was only down by about 32%. Double-digit rate drops spanned all property sectors, but retail performed the best, showing only a 38% annual decline. Office, on the other hand, performed the worst at 66% below the average fourth quarter pace set between 2015-2019.

Economic Indicators	US	Salt Lake City, Utah	Atlanta, Georgia	Denver, Colorado	Sacra-mento, California	San Diego, California	San Francisco Oakland, MSA	Phila-delphia, Pennsyl-vania	Miami-Ft Lauder-dale Florida	Dallas, Texas	St Louis, Missouri	San Antonio, Texas	Sub-urban Maryland	Sub-urban Virginia
Nonfarm Employment														
Q4 2022	138.7m	699k	3,121k	1,687k	1,078k	1,532k	2,476k	3,082k	1,373K	4,141k	1,422k	1,195k	3,267k	813k
Q4 2023	142.2m	829k	3,157k	1,683k	1,084k	1,600k	2,443k	3,130k	3,205k	4,299k	1,440k	1,249k	3,420k	851k
12-Month Forecast	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▼	▲	▲	▲
Unemployment Rate														
Q4 2022	3.7%	2.2%	2.8%	3.3%	3.5%	3.1%	2.7%	3.8%	2.7%	3.4%	2.9%	3.6%	3.3%	3.3%
Q4 2023	3.7%	2.7%	3.5%	3.3%	4.3%	4.0%	4.2%	3.7%	2.9%	3.9%	3.4%	3.8%	2.4%	2.4%
12-Month Forecast	▼	▼	▲	▲	▼	▼	▼	▲	▲	▼	▲	▼	▲	▲

The U.S. economy is facing interest rate and inflationary challenges while other measures remain strong. This is causing mixed signals and much speculation about possible economic troubles in 2024. The Federal Reserve is taking steps to address inflation by raising interest rates, but this may have negative impact on consumer spending and economic growth.

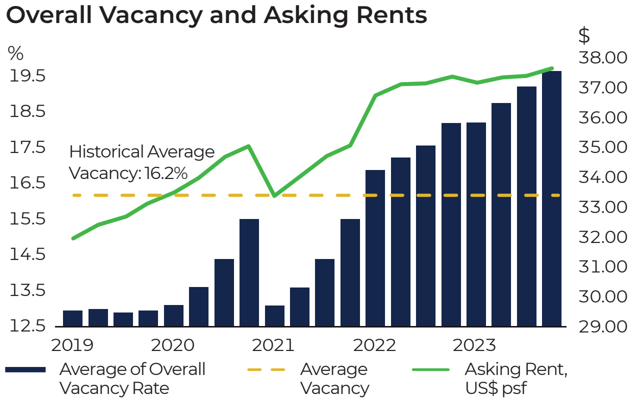
Investment Sales



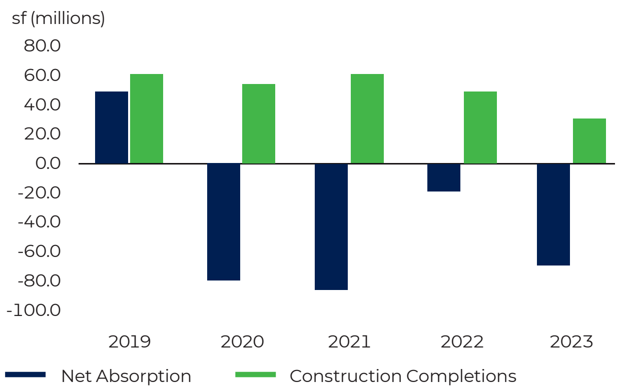
Source: Real Capital Analytics

U.S. Office Market Overview

Overall Vacancy and Asking Rents



Office Space Demand and Deliveries



The office market is continuing to weather the storm surrounding softened demand for office inventory, higher interest rates and economic uncertainty. Moreover, these market trends have weakened absorption and increased sublease availabilities, both of which have led to increased vacancies across the U.S. The national office vacancy rate increased by two percentage points from 4Q2022 to 19.7% at the end of 2023. Furthermore, economic uncertainty in combination with hybrid-work impact and recent declines in office-using employment continue to drive occupiers to be cautious about office leasing decisions heading into 2024.

In 4Q2023, the national office market overall vacancy rate was 19.7%, rising from 17.7% in 4Q2022. The national vacancy rate has increased for 17 straight quarters; given the new construction pipeline and expected economic lethargy, overall vacancy rates will likely increase throughout 2024 as a recession is expected in the new year. National vacancy remains below 15% in 35 U.S. markets but weakened demand for office product will continue to challenge office markets in the near term.

Through 4Q2023, approximately 33.5 msf of office space is being delivered, with most of that space having been delivered in the South and West, with

INDEPENDENT MARKET REVIEW

nearly 12.1 msf and almost 9.6 msf, respectively. New office construction in the U.S. office market displayed signs of slowing down, beginning in 1Q2023, and the construction pipeline has declined by more than half since the beginning of the pandemic. Additionally, roughly 59.3 msf sits in the construction pipeline as of 4Q2023. Moreover, the national construction pipeline is the equivalent of 1.1% of current inventory (down from 2.5% in 2020 and below the pre-pandemic norm of 1.5%), and it currently exceeds 2% in only 11 U.S. markets. As a result, the breadth of construction risk has declined substantially. The construction pipeline will likely continue to shrink in 2024, given the uncertainty related to the office market mixed with the various short-term economic challenges associated with interest rates, commodity prices, supply chains, and labor shortages.

Asking rents are lagging real-time market softness. After reaching a new record high in 2Q2020, at US$33.69 per square foot (psf), the national average asking rent has continued to climb, reaching US$37.67 psf in 4Q2023, despite an increasing national overall vacancy rate and economic turmoil. In 4Q2023, the national weighted average asking rent increased by 1.2% and was up significantly since bottoming 11 years ago in 1Q2011.

U.S. Office Market Outlook

Over the next few years, the national office market will face an uphill battle given current market conditions. When we consider that one of the greatest challenges for business is talent retention and that the modal worker age is 26 years old, the needs of those younger workers become a priority. In the current environment, hybrid and remote work strategies are increasingly being deployed and employers are changing space use behaviors across the United States. Kastle Systems Back to Work Barometer, a measure of 2,600 buildings and 41,000 businesses in the United States in how employees are returning to the office, reached a post pandemic high of 50.5% In November 2023 behind a rise in occupancy in Chicago and San Francisco. Additionally, rising inflation and higher costs have affected hiring and employers are having to factor in these challenges while still trying to attract top talent.

Moreover, the national office market has put a focus on asset quality since the start of the pandemic and will be a key driver in bringing employees back to the office over the near term. The social aspects of being in an office, with a space to collaborate with peers, is more important than ever. While the ultimate picture could take shape over a variety of office strategies that will vary based on the length of the U.S. economic recovery, at this point we do not anticipate long-term net changes in office sector demand across the real estate spectrum.

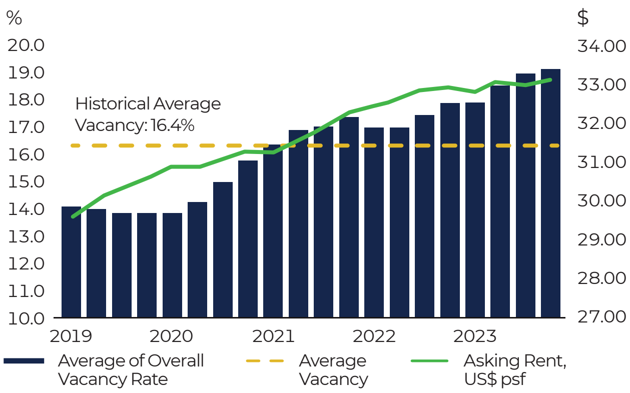
Combined Thirteen Local Markets

13 markets are reviewed within this report:

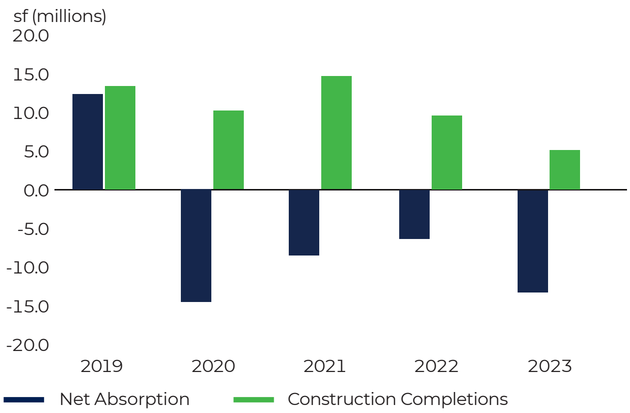
- Salt Lake City, Utah
- Atlanta, Georgia
- Denver, Colorado
- Sacramento, California
- San Diego, California
- Oakland, California
- Philadelphia, Pennsylvania
- Palm Beach County, Florida
- Dallas, Texas
- St Louis, Missouri
- San Antonio, Texas
- Suburban Maryland
- Suburban Virginia

The tables presented on this page represent combined market statistics for these 13 markets, depicting general trends over these markets.

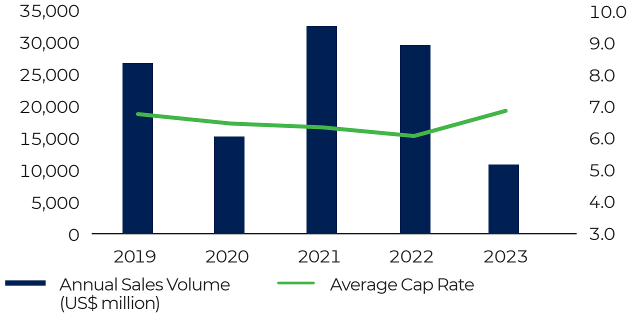
Overall Vacancy and Asking Rents



Office Space Demand and Deliveries



Investment Sales



Source: Real Capital Analytics

Consistent with national trends, the net absorption across the 13 markets plummeted YOY from 2019 to 2020, with net absorption of -14.9 msf for 2020, primarily attributed to the Covid-19 pandemic shutdown across the world. 2023 was the largest negative net absorption over the past 5 years at negative 15.0 msf. 11 of the 13 markets experienced negative net absorption. Of note, those markets with positive net absorption were St Louis and San Diego. Net absorption is projected in only 4 of the subject markets in 2024.

Office construction completions decreased from 10.3 msf in 2022 down to 6.2 msf in 2023 throughout the 13 local markets, mirroring the under construction activity in the US Office Market, down from 47.5 msf in 2022 to 33.5 msf in 2023.

Negative absorption and continued construction deliveries led to increases in vacancy for 2023. Vacancy rates for the 13 markets averaged 19.2% at the end of 2023, well above the 5-year average of 16.4% and also up substantially from the 17.8% average recorded for the end of 2022.

Investment sales of office buildings were down 60.8% in 2023 (US$10.9 billion) from the dramatic rebound post-covid in 2021 (US$31.5 billion) for these 13 markets. 2020 was a very low US$16.4 billion. The 2022 investment sales was slightly higher than the 5-year trailing average of near US$27.7 billion. Cap rates increased to 7.03% in 2023 from 6.34% in 2022. This is commensurate with the increase in interest rates by the Fed.

Office Market Indicators	US	Salt Lake City, Utah	Atlanta, Georgia	Denver, Colorado	Sacra-mento, California	San Diego, California	Oakland, (East Bay) California	Phila-delphia, Pennsyl-vania	Palm Beach, FL	Dallas, Texas	St Louis, Missouri	San Antonio, Texas	Suburban Maryland	Suburban Virginia
Vacancy Rate														
Q4 2022	18.2%	19.3%	22.4%	21.8%	14.0%	13.3%	18.4%	19.9%	10.7%	21.0%	17.6%	15.7%	18.9%	20.3%
Q4 2023	19.7%	23.6%	23.8%	23.0%	14.4%	14.5%	21.1%	21.9%	11.6%	21.2%	17.3%	17.3%	20.4%	21.5%
12-Month Forecast	▲	—	▲	▲	▲	▲	▲	▲	▲	▲	▼	▲	▼	▲
YTD Net Absorption (sf)														
Q4 2022	-19.0m	-1,208k	1,441k	-2,832k	-613k	888k	-133k	-3,779k	-38k	-266k	-1,295k	591k	701k	-590k
Q4 2023	-19.2m	-140k	-2,500k	-470k	-823k	395k	-223k	-1,820k	-361k	-1,900k	288k	103k	-156k	32k
12-Month Forecast	▲	▼	▲	—	▼	▲	—	▼	▲	▲	▼	▼	▼	▼
Under Construction (sf)														
Q4 2022	90.4m	729k	1,943k	2,125k	574k	5,930k	275k	912k	648k	6,124k	599k	1,119k	516k	815k
Q4 2023	59.9m	377k	2,330k	2,259k	569k	1,196k	0k	1,045k	676k	6,068k	0k	277k	276k	703k
12-Month Forecast	▼	▼	▼	▼	▼	▼	▲	▼	▲	▼	▲	—	▲	▼
Average Asking Rent														
Q4 2022 (Annual psf)	US$ 37.38	US$ 25.80	US$ 31.00	US$ 31.55	US$ 26.28	US$ 43.44	US$ 54.96	US$ 27.73	US$ 43.10	US$ 28.31	US$ 22.30	US$ 24.64	US$ 29.13	US$ 34.59
Q4 2023 (Annual psf)	US$ 37.67	US$ 25.64	US$ 31.70	US$ 32.59	US$ 26.40	US$ 41.16	US$ 51.00	US$ 28.09	US$ 46.21	US$ 29.48	US$ 23.14	US$ 23.33	US$ 30.83	US$ 35.52
12-Month Forecast	▼	—	▲	—	—	▼	▼	—	▲	—	—	—	▲	—

INDEPENDENT MARKET REVIEW

Salt Lake City, Utah

Economic Indicators

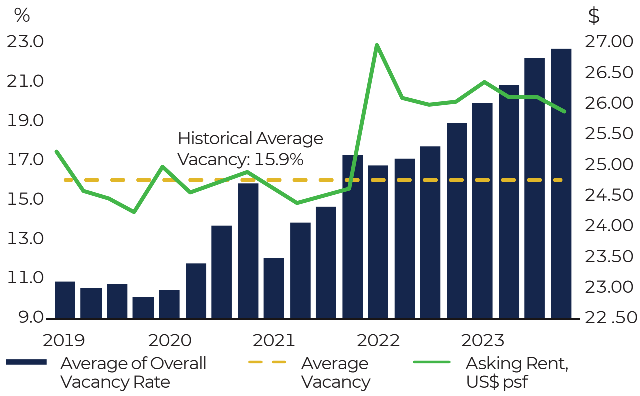
	Q4 2022	Q4 2023	12-Month Forecast
Salt Lake City MSA Employment	699k	829k	▲
Salt Lake City MSA Unemployment	2.2%	2.7%	▼
U.S. Unemployment	3.7%	3.7%	▼

Office Market Indicators (Overall, All Classes)

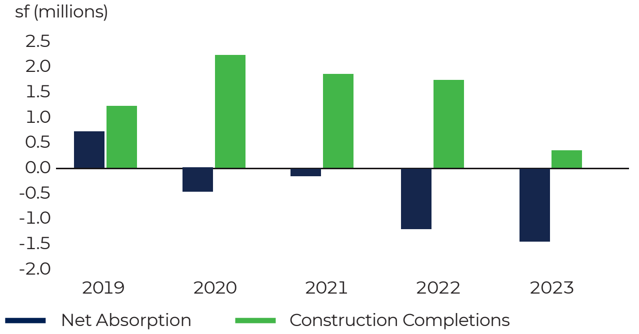
	Q4 2021	Q4 2022	12-Month Forecast
Vacancy	19.3%	23.6%	—
YTD Net Absorption (sf)	-1,208k	-140k	▼
Under Construction (sf)	729k	377k	▼
Average Asking Rent*	US$25.80	US$25.64	—

* Rental rates reflect gross asking US$psf/year

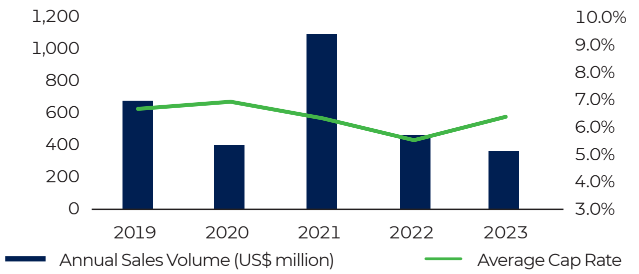
Overall Vacancy and Asking Rents



Office Space Demand and Deliveries



Investment Sales



Source: Real Capital Analytics

Local Economy

The Salt Lake City (SLC) market recorded an employment level of 828,600 jobs and the unemployment rate increased from 2.2% in 2022 to 2.7% in 2023. The metro area continues to record strong growth, as the number of households increased since 2020 by 5.0% to 448,536 in 2023. Wage growth continues to bring job seekers back into the labor market, as the median household income reached US$99,900 in 2023, an increase of 4.9% YOY. The SLC economy of US$98.3 billion as measured by 2023 gross metro product is forecasted to climb to US$100.7 billion in 2024 and US$104.4 billion in 2025.

Office Market Trends

The overall vacancy rate increased 430 bps YOY from 19.3% to 23.6% in Q4 2023. Subleases had a significant impact on the overall negative absorption, as tenants looked to downsize amid reevaluating their real estate needs and hybrid work schedules.

In the fourth quarter of 2023, tenants recorded positive net absorption in 5 of the 10 submarkets. However, this was offset by the space vacated in the other 5 submarkets, resulting in an overall negative net absorption of 139,806 sf.

The overall average asking rent for all classes decreased by US$0.16 or 0.6% YOY psf. Technology companies that had previously planned for growth are now downsizing their footprints, leading to increased sublease vacancies; this trend is especially pronounced in the Utah County North and South East submarkets, where sublet vacancies account for 11% of total vacant space, compared to 6.2% across the overall market.

3 buildings delivered in Q4 2023, totaling 184,342 sf, with 64% pre-leased. The largest delivery was Baltic Pointe at 14761 S. Future Way, a 130,000-sf building located in the South East submarket.

According to Real Capital Analytics, sale activity declined in 2023 to just under US$394 million. This is down 62.7% from US$1,055 in 2021 the highest level of volume seen since records kept in 2012. Capitalisation rates averaged 6.4% as of year-end 2023.

Outlook

Leasing activity will most likely remain flat through the first half of 2024. Landlords who take the hospitality approach by having amenities such as conference centers with a large training room, lounge spaces, outside patio areas, and fitness facilities are going to be more successful at attracting tenants. Given the trend of tenants seeking smaller spaces and the significant full-floor vacancies, landlords will continue to divide those spaces into smaller, built-out spec suites. Additional sublease spaces are expected to increase in 2024. New office construction starts have stalled until office demand, interest rates, and difficult lending conditions begin to see an improvement. Despite these significant headwinds, Salt Lake City is uniquely positioned to stabilise as the local economy continues to outperform many of its peer markets. With continued positive net in-migration and a general push within the workforce for a well-nourished work-life balance, Salt Lake City remains a highly desirable market for office users and favorable for new businesses.

Atlanta, Georgia

Economic Indicators

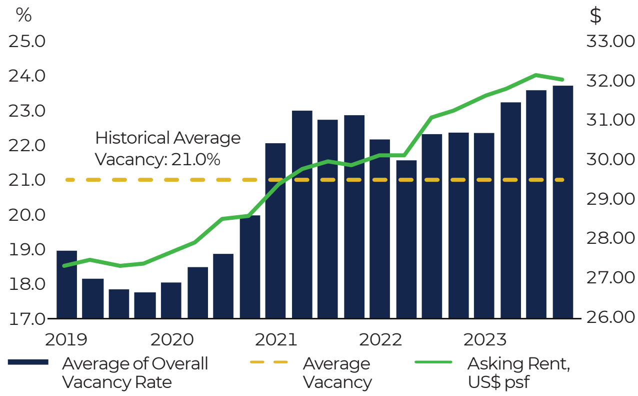
	Q4 2022	Q4 2023	12-Month Forecast
Atlanta MSA Employment	3,121k	3,157k	▲
Atlanta MSA Unemployment	2.8%	3.5%	▲
U.S. Unemployment	3.7%	3.7%	▼

Office Market Indicators (Overall, All Classes)

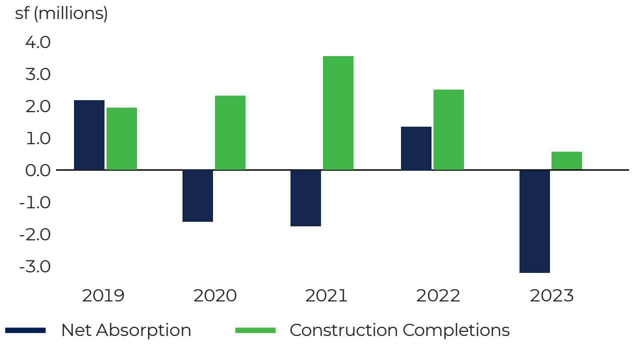
	Q4 2022	Q4 2023	12-Month Forecast
Vacancy	22.4%	23.8%	▲
YTD Net Absorption (sf)	1,441k	-2,500k	▲
Under Construction (sf)	1,943k	2,330k	▼
Average Asking Rent*	US$31.00	US$31.70	▲

* Rental rates reflect gross asking US$psf/year

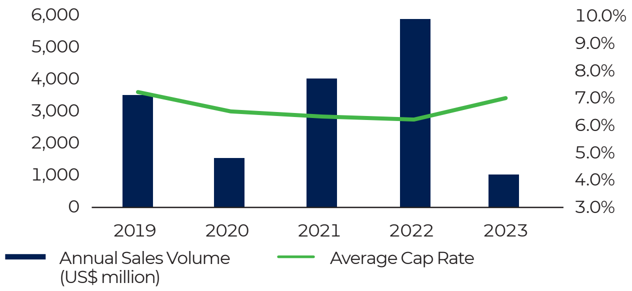
Overall Vacancy and Asking Rents



Office Space Demand and Deliveries



Investment Sales



Source: Real Capital Analytics

Local Economy

The Metro Atlanta economy grew by 2.5% annually in 2023 as local employers added 76,500 jobs. Employment gains were spurred by the Financial Activities and Education and Health Services sectors, which expanded by 5.3% and 7.1%, respectively. Employment creation in both sectors helped offset a 3.6% contraction in the Information sector. Atlanta remained attractive to companies seeking access to a robust workforce of educated young professionals, a key advantage complemented by favorable tax incentives and regulatory policies. Atlanta's relative affordability advantage over other markets has also played an integral role in its ability to thrive, spurring robust in-migration and helping the region outpace the national economy's growth trajectory.

Office Market Trends

Direct asking rents remained stable, growing to US$31.7 psf. While landlords were less inclined to budge on rents, well-capitalized owners of high-end, amenity-rich spaces have been especially willing to offer incentive packages that include robust TI allowances, furthering Atlanta's flight to quality trend in the CBD.

Amid an expanding labor force and a growing number of return-to-office mandates, new leasing activity exceeded 1.1 msf in Q4, bringing the year-to-date total to 5.7 msf. Demand remained strong for the highest quality and best-located space as Midtown, the model of Atlanta's flight to quality trend, recorded 239,086 sf of leasing—up 19.2% quarter-over-quarter (QOQ).

Atlanta's vintage product built prior to 2001 shoulders a substantial portion of vacancies—the five largest new vacancies of Q4, totaling 669,163 sf, were in buildings delivered prior to 2001. As more space became available in suburban Atlanta, overall vacancy in the metro area increased by 20 bps QOQ to 23.8%.

Transaction volume for investment sales had trended downward over the previous 6 years, reversing course in 2021 and continued growing into 2022. However, Real Capital Analytics estimates sales at US$1.2 billion, a 78.7% YOY decrease from 2022 and the lowest level of transaction volume since 2020. Capitalisation rates were up 58 bps from 2022 to 6.75%.

Outlook

While Atlanta is likely to register higher TI and rent concessions this year as rents experience minimal downward movement, industry diversity could mitigate the number of large incentive packages beyond 2024.

As lenders pull back funding for new projects in response to recent increases in office vacancy and interest rates, Atlanta's development pipeline of large new office buildings is poised to shrink.

While a continued uptick in office vacancy is forecasted for 2024, a growing number of large employers are expected to mandate return-to-office policies, forcing companies to re-evaluate their office footprints.

INDEPENDENT MARKET REVIEW

Denver, Colorado

Economic Indicators

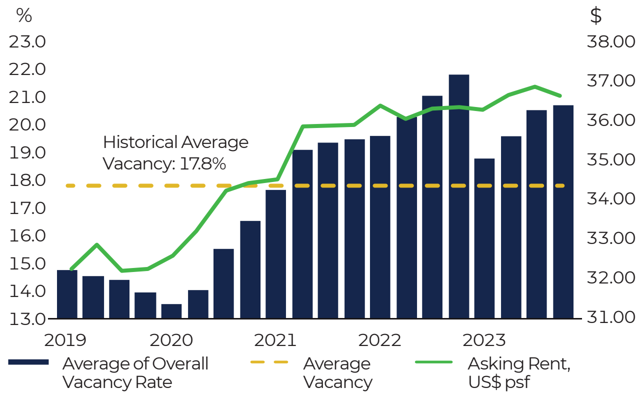
	Q4 2022	Q4 2023	12-Month Forecast
Denver MSA Employment	1,687k	1,683k	▲
Denver MSA Unemployment	3.3%	3.3%	▲
U.S. Unemployment	3.7%	3.7%	▼

Office Market Indicators (Overall, All Classes)

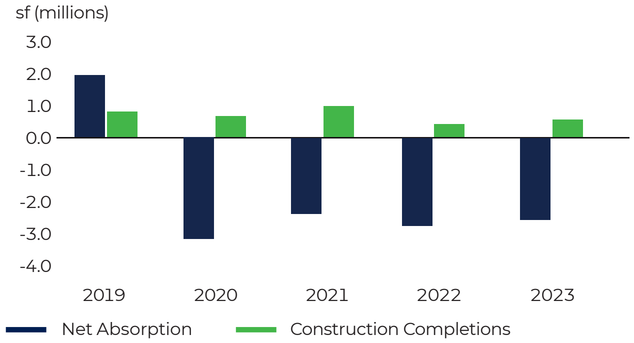
	Q4 2022	Q4 2023	12-Month Forecast
Vacancy	21.8%	23.0%	▲
YTD Net Absorption (sf)	-2,832k	-470k	—
Under Construction (sf)	2,125k	2,259k	▼
Average Asking Rent*	US$31.55	US$32.59	—

* Rental rates reflect gross asking US$psf/year

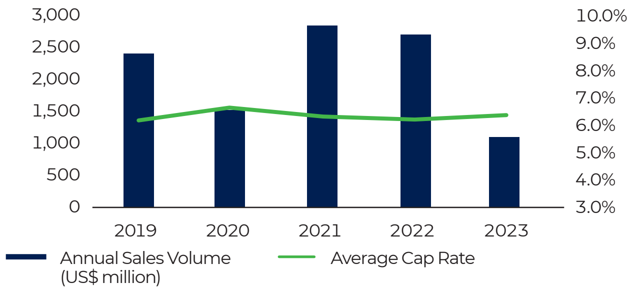
Overall Vacancy and Asking Rents



Office Space Demand and Deliveries



Investment Sales



Source: Real Capital Analytics

Local Economy

Metro Denver experienced a similar unemployment, recording 3.3% in 4Q2023. Similarly, the national unemployment rate remained unchanged at 3.7%. Despite widespread concerns about economic instability, the unemployment rates in Metro Denver have demonstrated relatively stronger performance when contrasted with the nationwide statistics.

Office Market Trends

The overall vacancy rate in Denver rose to 23.0% in 2023, a 120 bps increase over the prior year. The rise in direct vacancy is primarily attributed to sublease expirations transitioning to direct space. Non-CBD submarkets witnessed an overall vacancy rate increase to 20.6% in 4Q2023, marking a YOY increase of 210 bps. Sublease availability saw a reduction of 175,000 sf from 3Q2023, bringing the market-wide total to slightly over 5.6 msf to end 2023.

The overall average asking rate for Denver Metro remained stable, concluding 4Q2023 at US$32.59 psf on a full-service gross (FSG) basis. This marked a slight increase of US$1.04 psf compared to 4Q2022.

Office leasing activity saw a decrease in 2023. This reduction in activity, compared to previous periods, can be attributed to changes in tenant behavior influenced by uncertain economic conditions and ongoing evaluations of the hybrid-work model. Additionally, when compared to 2022, Denver Metro's leasing activity exhibited a substantial drop. Class A space contributed approximately 867,900 sf, or 67.6% of the activity, while Class B accounted for just under 365,600 square feet (28.5%). The most significant new lease of the quarter was secured by Xcel Energy, leasing 220,170 square feet at 3500 Blake Street.

Metro Denver experienced nearly 469,800 sf of negative net absorption in 2023. This marked a 30.2% increase from 2022. The negative absorption in 2023 can be primarily attributed to a significant number of tenant departures and downsizing, particularly in the CBD where tenants are opting for smaller yet higher-quality spaces. One of the most substantial tenant move-outs during the quarter was by WeWork, vacating 58,100 square feet at 2420 17th Street, one of several move-outs for the company.

Office investment sales decreased 58.6% YOY to approximately US$1.0 billion in 2023. This is the lowest level of sales volume for Denver in the past 5 years and reverses a major rebound in 2021 and 2022 after 2 years of decline in 2019 and 2020. Capitalisation rates were up slightly from 2022, averaging 6.4% but were generally in line with the range over the past five years.

Outlook

The stability in unemployment rates coupled with ongoing recessionary concerns have created continued headwinds for the office market and will likely result in further quarters of depressed leasing activity. Move-outs and downsizing leases continue to outweigh net new leasing activity, and with rising sublease availability, it is likely that vacancy will continue to rise through the first half of 2024, if not beyond. Asking rates continue to hold steady, but as overall conditions remain challenging, free rent and tenant finish concessions will continue to climb.

Sacramento, California

Economic Indicators

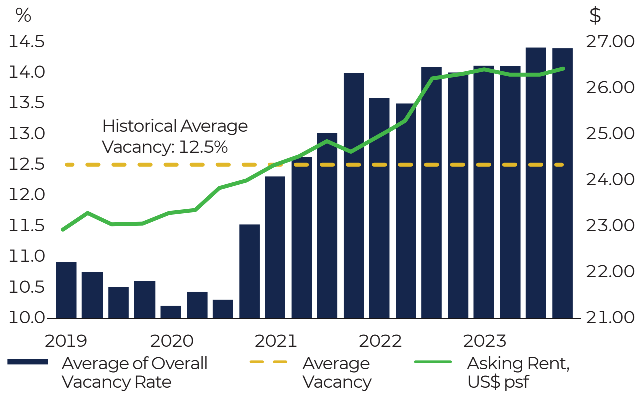
	Q4 2022	Q4 2023	12-Month Forecast
ForecastSacramento MSA Employment	1,078k	1,084k	▲
Sacramento MSA Unemployment	3.5%	4.3%	▼
U.S. Unemployment	3.7%	3.7%	▼

Office Market Indicators (Overall, All Classes)

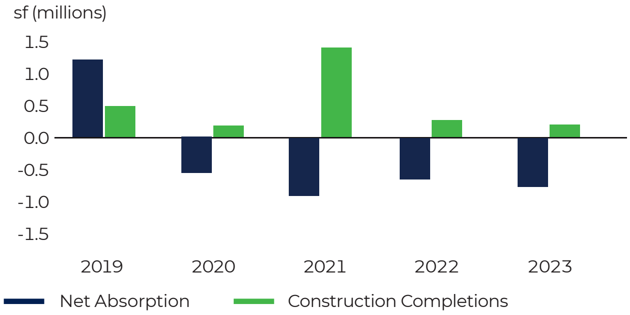
	Q4 2022	Q4 2023	12-Month Forecast
Vacancy	14.0%	14.4%	▲
YTD Net Absorption (sf)	-613k	-823k	▼
Under Construction (sf)	574k	569k	▼
Average Asking Rent*	US$26.28	US$26.40	—

* Rental rates reflect gross asking US$psf/year

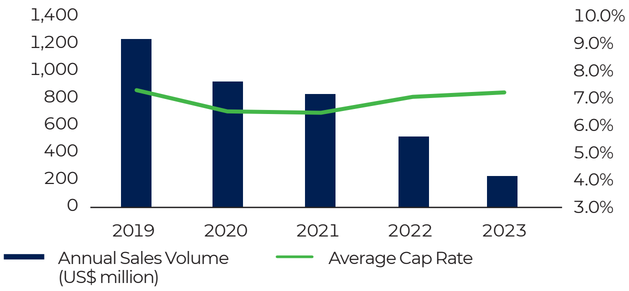
Overall Vacancy and Asking Rents



Office Space Demand and Deliveries



Investment Sales



Source: Real Capital Analytics

Local Economy

As 2023 concluded, Sacramento's economy exhibited overall stability. The metropolitan area's unemployment rate stood at 4.3%, marking a modest increase from the previous year's 3.5%. The office sector contributed positively to the employment landscape, closing the year with the addition of nearly 25,000 new jobs, reflecting a 2.3% increase compared to the previous year.

Office Market Trends

The year closed with a net absorption total of negative 822,580 sf, having not recorded a single positive quarter of net absorption in 2023. In fact, the market has not seen a single quarter of positive net absorption for over 3 years. Almost 60% of all leasing activity in 2023, involved renewals, with an average term of 48 months. For context, in 2019, 25% of renewals were for 2 years or less, and in 2022, 33% had a lease term of 2 years or less.

In the 4Q2023, tenant requirements totaled 1.5 msf, compared to 1.3 msf a year ago, and representing a roughly 32% decrease from pre-pandemic activity levels. However, many requirements often serve as exploratory exercises, allowing tenants to assess the market before ultimately deciding to renew in their existing space, a fact that has weighed on transaction levels.

The overall market-wide vacancy rate increased 40 bps, closing the 4Q2023 at 14.4%. Market vacancy remains relatively low, considering vacancy peaked during the Great Financial Crisis at 20.7%.

Considering prevailing market challenges, asking rates remained consistent YOY as 2023 concluded at US$26.40 psf on a full-service basis. This signifies stability when compared to 2019, which closed at US$23.04 psf, representing an almost 15% increase. Rent growth has experienced a slowdown over the past 18 months, influenced by anticipated economic uncertainty, and is expected to hold relatively level for the foreseeable future.

According to Real Capital Analytics, sale activity declined for the fifth consecutive year in 2023 to just under US$265 million. This is down 47.2% from 2022 and is the lowest annual total since 2015. Activity did pick up near the end of 2023 with capitalisation rates rising slightly, averaging approximately 7.35% for the year.

Outlook

Many occupiers continue to renew, while some will look to upgrade to highly amenitized and high-quality spaces that are designed to provide a "next gen" work experience.

In addition to traditional office tenants, sectors such as life sciences, bio, and tech are expected to experience organic growth in the Sacramento metro area. These industries may also see an influx of tenants from other markets as they recognize the talented workforce available in the region.

The State of California is expected to occupy the Richards Boulevard Office Complex in the second half of 2024, a move that is likely to result in increased vacancy as existing government office spaces become available with as much as 1.8 msf potentially available by the end of 2026.

INDEPENDENT MARKET REVIEW

San Diego, California

Economic Indicators

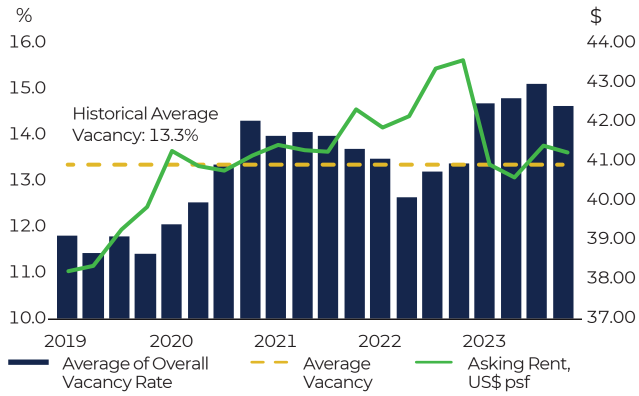
	Q4 2022	Q4 2023	12-Month Forecast
San Diego MSA Employment	1,532k	1,600k	▲
San Diego MSA Unemployment	3.1%	4.0%	▼
U.S. Unemployment	3.7%	3.7%	▼

Office Market Indicators (Overall, All Classes)

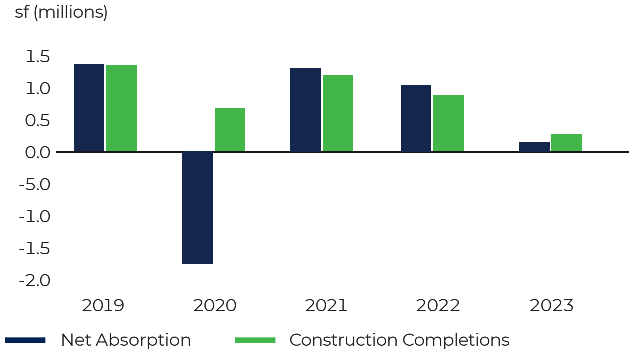
	Q4 2022	Q4 2023	12-Month Forecast
Vacancy	13.3%	14.5%	▲
YTD Net Absorption (sf)	888k	395k	▲
Under Construction (sf)	5,930k	1,196k	▼
Average Asking Rent*	US$43.44	US$41.16	▼

* Rental rates reflect gross asking US$psf/year

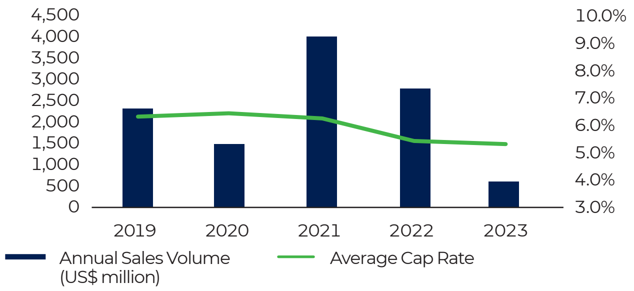
Overall Vacancy and Asking Rents



Office Space Demand and Deliveries



Investment Sales



Source: Real Capital Analytics

Local Economy

Total nonfarm employment in San Diego grew by 21,900 jobs or 1.4% YOY between 2022 and 2023. The private education and health services sector accounted for the most significant job gains, adding 10,300 jobs (+4.4% YOY). The leisure and hospitality sector followed closely by adding 9,900 jobs (+4.9% YOY). The professional and business industry shrunk by 6,600 jobs (-2.3% YOY). During the same time, the unemployment rate increased from 3.1% last year to 4.0% and is currently similar to the quarterly average of 4.0%. The recovery from the 249,300 nonfarm job losses between March and April 2020 has been completed, with 325,800 jobs fully recovered between May 2020 and November 2023.

Office Market Trends

San Diego's overall office vacancy rate increased 120 bps YOY to 14.5% in 2023. Large occupancies include MediaTek at Kilroy Sabre Springs, Vuori occupying a portion of their lease at MAKE, and the delivery of a 71,000-sf BTS for Apple.

J Street Partners purchased Tower 180 this quarter to convert the existing class A office to hotel, residential and retail use. Removing this project from the Downtown office inventory will decrease Downtown vacancy by 200 bps and help alleviate some of the oversupply in the market. Countywide, there are currently 15 office projects that are 100% vacant and provide the potential for additional opportunities to transform obsolete buildings into hotels, residential or other alternative uses.

The countywide average overall asking rent across all classes decreased by 5.3% over the past year to US$41.16 psf on a full-service basis.

There are approximately 1.2 msf of office properties under construction in San Diego County. Among these properties, 42% are pre-leased, with roughly 1 msf of the under-construction inventory expected to be delivered by the end of 2024, with another 168,000 sf in 2025. The majority (75%) of inventory, totaling 894,000 sf, is SPEC, with the remaining 25%, totaling 302,000 sf BTS.

Real Capital Analytics estimated investment sales volume at approximately US$802 million for the past 12 months, down 70.5% from US$2.7 billion in 2022. Capitalisation rates decreased in 2023, averaging approximately 5.3% for the year.

Outlook

Leasing activity for spaces under 15,000 sf has been most active, but the market has seen an uptick in tenants ranging from 15,000 to 50,000 sf and is expected to be the primary driver of activity in the market, accounting for 30% of lease obligations set to expire within the next 12 to 24 months. Tenants occupying less than 15,000 sf represent 50% of the total.

Active tenant requirements for over 10,000 sf total approximately 1.9 msf for the next 24 months countywide. After pausing their plans during the COVID-19 pandemic, tenants are re-engaging with the market, seeking higher-quality spaces that align with their adjusted footprints and evolving needs. The largest tenant requirements in the last 3 years were driven primarily by tech users, which had slowed their growth during 2023, but are anticipated to return as more and more employers are mandating return-to-office requirements.

Oakland (East Bay), California

Economic Indicators

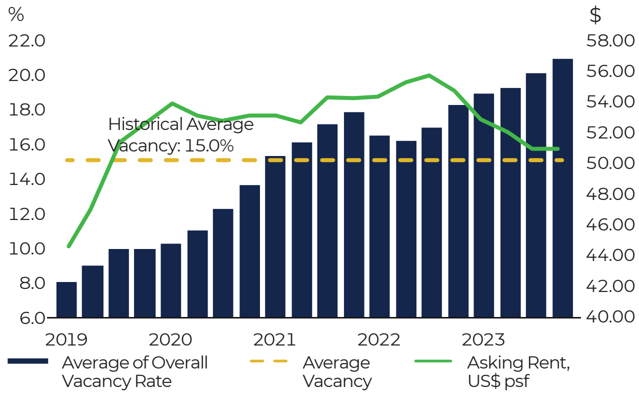
	Q4 2022	Q4 2023	12-Month Forecast
San Francisco Oakland MSA Employment	2,476k	2,443k	▲
San Francisco Oakland MSA Unemployment	2.7%	4.2%	▼
U.S. Unemployment	3.7%	3.7%	▼

Office Market Indicators (Overall, All Classes)

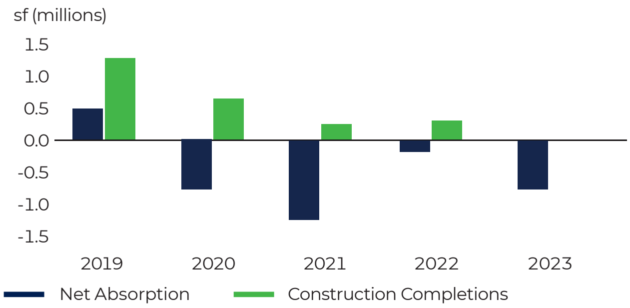
	Q4 2022	Q4 2023	12-Month Forecast
Vacancy	18.4%	21.1%	▲
YTD Net Absorption (sf)	-133k	-223k	—
Under Construction (sf)	275k	0k	▲
Average Asking Rent*	US$54.96	US$51.00	▼

* Rental rates reflect gross asking US$psf/year

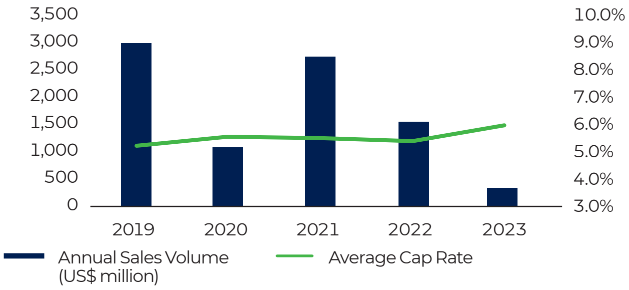
Overall Vacancy and Asking Rents



Office Space Demand and Deliveries



Investment Sales



Source: Real Capital Analytics

Local Economy

The East Bay, consisting of Alameda and Contra Costa counties, recorded positive job growth with 18,600 jobs added YOY. Despite the growth in positions, the unemployment rate rose 150 bps YOY, closing 4Q2023 at 4.2%. Over the past year, the Bay Area experienced widespread layoffs within the technology companies that had previously been a driving force behind occupancy growth and while COVID-19 concerns have faded for many employers, new macroeconomic uncertainties are weighing heavily on industries beyond tech, stifling growth and the demand for office space.

Office Market Trends

The overall vacancy rate in the East Bay Oakland office market was 21.1% in 2023, a 270 bps increase. Net absorption was negative 223,000 sf, with 6 consecutive quarters of occupancy decline. Fortunately for the market, the major downsizings and office closures that garnered headlines early in the Pandemic have slowed and vacancy is rising at a more modest pace, between 40-80 bps each quarter of this year. By comparison, markets like San Francisco have continued to see vacancy jumps of over 200 bps in a single quarter.

The overall asking rate closed 4Q2023 at US$51.00 psf on a full-service basis, down US$3.96 YOY. Having held near historic highs for the past 3 years, despite rising vacancy, 2023 saw the market begin to reprice as landlords looked to capture limited tenant demand in the face of looming loan maturities. In the CBD, the delta between Class A and Class B rental rates continued to grow dramatically, with the average asking rate for Class B falling US$7.80 psf YOY while Class A was down just US$1.20 psf. In the years leading up to the pandemic, scant vacancy and tenant demand for creative office space drove Class B rates to within 10% of Class A. Now, as demand wanes and vacancy rises, Class B properties are experiencing the most dramatic repricing and that gap has increased to 31%. This divergence is expected to continue as the market experiences a flight to quality and commodity space struggles to compete.

According to Real Capital Analytics, sale activity decreased in 2023 to US$392 million, a 76% decreased from 2022. This level is 1/3 of the 2020 level, the lowest in the past 10 years. Average capitalisation rates have remained relatively level, ending 2023 at 5.9%.

Outlook

Net absorption is expected to remain in the red into 2024 as tenants continue to evaluate their need for space and increasingly choose to downsize. Asking rents are expected to decline as pricing slowly adjusts to elevated vacancy and lower demand. Investment activity may start to build momentum in 2024 as interest rates plateau and debt maturity places pressure on properties to trade.

INDEPENDENT MARKET REVIEW

Philadelphia, Pennsylvania

Economic Indicators

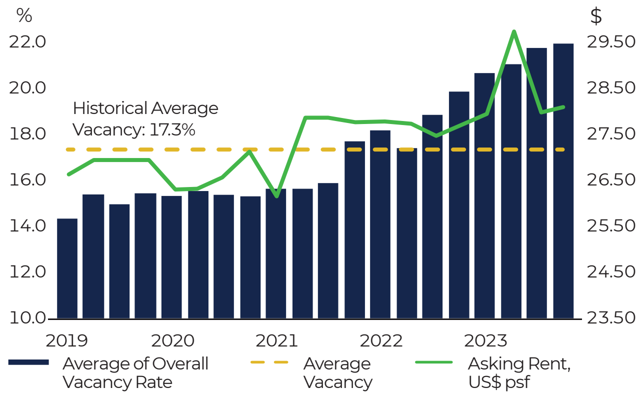
	Q4 2022	Q4 2023	12-Month Forecast
Philadelphia MSA Employment	3,082k	3,130k	▲
Philadelphia MSA Unemployment	3.8%	3.7%	▲
U.S. Unemployment	3.7%	3.7%	▼

Office Market Indicators (Overall, All Classes)

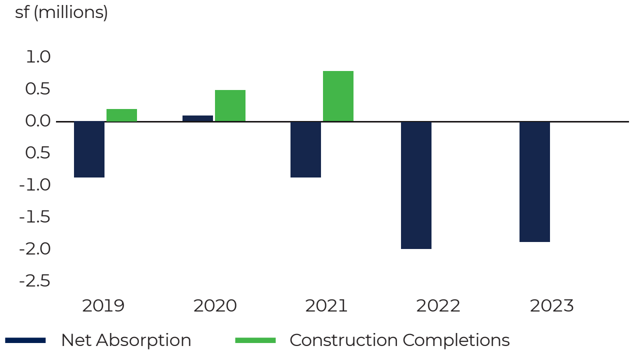
	Q4 2022	Q4 2023	12-Month Forecast
Vacancy	19.9%	21.9%	▲
YTD Net Absorption (sf)	-3,779k	-1,820k	▼
Under Construction (sf)	912k	1,045k	▼
Average Asking Rent*	US$27.73	US$28.09	—

* Rental rates reflect gross asking US$psf/year

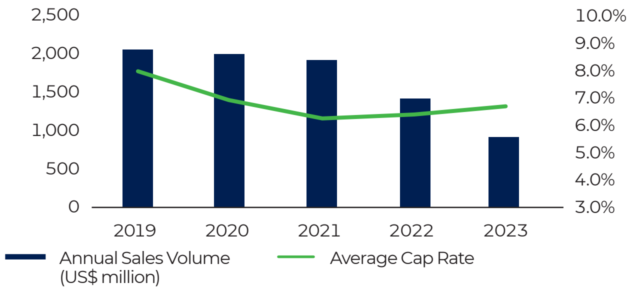
Overall Vacancy and Asking Rents



Office Space Demand and Deliveries



Investment Sales



Source: Real Capital Analytics

Local Economy

The Bureau of Labor Statistics (BLS) data indicates that the combined four-county region (Bucks, Montgomery, Chester, and Delaware) concluded 2023 with an unemployment rate of 3.7%. All traditional office using sectors reached all-time highs, a testament to the region's economic resilience, even as labor participation attained new heights.

High interest rates, historically high office vacancy, and the paradigm shift to hybrid work has caused distress across the Suburban market. Nearly 55 properties in the four-county region ended the year in special servicing, with these CMBS loans heavily concentrated in secondary submarkets. These properties account for a significant portion of their respective submarkets, indicating potential challenges and complexities within these segments of the Suburban office market.

Office Market Trends

In 2023, the Suburban office market underwent significant transformations, influenced by evolving work patterns and economic trends. Despite a 3.3% YOY increase in new deals, the annual leasing volume experienced a notable downturn, declining by 19.7% YOY, the lowest since the onset of the pandemic. This reduction signifies a notable low for average deal size, underscoring the recalibration of office space utilization.

Overall vacancy rate reached an 18-year high at 21.9%. Sublease vacancy surged to 3.5%, marking a 61.3% YOY increase—an 18-year high as well. The surge in sublease vacancy contrasted with the slower increase in direct vacancy, which increased 2.4% per quarter on average (9.8% annually), representing the slowest rate of increase since the onset of the pandemic.

According to Real Capital Analytics, sale activity has decreased annually for the past 5 years, ending 2023 at just over US$872 billion. This is the lowest level of investment sales within the past 5 years, which peaked in 2019 at US$2,045 billion. The average capitalisation rate increased to 7.1%, a 53 bps increase from 2022.

Outlook

The economy in the Philadelphia metro continues to struggle with market rents remaining relatively stagnant and vacancy climbing. There continues to be significant negative net absorption and no new construction completions in 2023. With no new construction, that trend is forecast to slow until absorption and vacancy are closer to historical levels. The amount of space currently in the market and the long lead times it takes for new office construction means that Philadelphia will remain a tenant's market for the foreseeable future, and tenant demand is expected to remain moderate for office product.

Palm Beach County, Florida

Economic Indicators

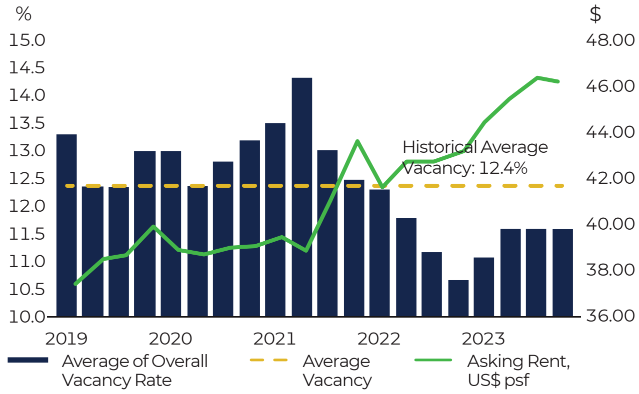
	Q4 2022	Q4 2023	12-Month Forecast
Miami-Ft Lauderdale, Florida Employment	1,373k	3,205k	▲
Miami-Ft Lauderdale, Florida Unemployment	2.7%	2.9%	▲
U.S. Unemployment	3.7%	3.7%	▼

Office Market Indicators (Overall, All Classes)

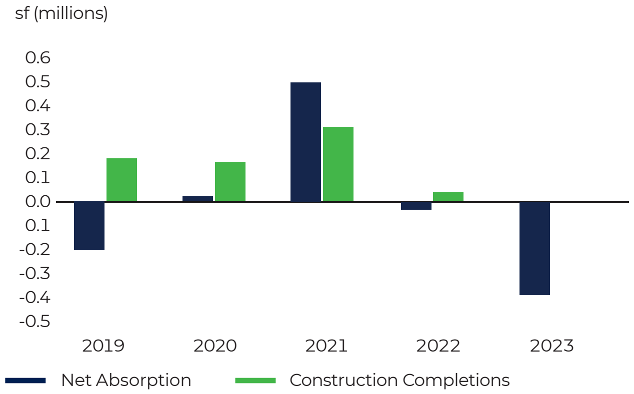
	Q4 2022	Q4 2023	12-Month Forecast
Vacancy	10.7%	11.6%	▲
YTD Net Absorption (sf)	-38k	-361k	▲
Under Construction (sf)	648k	676k	▲
Average Asking Rent*	US$43.10	US$46.21	▲

* Rental rates reflect gross asking US$psf/year

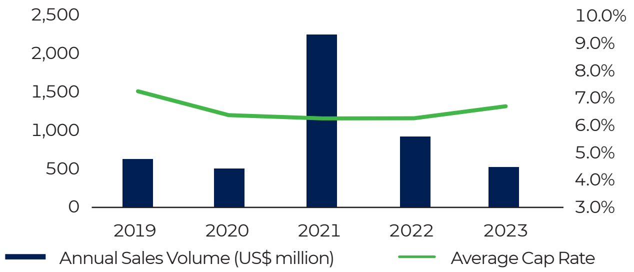
Overall Vacancy and Asking Rents



Office Space Demand and Deliveries



Investment Sales



Source: Real Capital Analytics

Local Economy

The unemployment rate in Palm Beach County was 2.9% at year-end, up 20 bps from 2022. While unemployment rose slightly, the market rate was 80 bps below the national rate for 2023. Nonagricultural employment was 685,000, a 1.3% increase YOY or 9,000 jobs added. The professional and business services industry lost 2,800 jobs in 2023, the largest decrease by any sector in the market.

Office Market Trends

Overall vacancy was 11.6% at the end of 2023. Two vacancies totaling 280,000 sf from the Newell sublet and Office Depot downsize, accounted for the majority of added vacancy during 2023. Despite the YOY spike in vacant space, Palm Beach County still boasted the lowest rate in the state. The county had no project completed in 2023, but the expected completion of 300 Banyan and One Flagler in early 2024 will offer over 215,000 sf of vacant, much needed Class A space to the market's CBD. The development pipeline remained robust, with 585,007 sf currently under construction in the CBD. The expected completion of those developments will provide companies more opportunity to upgrade in high quality space.

Palm Beach County's leasing activity totaled 1.3 msf, down 31.1% YOY. New deal activity normalized, correcting to the 10-year market average after the record high activity reported in 2021 and 2022. The Northwest Boca Raton submarket had the most deal activity in the market, highlighted by the ADT expansion in 4Q2023 and the Office Depot sale/leaseback in the first half of 2023. Demand slightly outpaced supply during 4Q2023 with modest positive net absorption, but YTD absorption finished at -360,775 sf.

Palm Beach County's overall asking rents rose to US$46.21 psf, up 7.2% YOY. Class A rents rose 4.2% to US$52.43 psf while Class B product recorded a 5.0% YOY increase, finishing the year at US$41.12 psf. Overall CBD rents rose 11.5% in the past 12 months, up to US$64.90 psf, while Class A space in the submarket recorded a 14.0% increase during the same time frame, up to US$77.27 psf. Although rates rose YOY, asking rents decreased across the market QOQ. Economic uncertainty and the lack of construction completions contributed to rents beginning to stagnate.

Real Capital Analytics estimated investment sales volume at approximately US$537 million for the past 12 months, the lowest level, following 2020, within the past 5 years. Capitalisation rates continued to increase, averaging approximately 6.7% for the year.

Outlook

While the pandemic had hit Palm Beach's Leisure & Hospitality sector particularly hard, the Palm Beach economy and office fundamentals have shown improvements. As a result, the area is expected to resume its previous upward trajectory as the national economy continues to recover from the pandemic. Vacancy rates remain below those of most metropolitan areas, and with very little new construction underway, the outlook for the Palm Beach office market is generally favorable.

INDEPENDENT MARKET REVIEW

Dallas, Texas

Economic Indicators

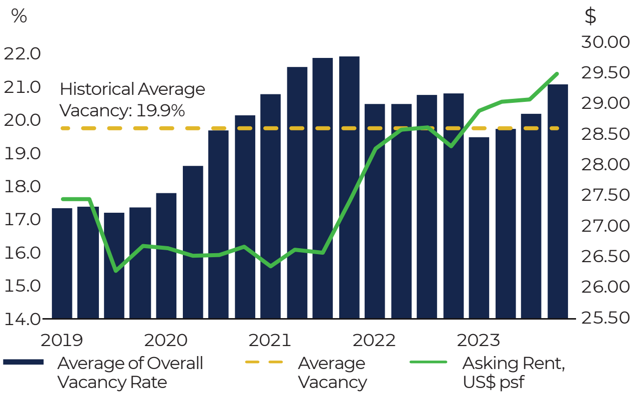
	Q4 2022	Q4 2023	12-Month Forecast
Dallas-Ft Worth MSA Employment	4,141k	4,299k	▲
Dallas-Ft Worth MSA Unemployment	3.4%	3.9%	▼
U.S. Unemployment	3.7%	3.7%	▼

Office Market Indicators (Overall, All Classes)

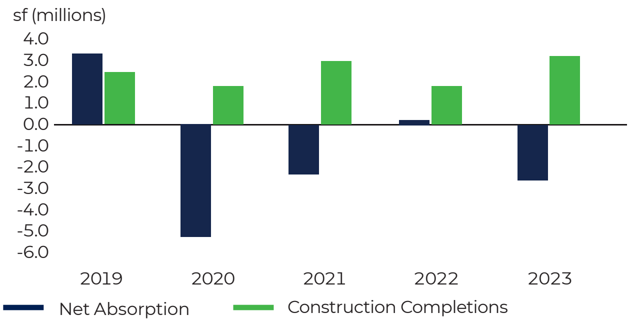
	Q4 2022	Q4 2023	12-Month Forecast
Vacancy	21.0%	21.2%	▲
YTD Net Absorption (sf)	-266k	-1,900k	▲
Under Construction (sf)	6,124k	6,068k	▼
Average Asking Rent*	US$28.31	US$29.48	—

* Rental rates reflect gross asking US$psf/year

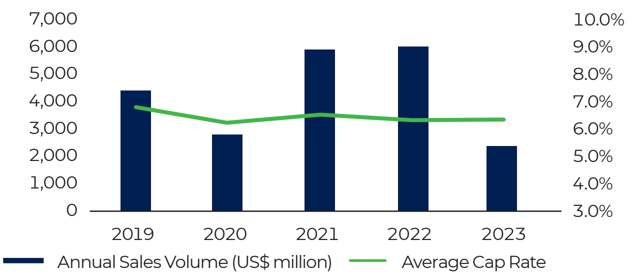
Overall Vacancy and Asking Rents



Office Space Demand and Deliveries



Investment Sales



Source: Real Capital Analytics

Local Economy

The Dallas-Fort Worth (DFW) economy demonstrated resilience and achieved notable milestones in 2023 despite the economic obstacles faced in all markets across the nation. Ongoing challenges include increased capital costs, loans approaching maturity, and inflationary pressures due to inefficiencies in the global supply chain. Office-using jobs, which fall into the professional/business services, information/technology, and financial activities sectors, grew by 4.1% when compared to 2022. Beyond its thriving job market, DFW stands out on the corporate landscape, serving as home to 55 of the nation's Fortune 500 companies, and witnessed a total of 284 headquarters relocations.

Office Market Trends

Construction activity in DFW remains robust, although developers are proceeding cautiously considering rising capital costs and timelines. In 2023, the market successfully delivered 2.8 msf of new office space with 6.2 msf expected to be completed in the next 24 months.

The overall vacancy rate in the DFW increased by 20 bps, reaching 21.2% in 2023.

DFW once again secured its position in the top 10 nationwide for total leasing activity, with a total of 11.8 msf of leases transacted in 2023. This solidified the metroplex's place as a business hub, surpassing activity levels in Atlanta by 29% and Denver by 44%. Owners are actively addressing concerns about outdated properties through investment in highly amenitized spaces. This can be demonstrated by the demand for Class A space, totaling 8.2 msf in leased space, constituting 69.1% of all leases executed in 2023.

Continued escalations in capital expenditure and global energy costs have resulted in annual full-service leasing rates rising to US$29.48 psf, marking a YOY increase of 4.1%.

Like most other markets, investment sales activity rebounded from the suppressed levels of 2020, increasing nearly 103% in 2021, then increasing 2.1% YOY to nearly US$6.0 billion in office investment sales in 2022. However, 2023, investment sales dropped 59.9% to US$2.4 billion, a level even lower than the initial COVID year, 2020. Average capitalisation rates remained relatively stable at 6.2%.

Outlook

Despite macro-economic headwinds faced in the nation, the mid- and long-term outlook for Dallas-Fort Worth remains positive compared to other large metro areas. Investors will seek opportunities to acquire properties at discounted rates due to an increasing number of assets approaching loan maturity, and requiring owners to either borrow at higher rates, or dispose of the asset. With a growing stock of obsolete inventory in the metroplex, developers will have increased opportunities to convert older properties to more valuable uses including multifamily units and data center spaces. As more vacant space is brought to the market, rental rates will encounter resistance due to an increase in hybrid work models and ongoing reassessment of space needs by corporations.

St Louis, Missouri

Economic Indicators

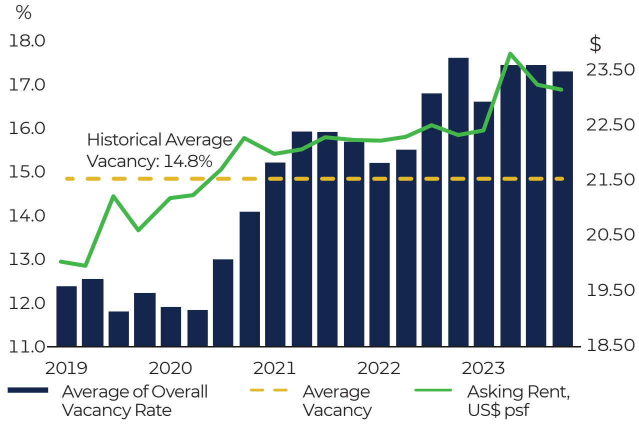
	Q4 2022	Q4 2023	12-Month Forecast
St Louis MSA Employment	1,442k	1,440k	▼
St Louis MSA Unemployment	2.9%	3.4%	▲
U.S. Unemployment	3.7%	3.7%	▼

Office Market Indicators (Overall, All Classes)

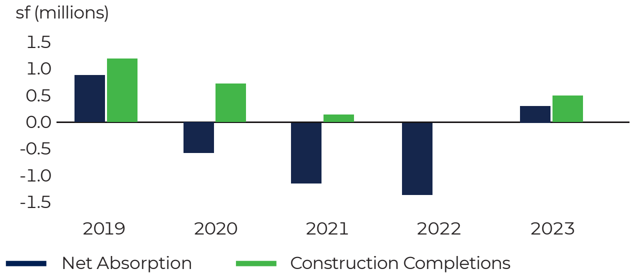
	Q4 2022	Q4 2023	12-Month Forecast
Vacancy	17.6%	17.3%	▼
YTD Net Absorption (sf)	-1,295k	288k	▼
Under Construction (sf)	599k	0k	▲
Average Asking Rent*	US$22.30	US$23.14	—

* Rental rates reflect gross asking US$psf/year

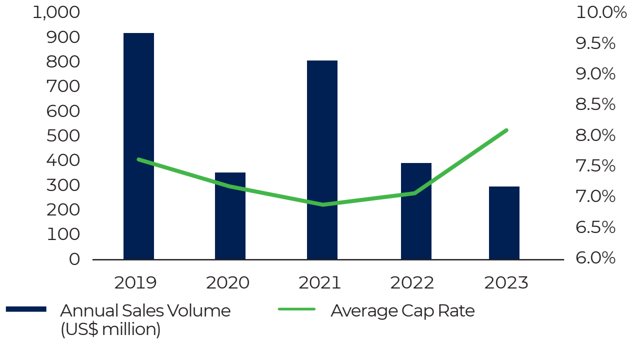
Overall Vacancy and Asking Rents



Office Space Demand and Deliveries



Investment Sales



Source: Real Capital Analytics

Local Economy

St. Louis's unemployment rate ended 2023 at 3.7%, similar to the prior year. St. Louis has outpaced the national unemployment rate in each quarter of 2023, despite a challenging economic environment.

Office Market Trends

The St. Louis office market is beginning to see some stabilisation in vacant space as occupiers solidify their corporate real estate strategy and return-to-office policies begin to emerge. Overall vacancy in the St. Louis office market closed 2023 at 17.3%, a 30 bps decrease from 2022. The market currently sits 250 bps above the historical average vacancy of 14.8%, and 610 bps above the market low of 11.2% recorded in 2020. The market experienced a slowdown in demand as overall new leasing across St. Louis declined roughly 32.0% YOY, closing 2023 with a new leasing total of 1,305,103 sf. Despite a slowdown in leasing velocity, St. Louis recorded 3 quarters of positive occupancy gains in 2023, ending the year with 288,232 sf of positive net absorption.

Overall asking rents in the St. Louis office sector remained steady in 2023, despite elevated vacancy throughout the market. Overall asking rent weighted on vacant space closed 2023 at US$23.14 psf, including 3 consecutive quarters of rates above the US$23.00 mark. Over 50.0% of the market's vacant space is concentrated in 2 of the region's most expensive submarkets, Clayton and West County. Subsequently, these 2 submarkets accounted for roughly 86.0% of all new leasing in 2023. Occupier demand for top tier product in the St. Louis market has remained elevated with major companies announcing relocations into the Clayton submarket, which boasted an overall average asking rent of US$31.14 psf at the close of 2023.

According to Real Capital Analytics, sale activity decreased in 2023 to just under US$295 million from US$779 million in 2021. 2019, at US$940, was the highest year on record since 2015, which had volume of US$791 million. Average capitalisation rates remained relatively stable at 8.0%.

Outlook

Flight-to-quality will continue to impact the St. Louis market despite economic headwinds. Buildings with some combination of modern buildout and sought-after amenities will continue to see an outsized share of leasing activity as the market continues to trend towards a higher quality, more flexible workplace. Hybrid/remote work strategies will continue to impact the market, but return-to-office initiatives may boost activity, especially in higher quality assets.

INDEPENDENT MARKET REVIEW

San Antonio, Texas

Economic Indicators

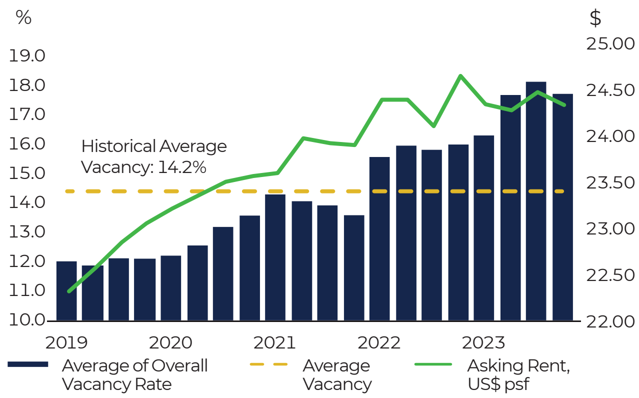
	Q4 2022	Q4 2023	12-Month Forecast
San Antonio MSA Employment	1,195k	1,249k	▲
San Antonio MSA Unemployment	3.6%	3.8%	▼
U.S. Unemployment	3.7%	3.7%	▼

Office Market Indicators (Overall, All Classes)

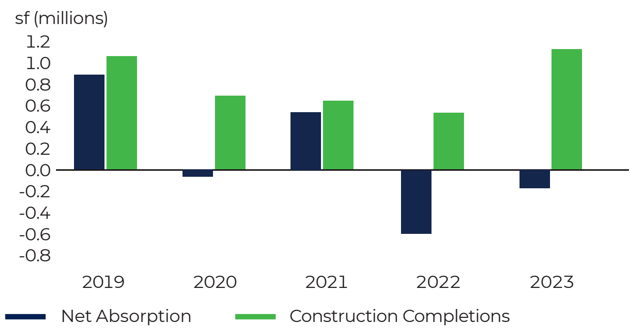
	Q4 2022	Q4 2023	12-Month Forecast
Vacancy	15.7%	17.3%	▲
YTD Net Absorption (sf)	591k	103k	▼
Under Construction (sf)	1,119k	277k	—
Average Asking Rent*	US$24.64	US$23.33	—

* Rental rates reflect gross asking US$psf/year

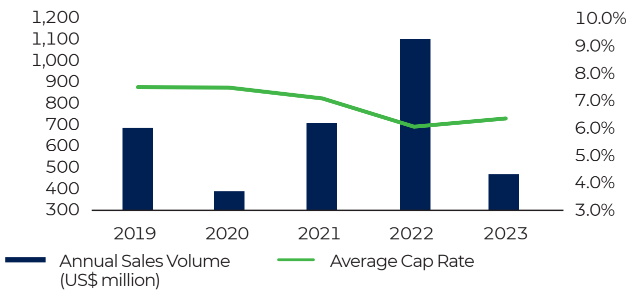
Overall Vacancy and Asking Rents



Office Space Demand and Deliveries



Investment Sales



Source: Real Capital Analytics

Local Economy

San Antonio's resilient local economy is well positioned to face the challenges of decreasing inflation, tightening monetary policy and sustain job growth, thanks to consistent population growth and outside investment into the city. Many of the city's key industries continue to report strong growth. Despite tight labor markets and an uncertain economic outlook, San Antonio added 30,000 jobs YOY.

Office Market Trends

After a challenging year for San Antonio's office market, some positive trends emerged as the year ended. Most notably, the overall vacancy rate increase slowed to 160 bps, closing the year at 17.3%. While the quarterly decrease in vacancy is marginal, it is a positive development as this marks the first time the vacancy rate has dropped QOQ since 2021. Furthermore, there were indications of increased demand, as 103,771 sf of positive net absorption was reported in 4Q2023. Net absorption is 103,000. Net absorption for class A space ended the year on a positive note, with 254,833 sf of positive absorption reported. This marked the first quarter of 2023 where net absorption was positive for class A space in San Antonio.

San Antonio closed out 2023 with approximately 2.2 msf of leasing activity for the year, with the fourth quarter reporting 488,393 sf of leasing activity. The year-end total leasing activity was in-line with last year's total of 2.3 msf. As of 4Q2023, the construction pipeline continues to dwindle as there is 276,722 sf of office space under construction citywide.

Following a year with increased vacancy and less demand across the board, average asking rates began to drop as 2023 ended. Citywide average asking rates finished 4Q2023 at US$23.33 psf which was down 5% YOY. Average asking rates for class A space also ended the year on the decline, closing 2023 at US$25.90 psf. This marked a 9% YOY decrease. Average full-service rates in San Antonio's CBD trended downward as well, decreasing over US$2.00 QOQ to US$24.00 psf. The downward shift in rates is a direct result of pressure felt by landlords as demand remains below pre-pandemic levels.

According to Real Capital Analytics, sale activity increased to over US$470 million in 2023, after increasing in 2022 to US$1,105 billion. This is a decrease of 57.5% after increasing 53% in 2022. With the significant decrease in sales in 2023 also included a modest increase in capitalisation rates from 6.2% up to 6.3%.

Outlook

San Antonio office market fundamentals remain steady, with record rent levels and strong levels of leasing activity in most submarkets, albeit negative total net absorption. Rental rate growth is expected to decelerate after steady growth over the last 5 years in most submarkets. Thus, the San Antonio office market is expected to moderate as space is absorbed and rental rates steady.

Suburban Maryland

Economic Indicators

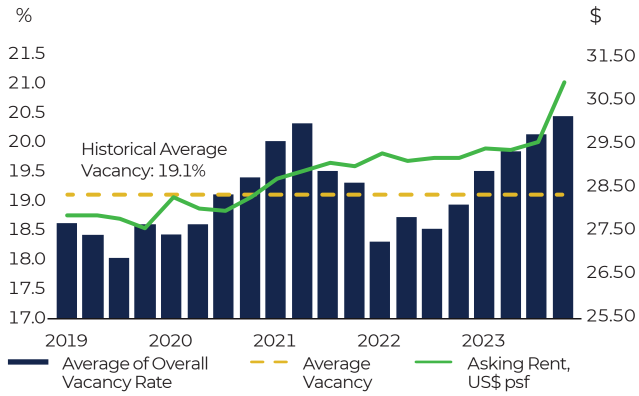
	Q4 2022	Q4 2023	12-Month Forecast
(Suburban MD) WA-Arlington-Alexandria MSA Employment	3,267k	3,420k	▲
(Suburban MD) WA-Arlington-Alexandria MSA Unemployment	3.3%	2.4%	▲
U.S. Unemployment	3.7%	3.7%	▼

Office Market Indicators (Overall, All Classes)

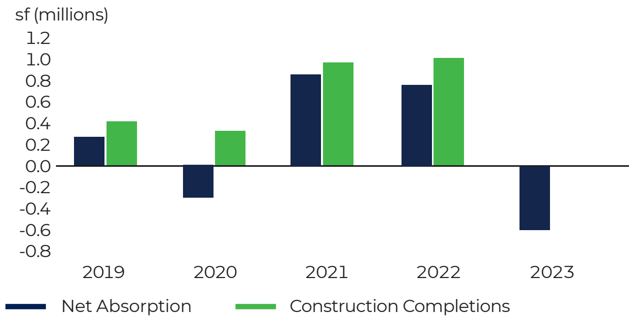
	Q4 2022	Q4 2023	12-Month Forecast
Vacancy	18.9%	20.4%	▼
YTD Net Absorption (sf)	701k	-156k	▼
Under Construction (sf)	516k	276k	▲
Average Asking Rent*	US$29.13	US$30.83	▲

* Rental rates reflect gross asking US$psf/year

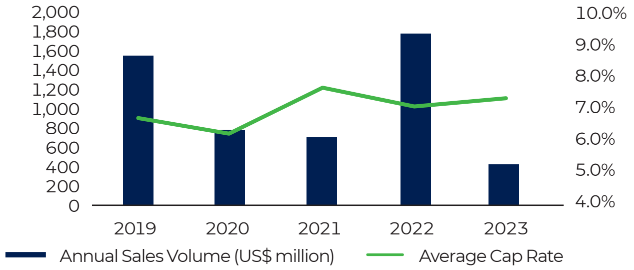
Overall Vacancy and Asking Rents



Office Space Demand and Deliveries



Investment Sales



Source: Real Capital Analytics

Local Economy

The Suburban Maryland market is buoyed by increased employment, decreasing unemployment, the education and health services sectors contributing significantly to job creation and although contracting slightly, the strength of Federal Government employment. Financial services, mining, logging and construction also experienced net losses in jobs over the past year.

Office Market Trends

Suburban Maryland leasing activity continues to trend downwards after 2.3 msf in 2023. New leasing is down 38% compared to 2022. Suburban Maryland registered 156,000 sf of negative absorption in 2023.

Overall vacancy rates finished 2023 at 20.4%, up 150 bps from 2023. From a rental rate perspective, Suburban Maryland's average overall asking rates increased by US$1.70 psf from 2023, closing 4Q2023 at US$30.83 psf on a full-service basis. As is typical, as tenants vacate Class A space, asking rents rise as demand remains sluggish.

Real Capital Analytics estimated investment sales volume at approximately US$439 million for the past 12 months, down 75% from US$1,739 billion in 2022, the lowest level over the past 5 years. The average capitalisation rates were 7.25%, up from a high of 7.25% in 2022.

Outlook

Suburban Maryland's continued economic growth can be seen throughout the office market fundamentals. The increasing willingness to invest large sums in the city's urban core, decreasing vacancy rates, high lease rates combine to create a vibrant and dynamic office landscape. Optimism continues in 2024 as the lack of new speculative construction protects the market from exposure to oversupply.

INDEPENDENT MARKET REVIEW

Suburban Virginia

Economic Indicators

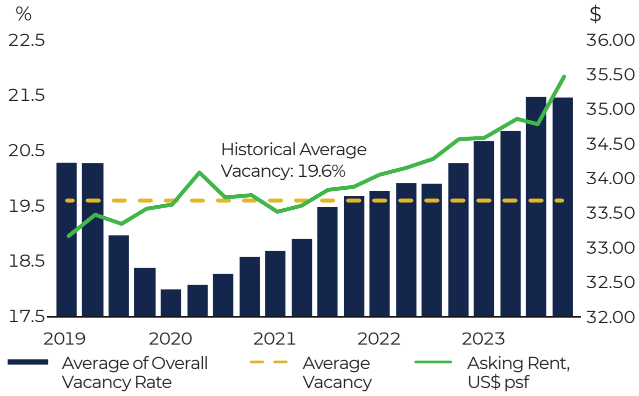
	Q4 2022	Q4 2023	12-Month Forecast
Virginia MSA Employment	813k	851k	▲
Virginia MSA Unemployment	3.3%	2.4%	▲
U.S. Unemployment	3.7%	3.7%	▼

Office Market Indicators (Overall, All Classes)

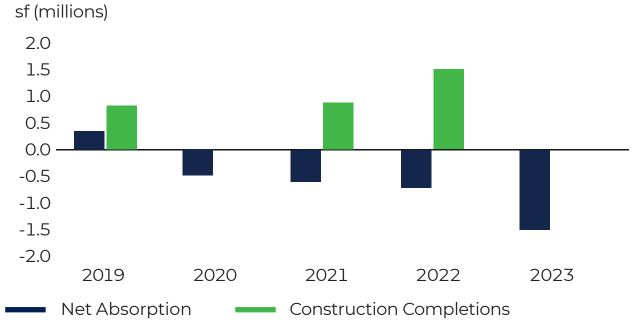
	Q4 2022	Q4 2023	12-Month Forecast
Vacancy	20.3%	21.5%	▲
YTD Net Absorption (sf)	-590k	32k	▼
Under Construction (sf)	815k	703k	▼
Average Asking Rent*	US$34.59	US$35.52	—

* Rental rates reflect gross asking US$psf/year

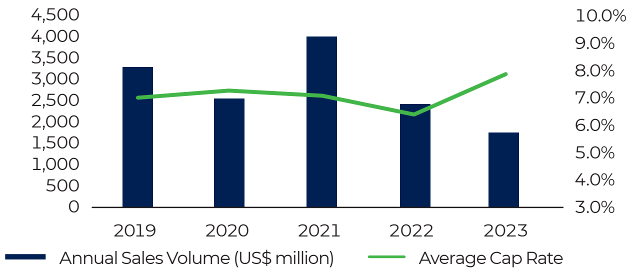
Overall Vacancy and Asking Rents



Office Space Demand and Deliveries



Investment Sales



Source: Real Capital Analytics

Local Economy

The suburban Virginia market has been strengthened by new job creation in 2023, decreasing unemployment from 3.3% down to 2.4%. The largest gain in employment was in the professional and business sector which had over 2.5% growth from the prior year.

Office Market Trends

In 4Q2023, Northern Virginia recorded YTD new leasing of 2,922,860 sf and renewal activity to 2,999,492 sf.

Overall average vacancy rates rose 120 bps YOY to 21.5%. Class A vacancy rose 100 bps YOY to 20.4%, Class B rose 300 bps YOY to 25.6%, and Class C rose 40 bps YOY to 16.4%. Overall average asking rates rose US$0.93 YOY to US$35.52 psf on a full-service basis in 2023.

There were no new deliveries in the 4Q2023, but Northern Virginia currently has 4 buildings under construction for a total of 703,000 sf that have not recorded any pre-leasing activity. In Reston, Comstock's Reston Row development has 2 buildings in the works, 1845 and 1880 Reston Row Plaza (OB4 and OB5) which will deliver 271,806 sf and 166,331 sf, respectively, in 2024 and 2025. In Ballston, Skanska has 191,034 sf under construction at 3901 Fairfax Drive – set to deliver in 1Q2024. Boston Properties' 12050 Inspiration Street – a 74,600 sf boutique office building in Reston Town Center - broke ground in 2Q2022 and will deliver in early 2024.

Office to residential conversions are on the rise and has accounted for over 1.9 msf of competitive office product being removed from Northern Virginia's total inventory. On top of the projects that have broken ground, conversions of more than 2.6 msf across 18 office properties have been proposed by developers. Alexandria has seen several conversions in the past few years and has added another to the pipeline with 901 N Pitt Street set to break ground soon. The 69,000 sf, three-story office building owned by the Carr Companies will be developed into a 250-unit multifamily project. In Crystal City, JBG plans to redevelop 1800 S Bell Street as Amazon vacates a majority of the 215,000-sf office building in their move to HQ2. In Rosslyn, the county has approved 2 towers totaling 740 units to replace the Ames Center Building at 1820 N Fort Myer Drive.

According to Real Capital Analytics, sale activity decreased to over US$1.77 billion in 2023, after decreasing in 2022 to US$2.5 billion. The 2023 level was similar to 2020, with the Covid-19 effects, down 38% from 2021. The average capitalisation rates increased to 7.6% from 6.5% in 2022.

Outlook

Suburban Virginia's continued economic growth has been stifled the past few years as seen throughout the office market fundamentals. The net absorption is decreasing, increasing vacancy rates (since the beginning of 2020) and relatively flat rental rates combine to create an unknown outlook on the formerly vibrant and dynamic office landscape.

Use and Reliance

This Independent Market Review (IMR) was prepared and compiled by Cushman & Wakefield Western, Inc. and affiliates (Cushman & Wakefield). The content of this IMR is for information only and should not be relied upon as a substitute for professional advice. Prime US REIT Management Pte. Ltd. (as Manager of Prime US REIT) is the only identified Intended Users of the IMR. The IMR is to be used in connection with the publication of an annual report. C&W disclaims any and all liability to any party with regard to the IMR other than the Intended Users identified herein.

The information contained within this IMR is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

Methodology

Cushman & Wakefield's quarterly estimates are derived from a variety of data sources, including its own proprietary database and historical data from third party data sources. The market statistics are calculated from a base building inventory made up of office properties deemed to be competitive in the local office markets. Generally, owner-occupied and federally-owned buildings are not included. Single tenant buildings and privately-owned buildings in which the federal government leases space are included. Older buildings unfit for occupancy or ones that require substantial renovation before tenancy are generally not included in the competitive inventory. The inventory is subject to revisions due to resampling. Vacant space is defined as space that is available immediately or imminently after the end of the quarter. Sublet space still occupied by the tenant is not counted as available space. The figures provided for the current quarter are preliminary, and all information contained in the report is subject to correction of errors and revisions based on additional data received.

ENTERPRISE RISK MANAGEMENT

Enterprise Risk Management ("ERM") is an integral component of PRIME's strategic decision-making and forms part of PRIME's risk governance process. Under the ERM framework, significant risk areas are identified and assessed with plans put in place to mitigate, manage, and control the identified risks through systems, policies and processes.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

A sound and robust risk management framework to enable the Manager to be ready to meet challenges and to seize opportunities. The ERM framework provides a systematic approach to risk management. It outlines the reporting structure, monitoring mechanisms, specific risk management processes and tools, as well as PRIME's policies and limits in addressing and managing identified key risks. The ERM framework also allows PRIME to respond promptly and effectively in the constantly evolving business landscape.

5-STEP RISK MANAGEMENT PROCESS

Robust ERM Framework
The Manager adopts a five-step risk management process comprising risk identification, risk assessment, formulation of risk mitigation measures, communication and implementation of action plans, as well as regular monitoring and review. The ERM framework is dynamic and evolves to adapt to the changing business environment.

The risk assessment takes into account both the impact and likelihood of occurrence of the risk, and covers investment, financial, operational, reputational and other major aspects of PRIME's business. Tools deployed include risk rating matrices, risk heat map and risk registers to assist the Manager in its performance of risk management.

Guided by the framework, the Manager ensures that each type of risk is assessed in the right way and make the right decision (or most optimal ones) about choices with uncertain outcomes in a manner that is well-understood and in line with the below three risk tolerance guiding principles:-

1. Risks taken should be carefully evaluated, commensurate with rewards, and are in line with PRIME's core strengths and strategic objectives;

2. No risk arising from a single area of operation, investment or undertaking should be so huge as to endanger PRIME; and

3. PRIME does not condone safety breaches or lapses, non-compliance with laws and regulations, as well as unlawful acts such as fraud, bribery and corruption.

KEY RISKS

1. Operational Risk

- All operations are aligned with PRIME's strategies to deliver sustainable distributions and strong total returns to its Unitholders;

- The Manager works closely with the asset manager and property manager to optimise asset performance and control property expenses. The Manager oversees an active asset management program that has been put in place to oversee leasing, capital projects and operations at the properties. Measures include prompt lease renewals to reduce rental voids, active monitoring of rental payments from tenants to minimise rental arrears and bad debts, controlling property expenses to maximise net property income, and evaluating the counterparties on an ongoing basis;

- The Manager, through its relationship with the KBS asset management team, actively engages and fosters close relationships with tenants and manages a well-spread lease expiry profile;

- Business continuity plans are updated and tested regularly to ensure PRIME is able to respond effectively to disruptions resulting from internal and external events, while continuing its critical business functions and minimising impact on its people, operations and assets;

- PRIME's assets undergo regular audits to review the operational property management processes of its buildings and ensure that safety standards and security processes are in line with latest local requirements;

- Asset enhancement works are conducted, when applicable, to ensure that the properties remain competitive; and

- Insurance coverage is reviewed annually to ensure that PRIME's assets are adequately and appropriately insured.

2. Economic and Taxation Risks

- PRIME may be adversely affected by economic and real estate market conditions in the U.S. as well as changes in taxation legislation, administrative guidance or regulations.

- The Manager manages this by closely monitoring the US economic situation, political environment, economic developments and tax regime so that it may take anticipatory moves to safeguard income flows. The Manager also works closely with tax agents and advisors in the U.S. and Singapore to anticipate and evaluate the impact of any changes in taxation legislation, administrative guidance and regulations on the business of PRIME.

3. Liquidity and Financing Risks

- Liquidity and financing risks are managed in accordance with established guidelines and policies. The Manager proactively monitors PRIME's cash flow, debt maturity profile, gearing and liquidity positions, including evaluating the diversification of its future funding sources and managing tenure of borrowings, to ensure a well-staggered debt maturity profile; and

- The Manager maintains a robust cash flow position and working capital to ensure that there are adequate liquid reserves to meet financial obligations. Steps have also been taken to plan for capital and expense requirements to manage the cash position at any point in time.

- Details on PRIME's debt maturity profile as at 31 December 2023 as well as the capital management structures are discussed in the Financial Review and Financial Statements sections of this Annual Report.

ENTERPRISE RISK MANAGEMENT

4. Exposure to Financial Markets Risk

- The Manager constantly monitors exposure to interest rates. It utilises various financial derivative instruments, where appropriate, to hedge against such risks;
- As at 31 December 2023, 79% of total debt were either fixed rate loans or had been hedged using interest rate swaps from floating to fixed rate;
- In 2023, PRIME was not exposed to significant foreign currency risk as its functional currency is in United States Dollars ("US$") and the cash flows from the operations of its properties are denominated in US$. The Trust will receive US$ distributions from the investment properties which will be passed to the Unitholders, either in US$ (at their option) or converted to Singapore Dollars ("S$") at the spot foreign exchange rate on the designated date. PRIME also borrows in US$ as a form of natural hedge against foreign currency risk; and
- The Trust is exposed to fluctuations in the cross-currency rates of the US$ and S$ for operating expenses incurred in Singapore, but these are not material. Where appropriate, based on the prevailing market conditions, PRIME may adopt suitable hedging strategies to minimise any US$ and S$ foreign exchange risk.

5. Credit Risk

- Credit risk assessments of tenants are carried out prior to signing of lease agreements. Credit risks are further mitigated through various mechanisms, including the upfront collection of security rental deposits where applicable;
- Systematic rental collection procedures are implemented to ensure regular collection of rents, thereby reducing the incidence of rental arrears; and
- The Manager also monitors the tenant mix to ensure no individual tenant contributes a significant percentage of the gross revenue.

6. Investment Risk

- Comprehensive due diligence is conducted prior to any proposed transaction to assess and evaluate potential investment risks. All investment proposals are evaluated objectively based on the Manager's investment criteria, as well as the target asset's specifications, location, expected returns, yield accretion, growth potential and performance sustainability, taking into account the prevailing economic climate and market conditions;
- The Board reviews and approves all investment proposals only after evaluating the feasibilities, merits and risks; and
- The Manager takes into consideration investment risk in a controlled manner, exercising the spirit of enterprise as well as prudence to earn the optimal risk-adjusted returns on invested capital.

7. Compliance Risk

- The Manager, being a Capital Markets Services Licence holder, complies with applicable laws and regulations, including the Listing Rules of the Singapore Exchange, Code of Corporate Governance 2018, CIS Code and the Property Funds Appendix, and conditions of the Capital Markets Services Licence for REIT Management issued by the MAS under the SFA as well as tax rulings in the relevant jurisdictions in which it operates;
- PRIME and the Manager undergo regular internal and external audits to ensure that they adhere to relevant policies and processes;
- Recognising that non-compliance with laws and regulations has potential significant reputational and financial impact, particular emphasis is placed on regulatory compliance in all of PRIME's business operations;
- The Manager closely monitors changes in legislations and regulations, as well as new developments in its operating environment; and

- PRIME adopts a strong anti-corruption and anti-bribery stance and regularly communicates key policy requirements to ensure relevant policies, processes and controls are effectively designed, managed and implemented so that compliance risks and controls are effectively managed.

8. Information Technology Risks

- The Manager is cognisant of modern-day risks associated with Information Technology and aligns its cyber hygiene practices with the MAS Notice on Cyber Hygiene.

- PRIME identifies its critical information systems and conducts periodic reviews of its cyber security risk profile via methods such as cyber penetration testing and vulnerability assessment. Mitigating measures are put in place to address vulnerabilities and safeguard PRIME's business operations and data. Through its business continuity and disaster recovery plans, PRIME minimises the impact of disruption to its business and operations.

- The Manager ensures that its employees undergo regular training to raise overall awareness on emerging cyber threats and implements measures to respond to real time cyber threats.

9. Sustainability Risks

- Certain sustainability issues, such as climate change risks, tend to manifest over a longer and more uncertain timeframe.

- With the objective of adopting a balanced approach in managing risks to optimize returns for Unitholders, there is also a need to balance short-term returns against longer-term interests of PRIME and its stakeholders and corporate sustainability.

- Managing key sustainability risks can lead to the realization of new opportunities that are in line with PRIME's business engines and core competencies.

- The Manager has rolled out the Sustainability Risk Framework as a risk management tool to allow PRIME to assess the risks related to the environmental, social and governance consequences of PRIME's business activities. The Sustainability Risk Framework is part of PRIME's overall risk management framework.

ENHANCING
COLLABORATIONS

CORPORATE GOVERNANCE REPORT

The Singapore Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (the "**MAS**") on 6 August 2018 (the "**Code**") and read together with the Amendments to Practice Guidance 2 and 8 of the Code of Corporate Governance with effect from 11 January 2023, has played a significant role in corporate governance reform. Incorporating global principles and internationally recognised practices of corporate governance has positively influenced the corporate governance practices of Prime US REIT ("**PRIME**") since its listing on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). PRIME was constituted by a deed of trust (as amended) dated 7 September 2018 entered into between Prime US REIT Management Pte. Ltd., as the manager (the "**Manager**") and DBS Trustee Limited, as the trustee (the "**Trustee**") (the "**Trust Deed**"). PRIME has adopted the above approach to promote greater internalisation of desirable corporate governance culture.

The Board of Directors (the "**Board**" or "**Directors**" and individually, a "**Director**") of the Manager views corporate governance as a fundamental process contributing towards achieving long-term Unitholders' value. The Board continuously strives to refine the corporate governance practices and processes to ensure that they consistently reflect market practices and stakeholders' expectations. The term "corporate governance" refers to the entire system for managing and supervising an entity, including its organisation values, as well as all internal and external regulatory and monitoring mechanisms. The Board and the management team of the Manager ("**Management**") are committed to good corporate governance practices that enhance the confidence placed in it by the Unitholders, business partners, employees and the financial markets.

This Corporate Governance Report (the "**Report**") sets out details on the applicability of each of the principles and provisions of the Code for the financial year ended 31 December 2023 ("**FY2023**"). PRIME is pleased to confirm that it has adhered to the principles and provisions of the Code in all material aspects, save for specific deviations for which detailed explanations are provided in this Report, as well as adopted practices that are consistent with the intent and philosophy of the relevant principles of the Code.

THE MANAGER OF PRIME US REIT

The Manager has general powers of management over PRIME's assets and is mainly responsible for managing the assets and liabilities of PRIME for the benefit of the Unitholders. The Manager's primary role is to formulate and establish the strategic direction and business plans of PRIME in accordance with its mandate. This includes making recommendations to the Trustee on any opportunities on the investment, divestment, development and/or enhancement of assets of PRIME in accordance with the investment strategy of PRIME. The Manager aims to maximise returns from investments and ultimately the distributions and total returns to Unitholders, and in doing so, will ensure that the research, evaluation and analysis required for the foregoing activities are coordinated and carried out.

The Manager uses its best endeavours to ensure that PRIME conducts its business in a proper and efficient manner and conducts all transactions with or for PRIME on an arm's length basis and on normal commercial terms. The Manager's principal functions and responsibilities include:

- Formulating investment strategy, including determining the location, sub-sector type and other characteristics of the property portfolio of PRIME, overseeing negotiations and providing supervision in relation to investments of PRIME, and making final recommendations to the Trustee;

- Formulating asset management strategy, including determining the tenant mix, asset enhancement works and the rationalisation of operational costs and providing supervision in relation to asset management of PRIME, and making final recommendations to the Trustee on material matters;

- Formulating plans for equity and debt financing for PRIME, which includes proposals and forecasts on gross revenue, capital expenditure, acquisitions, divestments and valuations, distribution payments, expense payments and property maintenance payments, as well as executing capital management plans, negotiating with financiers and underwriters and making final recommendations to the Trustee; and

- Attending to all communications and liaisons with Unitholders, investors, analysts and the investment community.

CORPORATE GOVERNANCE REPORT

The Manager discharges its responsibilities for the benefit of the Unitholders in accordance with all applicable laws and regulations, including the applicable provisions of the Securities and Futures Act 2001 (the "**SFA**"), the listing manual of the SGX-ST (the "**Listing Manual**"), the Code on Collective Investment Schemes issued by the MAS (the "**CIS Code**"), including Appendix 6 of the CIS Code (the "**Property Funds Appendix**"), the Trust Deed, tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of PRIME and the Unitholders as well as other applicable guidelines prescribed by SGX-ST, MAS or other relevant authorities and applicable laws.

BOARD MATTERS

Board's Conducts of Its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board, which is responsible for the long-term success of PRIME, is entrusted with overall responsibility for the corporate governance of the Manager. The Board maintains a reasonable balance between striving for the highest standard of corporate governance and performing their role of setting strategy and policy as the ultimate decision-making body. With a focus on enhancing sustainable value for Unitholders, the Board exercises due care and independent judgement in the discharge of its stewardship duties over the business as well as management of the assets and liabilities of PRIME. All Directors exercise reasonable diligence and independent judgement when making decisions and are obliged to act honestly and consider the interests of the Manager and PRIME at all times. The Board has delegated certain responsibilities to two Board Committees, each of which is chaired by an independent director, and such responsibilities are defined in their respective Terms of Reference ("**ToR**"). The work of each committee is carried out by independent directors (the "**IDs**") and they report to the Board. The Chief Executive Officer (the "**CEO**"), together with the rest of the Management team, is accountable to the Board.

ROLE OF THE BOARD AND BOARD'S APPROVAL

The Board has formalised a set of internal guidelines and protocols wherein key matters such as investments, divestments, bank borrowings, issuance of new units, income distributions and other returns to Unitholders, corporate strategies and policies of PRIME, annual budget, financial performance of PRIME and approval to release semi-annual and full-year results and, where applicable, audited financial statements, are specifically reserved for the approval of the Board. The approval of operational transactions below certain limits are delegated to the Management to optimise operational efficiency. This is clearly communicated to Management in writing.

The principal roles and responsibilities of the Board are:

- guiding the corporate strategy, policies and directions of the Manager;
- ensuring that Management discharges its responsibility to provide business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
- overseeing the proper conduct of the Manager;
- ensuring measures relating to corporate governance, financial regulations, and other required policies are in place and enforced;
- ensuring that the necessary financial and human resources are in place for the Manager to meet their objectives;
- establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding PRIME's assets and the interests of the Unitholders;
- reviewing Management's performance;
- identifying the key stakeholder groups and recognising that their perceptions affect the reputation of PRIME;

CORPORATE GOVERNANCE REPORT

- setting the Manager's values and standards (including ethical standards), and ensuring that obligations to Unitholders and other stakeholders are understood and met; and
- considering sustainability issues (including environmental and social factors) as part of the Manager's overall strategy.

Directors are fiduciaries who are bound to act in the best interests of the Manager and PRIME and to hold Management accountable for their performance. The Board, in discharging its responsibilities, sets the appropriate tone-from-the-top and desired organisational culture via a code of conduct and ethics with clear policies and procedures for dealing with conflicts of interest. Where a Director faces an actual or potential conflict of interest in any matter, he or she must recuse himself or herself from the discussions and decisions of the Board on matters involving the issues of conflict.

COMPOSITION OF THE BOARD

As at the date of this Report, the Board[(1)] is comprised of:

- Professor Annie Koh (Chairperson, Independent Non-Executive Director ("**Independent Chairperson**" or "**IC**"))
- Mr John Robert French[(2)] (Independent Non-Executive Director)
- Mr Kevin John Eric Adolphe[(3)] (Independent Non-Executive Director)
- Professor Stephen Phua[(4)] (Independent Non-Executive Director)
- Mr Richard Peter Bren[(5)] (Non-Independent Non-Executive Director)
- Mr Chua Hsien Yang (Non-Independent Non-Executive Director)
- Ms Janice Wu (Non-Independent Non-Executive Director)

Notes:

(1) Ms Soh Onn Cheng Margaret Jane had ceased to be the Independent Non-Executive Director of the Board and Chairperson of the Nominating and Remuneration Committee ("**NRC**") with effect from 31 May 2023.

Mr Pankaj Agarwal had ceased to be the Non-Independent Non-Executive Director of the Board with effect from 15 August 2023.

(2) Mr John Robert French was appointed as the Chairperson of the Audit & Risk Committee ("**ARC**") with effect from 4 January 2023.

(3) Mr Kevin John Eric Adolphe was appointed as the Chairperson of the NRC with effect from 1 June 2023.

(4) Professor Stephen Phua was appointed as an Independent Non-Executive Director of the Board, member of the ARC, and member of the NRC on 1 January 2023.

(5) Mr Richard Peter Bren was appointed as a member of the NRC with effect from 1 June 2023.

Profiles of the Directors and the diverse skills and experience they bring to PRIME can be found between pages 8 and 11 of this Annual Report.

BOARD COMMITTEES

There is a clear delineation of roles between the Board and Management, with the CEO acting as the conduit between the Board and Management to drive the success of PRIME's governance and management function. To assist in the delegation of its responsibilities, two Board Committees, namely the NRC and the ARC, were established to oversee their respective functions within PRIME.

The Board Committees are governed by their respective ToRs, which define their specific responsibilities, authorities and duties. The Board Committees and their delegated authority from the Board can be found between pages 65 to 69 and pages 77 to 78 of this Annual Report. The Chairpersons of the respective Board

CORPORATE GOVERNANCE REPORT

Committees report to the Board on the outcomes of committee meetings and make their recommendations on specific agendas as directed by the Board. The Board is ultimately responsible for all decisions.

Following the changes to the Board composition during FY2023 as mentioned above, the composition of the Board Committees was re-constituted as follows:

Designation	ARC	NRC
Chairperson	John Robert French	Kevin John Eric Adolphe
Member	Professor Annie Koh	Professor Annie Koh
Member	Kevin John Eric Adolphe	Professor Stephen Phua
Member	Professor Stephen Phua	Richard Peter Bren

BOARD MEETINGS AND ACTIVITIES

The Board and the ARC meet on a quarterly basis to review key business activities while the NRC meets on a semi-annual basis. In each meeting where matters requiring the Board's approval are to be considered, all members of the Board attend and actively participate in the discussions and deliberations. Provision 1.5 of the Code requires Directors to attend and actively participate in Board and Board Committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in this Report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

Prior to Board meetings and on an on-going basis, Management provides complete, adequate and timely information to the Board to enable the Board to make informed decisions and discharge their duties and responsibilities effectively. Directors may request for further explanations, briefings or informal discussions on any aspect of the Manager's operations or business issues from Management and Management will make the necessary arrangements to hold these briefings or discussions, or furnish satisfactory explanations to the Board. Management is also required to furnish any additional information, when requested by the Board, as and when the need arises.

The Board has separate and independent access to Management and the Company Secretary at all times, at the Manager's expense. The appointment and removal of the Company Secretary is subject to the approval of the Board. The Company Secretary attends all Board and Board Committee meetings and is responsible for ensuring Board procedures are followed and for providing periodic updates of relevant regulatory changes to the Board. The Board also has access to external advisers and, if requested, be provided such access at the Manager's expense.

At each Board meeting, the CEO provides updates on PRIME's business and operations, as well as financial performance. Presentations in relation to specific business areas are also made by key executives and external consultants. This allows the Directors to understand PRIME's business and promotes active engagement between the Board and the key executives of the Manager.

Updates and changes to regulatory requirements that bear relevance to PRIME are monitored and reported to the Board either during Board meetings or at specially convened sessions involving the relevant advisers and professionals, where necessary, or via circulation of Board papers. Legal advisers and/or auditors, who can provide additional insight into the matters for discussion may be invited from time to time to attend selected meetings. The Constitution of the Manager allows for participation in meetings via telephone conference, video conference or similar means of telecommunication where the physical presence of the Board member at such meetings is not feasible.

The Manager provides meeting schedules in advance to allow Board members to plan ahead, provide the required time commitment and to ensure that there is sufficient time for the Board to fully deliberate and thoroughly discuss matters relating to PRIME. For that purpose, Board and Board Committee meeting schedules of a given year are arranged in the final quarter of the preceding year. Ad-hoc meetings are convened as and when required to enable the Board and Board Committees to raise questions and seek clarification through discussion forums with Management in respect of significant matters. Ad-hoc matters requiring the Board's approval may also be passed via circular resolutions.

CORPORATE GOVERNANCE REPORT

ORIENTATION AND TRAINING FOR DIRECTORS

Upon appointment to the Board, every Director is given a formal letter of appointment explaining the terms of appointment setting out the duties and obligations of a Director (including their roles as executive, non-executive or IDs). New directors are provided with the ToR of the ARC and NRC, and are made aware of their duties and obligations to familiarise themselves with their new roles. In addition, an induction, training and development programme is arranged for newly appointed Directors to familiarise them with the business, operations, and financial performance of PRIME. The newly appointed Directors will also be briefed on the Manager's governance practices, including board processes, policies on disclosure of interests in securities, prohibitions on dealing in securities, and restrictions on disclosure of price-sensitive information. All directors are kept informed of the new updates on corporate governance processes, changes to accounting standards, Listing Manual and other regulatory developments from time to time.

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge. The Manager arranges for the Directors to be routinely updated on developments and changes in the operating environment and applicable laws and regulations, including directors' duties and responsibilities, corporate governance matters and changes in financial reporting standards, to enable them to discharge their duties effectively as members of the Board and where applicable, as Board Committee members. During FY2023, the Directors were briefed on new regulations such as the enhanced SGX-ST requirements for Sustainability Reporting and new circulars issued by the MAS. All Directors have also undergone training on sustainability matters as prescribed by the SGX-ST, as required under Rule 720(7) of the Listing Manual.

The Manager also arranges for the Board to be kept abreast of developments in the real estate industry on a regular basis. To keep pace with the fast-changing laws and regulations and operating environment, Directors may attend, at the Manager's expense, relevant courses, conferences and seminars including programmes run by the Singapore Institute of Directors. The Directors, either individually or collectively, may at the Manager's expense, seek independent professional advice, where appropriate, to discharge their duties effectively.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board reviews the size and composition of the Board with a view to ensure effective decision-making by taking into account the scope and nature of the operations of PRIME.

REVIEW OF INDEPENDENCE OF DIRECTORS

The Board recognises the importance of independence and objectivity in its decision-making process, and that the presence of the IDs is essential in providing unbiased and impartial opinion, advice and judgement to ensure the interests of PRIME, Unitholders, employees, customers and other stakeholders are well-represented and taken into account.

The Board assesses the independence of the IDs in accordance with the requirements of the Code and Regulations 13D to 13H of the Securities and Futures (Licensing and Conduct of Business) Regulations (the "**SFLCB Regulations**") to ensure that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of PRIME. A Director is considered to be independent if he or she is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, substantial shareholders who hold 5% or more of the voting shares of the Manager, or substantial Unitholders who hold 5% or more of the units in PRIME or its officers that could interfere or reasonably be perceived to be capable of interfering with the exercise of the Director's independent business judgement, and is independent from Management and any business relationship with the Manager and PRIME, every substantial shareholder of the Manager and every substantial Unitholder of PRIME, is not a substantial shareholder of the Manager or a substantial Unitholder of PRIME and has not served on the Board for a continuous period of nine years or longer.

CORPORATE GOVERNANCE REPORT

The IDs individually complete an annual confirmation of independence whereby they are required to assess their own independence, including independence from the major Unitholders and Management. The NRC considers this review, with each of the NRC members recusing himself or herself from deliberations on his or her own independence.

The Board, after considering the relevant requirements under the SFLCB Regulations, specifically Regulation 13E(b)(i) of the SFLCB Regulations and the Code, wishes to set out its assessment in respect of each of the Director's independence as follows:

Name of Director	(i) had been independent from the management of the Manager and PRIME during FY2023	(ii) had been independent from any business relationship with the Manager and PRIME during FY2023	(iii) had been independent from every substantial shareholder of the Manager and every substantial Unitholder of PRIME during FY2023	(iv) had not been a substantial shareholder of the Manager or a substantial Unitholder of PRIME during FY2023	(v) has not served as a director of the Manager for a continuous period of 9 years or longer as at the last day of FY2023
Professor Annie Koh	√	√	√	√	√
Mr John Robert French[(1)]	√	√	√	√	√
Mr Kevin John Eric Adolphe[(2)]	√	√	√	√	√
Professor Stephen Phua[(3)]	√	√	√	√	√
Mr Richard Peter Bren[(4)]	√	√	—	—	√
Mr Chua Hsien Yang[(5)]	√	√	—	√	√
Ms Janice Wu[(6)]	√	√	—	√	√
Ms Soh Onn Cheng Margaret Jane [(7)]	√	√	√	√	√
Mr Pankaj Agarwal[(8)]	√	√	—	√	√

Notes:

(1) Mr John Robert French was appointed as the Chairperson of the ARC with effect from 4 January 2023.

(2) Mr Kevin John Eric Adolphe was appointed as the Chairperson of the NRC with effect from 1 June 2023.

(3) Professor Stephen Phua was appointed as an Independent Non-Executive Director of the Board, member of the ARC, and member of the NRC on 1 January 2023.

(4) Mr Richard Peter Bren was appointed as a member of the NRC with effect from 1 June 2023. He is a substantial shareholder of the Manager as he holds more than 20% of the shares of KBS Asia Partners Pte. Ltd., and KBS Asia Partners Pte. Ltd. holds 40% of the shares of the Manager. As such, Mr Bren is deemed interested in 40% of the shares of the Manager. Pursuant to the SFLCB Regulations, during FY2023, Mr Bren was deemed not to be independent from every substantial shareholder of the Manager and substantial Unitholder of PRIME. Nonetheless, the Board is satisfied that during FY2023, Mr Bren had acted in the best interests of the Unitholders as a whole.

(5) Mr Chua Hsien Yang is the Managing Director (Group Mergers & Acquisitions) of Keppel Limited which is a substantial Unitholder of PRIME. Keppel Limited, through its indirect wholly-owned subsidiary, Keppel Capital Two Pte. Ltd., holds 30% of the shares of the Manager. Pursuant to the SFLCB Regulations, during FY2023, Mr Chua was deemed not to be independent from every substantial shareholder of the Manager and substantial Unitholder of PRIME by virtue of his employment with Keppel Limited. Nonetheless, the Board is satisfied that during FY2023, Mr Chua had acted in the best interests of the Unitholders as a whole.

(6) Ms Janice Wu is the Executive Vice President, Corporate Development at Cuscaden Peak Investments Pte. Ltd., which through its indirect wholly-owned subsidiary, Times Properties Private Limited, holds 20% of the shares of the Manager. Pursuant to the SFLCB Regulations, during FY2023, Ms Wu was deemed not to be independent from every substantial shareholder of the Manager and substantial Unitholder of PRIME by virtue of her employment with Cuscaden Peak Investments Pte. Ltd. Nonetheless, the Board is satisfied that during FY2023, Ms Wu had acted in the best interests of the Unitholders as a whole.

(7) Ms Soh Onn Cheng Margaret Jane ceased to be the Independent Non-Executive Director of the Board and Chairperson of the NRC with effect from 31 May 2023.

(8) Mr Pankaj Agarwal ceased to be the Non-Independent Non-Executive Director of the Board with effect from 15 August 2023. Prior to that, Mr Pankaj Agarwal was the Director and Investment Manager of Auctus Investments Management Pte. Ltd., a related entity of AT Holdings Pte. Ltd. which through its wholly-owned subsidiary, Experion Holdings Pte. Ltd, held 10% of the shares of the Manager. Pursuant to the SFLCB Regulations, during FY2023, Mr Agarwal was deemed not to be independent from every substantial shareholder of the Manager and substantial Unitholder of PRIME by virtue of his employment with Auctus Investments Management Pte. Ltd. Nonetheless, the Board is satisfied that during his appointment in FY2023, Mr Agarwal had acted in the best interests of the Unitholders as a whole.

CORPORATE GOVERNANCE REPORT

The Board has considered and determined, taking into account the views of the NRC, that the IDs of the Board as at 31 December 2023, namely, Professor Annie Koh, Mr John Robert French, Mr Kevin John Eric Adolphe, and Professor Stephen Phua have demonstrated independence in character and judgement in the discharge of their responsibilities as Directors during FY2023 and was satisfied that each of them had acted with independent judgement. The Board has also assessed the relationships or circumstances which are likely to affect or could appear to affect each of the Director's judgement. Arising from an annual review of Director's independence conducted by the NRC based on the criteria of independence as set out in the Code, Listing Manual Rule 210 (5) (d), SFLCB Regulations and the declarations by the IDs of their independence, the Board is satisfied that Professor Annie Koh, Mr John Robert French, Mr Kevin John Eric Adolphe and Professor Stephen Phua are independent.

The Board presently comprises seven (7) directors, four (4) of whom are IDs and all of whom are non-executive directors. Having a majority of IDs on the Board enables Management to benefit from their invaluable and objective perspectives on issues that are brought before the Board. The Board of the Manager was established on 26 July 2018 and none of the Directors has served on the Board for more than nine years.

The IDs contribute to the Board process by monitoring and reviewing the performance of Management against goals and objectives. Their views and opinions provide an alternative perspective to PRIME's business which enables the Board to make informed and balanced decisions and allows interaction between the Board and Management in shaping the strategic process. In the review of the proposals and decisions tabled by Management, the IDs bring their objective judgement to bear on business activities and transactions. Where actual or potential conflicts of interest exist, IDs meet to deliberate without the presence of Management or any interested party.

The IDs and Non-Executive Directors met or communicated amongst themselves, as regularly as warranted, without the presence of Management during FY2023 to discuss concerns or matters such as the effectiveness of Management. The Chairpersons of these meetings provided feedback to the Board and/or its Chairperson as appropriate.

BOARD DIVERSITY POLICY AND COMPOSITION

The Board adopted a Board Diversity Policy as it acknowledges the importance of board diversity in terms of age, gender, culture, nationality, tenure, skills and experience, and recognises the benefits of this diversity. A diversity of tenure will achieve the progressive renewal of the Board so that there is a continuity of experienced directors as well as the onboarding of new directors to provide fresh perspectives on an ongoing basis. All director appointments will be based on merit, having due regard to the overall balance and effectiveness of the Board.

The Board also recognises that having a range of different dimensions of skills, backgrounds, knowledge, industry experience and diversity is essential to ensuring a broad range of viewpoints to facilitate optimal decision-making and effective governance. The Board is of the view that whilst promoting board diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. The Board from time to time undertakes a review of its composition to determine areas to strengthen and identify improvement opportunities. PRIME strives for diversity not only in the Board but also in the workplace as it is an essential measure of good governance and is indicative of a well-functioning organisation and sustainable development.

Under the Board Diversity Policy, the NRC reviews and assesses the composition of the Board and makes recommendations to the Board on the appointment of new directors, taking into consideration aspects such as professional qualifications, industry and geographic knowledge, skills, length of service, age, gender and the needs of the Manager. The NRC will review the structure, size, balance and diversity of the Board annually and propose any changes to the Board to complement the objectives and strategies of PRIME. The Board has made good progress in achieving its objectives under the Board Diversity Policy and has achieved its FY2023 objective to have approximately 30% of the Board comprise of women.

CORPORATE GOVERNANCE REPORT

Currently, the Board and its Board Committees comprises Directors with an appropriate balance and diversity of skills, experience and knowledge. The Directors have diverse backgrounds in accounting and auditing, mergers and acquisitions, fund and asset management, business advisory and development, real estate development, management consulting, law, taxation, corporate governance and strategic planning. The Directors engage in open and constructive debate and regularly challenge Management on its assumptions and proposals. The Directors also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. Management has benefited from the Directors' invaluable views and experiences. The Board continues to seek to introduce greater diversity as it progressively reviews the composition of the Board and its Board Committees.

The NRC is of the view that the members of the Board provide an appropriate balance and diversity of skills and commercial experience as articulated in the Board Diversity Policy. The NRC believes that a Director's eligibility for selection, appointment and re-appointment goes beyond his or her attendance at meetings as the NRC takes into consideration a Director's competencies, commitment, contribution and performance and is committed to providing, to the Board, an appropriate balance and diversity of skills, experience and knowledge. The NRC members regularly review the skills matrix, which has been used to determine the skills needed for a publicly listed company. Further, consideration will also be given by the NRC as to the diversity of the entire Board, and in particular, ensuring that the Board has approximately 30% of its Directors be women. In line with the Board Diversity Policy, PRIME will strive to continue maintaining diversity on the Board despite having met its present diversity targets.

Chairperson and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

The Board is led by an Independent Chairperson, Professor Annie Koh. Besides ensuring the non-repetition of duties and authority, the separation of the roles of the Independent Chairperson and the CEO and the clarity of roles and distinct responsibilities provide a healthy professional relationship between the Board and Management. This enhances the appropriateness of the existing balance of roles, responsibilities, power, authority and accountability to maintain an effective system of checks and balances.

The Independent Chairperson and CEO collectively play an important role in the stewardship of the strategic direction and operations of PRIME. The Independent Chairperson and the CEO are not related, nor do they have any close family ties. The Independent Chairperson, who is based in Singapore, is a pre-eminent figure in Singapore higher education, and brings to her role a wealth of experience from her board and advisory positions across a number of listed and private corporates, start-up enterprises, multilateral agencies, and Singapore government entities. In recognition of her contributions to education and the public sector, she has been awarded the bronze and silver Singapore Public Administration medals. Furthermore, her experience and leadership in ESG will be a significant resource to PRIME as the Board sets its strategic course going forward, as ESG is an important component of PRIME's future growth initiatives. The Board has assigned the day-to-day affairs of PRIME's business to the various departments of Management, comprising finance, operations and Investor Relations. The CEO is accountable for the conduct and performance of Management's business within the agreed business strategies.

CLEAR DIVISION OF ROLES BETWEEN CHAIRPERSON OF THE BOARD AND THE CEO OF THE MANAGER

The Independent Chairperson's role is to:

- carry out a visionary leadership role in facilitating the effective conduct of the Board;
- create a culture of openness characterised by constructive debate and appropriate challenge on strategy, business operations, enterprise risks and other plans amongst the Directors;
- promote and ensure the highest standards of integrity in regard to corporate governance processes and issues; and
- undertake primary responsibility for the Board to receive accurate, timely, clear information and to be consulted on all relevant matters.

CORPORATE GOVERNANCE REPORT

The CEO's role is to:

- assume overall responsibility for the management and conduct of the business of the Manager;
- be principally responsible for the business direction and operational decisions in managing PRIME;
- oversee Management;
- develop, recommend and implement organisational strategy, targets, business plans and policies;
- foster a corporate culture promoting ethical practices and integrity;
- manage day-to-day conduct of business and affairs; and
- be the public face and official spokesperson of PRIME.

Provision 3.3 of the Code requires the Board to have a Lead Independent Director to provide leadership in situations where the Chairperson is conflicted, and especially when the Chairperson is not independent. The Lead Independent Director would be available to Unitholders where they have concerns and for which contact through the normal channels of communication with the Chairperson or Management are inappropriate or inadequate. Currently, no Lead Independent Director has been appointed as there are sufficient measures in place in the event of a conflict by the Chairperson. The Manager is of the view that despite the deviation from Provision 3.3 of the Code, the risk of conflict by the Chairperson is mitigated given that the Chairperson is not part of Management and is an ID, and the roles of the Chairperson and CEO are held by separate individuals who are not immediate family members and have no close family ties. Moreover, the Board has a strong independent element as four (4) out of seven (7) directors (including the Chairperson) are Non-Executive Independent Directors. The Manager is accordingly of the view that its practice is consistent with the intent of Principle 3 of the Code as a whole. As no Lead Independent Director has been appointed, Unitholders who have any concerns that should be submitted to a Lead Independent Director should instead submit their questions to PRIME's whistleblowing channel at https://secure.ethicspoint.com/domain/media/en/gui/71338/index.html (more information on which is set out in page 80 of this Report).

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

ROLES AND RESPONSIBILITIES OF THE NRC

The NRC is governed by its ToR which establishes the functions, powers, duties and responsibilities of the NRC. The NRC comprises four members, all of whom are Non-Executive Directors, and three (3) out of four (4) members (including the NRC Chairperson) are Independent Directors. Ms Soh Onn Cheng Margaret Jane ceased to be the Chairperson of the NRC and Independent Non-Executive Director of the Board with effect from 31 May 2023.

As at the date of this Report, the members of the NRC are as follows:

Name	Designation	Directorship
Mr Kevin John Eric Adolphe[(1)]	Chairperson	Independent Director
Professor Annie Koh	Member	Independent Chairperson
Professor Stephen Phua[(2)]	Member	Independent Director
Mr Richard Peter Bren[(3)]	Member	Non-Executive Director

Notes:

(1) Mr Kevin John Eric Adolphe was appointed as the Chairperson of the NRC with effect from 1 June 2023.

(2) Professor Stephen Phua was appointed as Independent Non-Executive Director and a member of the NRC on 1 January 2023.

(3) Mr Richard Peter Bren was appointed as a member of the NRC with effect from 1 June 2023.

CORPORATE GOVERNANCE REPORT

The NRC makes recommendations to the Board on all Board appointments, oversees the Board and senior management's succession plans and conducts an annual review of board diversity, board size, board independence and directors' commitment. The Board is mindful of the need for boardroom diversity. The NRC, in evaluating, assessing and making recommendations to the Board for approval, takes into consideration the qualifications, credentials, core competencies vis-à-vis the composition of a required mix of skills to demonstrate knowledge, expertise and experience, character, gender, age, nationality, professionalism, integrity, competencies, time commitment and other qualities which the Director would bring to the Board to effectively discharge their roles and responsibilities as Director.

The ToR of the NRC sets out the scope and authority in performing the function of the NRC, and these include assisting the Board in matters relating to:

- identification, selection and appointment of new Directors and re-appointment of existing Directors of the Board taking into account the contribution, performance and ability to commit sufficient time and attention to the affairs of PRIME as well as their respective commitments outside of PRIME;
- reviewing the structure, size, composition (including the balance and diversity of skills, qualification, experience, gender and knowledge) and independence of the Board and its Board Committees, and recommend to the Board such adjustments as it may deem necessary;
- determining the independence of Directors having regard to the circumstances set forth in Provisions 2.1 and 2.2 of the Code, Listing Rule 210 (5)(d) and SFLCB Regulations;
- reviewing succession plans, in particular the appointment and/or replacement of the Chairperson, the CEO and the key management personnel (the "**KMP**");
- developing the process and criteria for evaluation of the performance of the Board or Board Committees and individual Directors; and
- reviewing training and professional development programmes for the Directors.

SELECTION, APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

The NRC is responsible for reviewing succession plans for the Board and Board Committees, in particular the appointment and/or replacement of the Chairperson, the CEO and the KMP.

The NRC regularly reviews the existing attributes and competencies of the Board and the suitability of any candidates put forward for appointment or re-appointment in order to determine the desired experience or expertise required to strengthen or supplement the Board. The NRC is in charge of making recommendations to the Board regarding the identification and selection of new Directors and in identifying candidates for new appointments to the Board as part of the Board's renewal process. The NRC evaluates the candidate's suitability in accordance with MAS' Guidelines on Fit and Proper Criteria (Guideline Number: FSG-G01), taking into account the track record, age, experience and capabilities and such other relevant experience as may be determined by the Board.

In addition, as part of regulatory requirements, MAS also requires prior approval for any change of the CEO. Candidates are evaluated and selected based on their relevant expertise and potential contributions where other factors, including the current and medium-term needs and goals of PRIME, are also considered.

Upon establishment of the selection criteria, the search for potential candidates of the Board is initiated by considering recommendations from the Board and Management. The external search for candidates that fit the criteria is conducted through the Singapore Institute of Directors' Board Appointment Service. Candidates shortlisted and interviewed by the NRC are then evaluated by the Chairperson of the Board and the IDs, thereby ensuring that recommendations made are objective and well-supported. Once a candidate is shortlisted by the Board, the NRC conducts due diligence and reference checks before recommending the candidate to the Board for approval.

Directors of the Manager are not subject to periodic retirement by rotation. As the Chairperson is an ID, Provision 2.2 of the Code requiring IDs make up a majority of the Board in situations where the Chairperson is not an ID is not applicable. Additionally, Regulation 13D of the SFLCB Regulations requires that at least half of the total number of Directors be independent in the case where Unitholders do not have a right to vote on the appointment of Directors. The current composition of the Board is in compliance with the Code and SFLCB Regulations and the Board will continue to ensure compliance with the relevant regulations.

CORPORATE GOVERNANCE REPORT

The Manager believes that Board renewal is necessary and a continuous process for good governance. Board renewal ensures that the Board and Board Committees comprise Directors that, as a group, provide an appropriate balance and diversity of skills, experience, industry knowledge and knowledge of PRIME's business. In reviewing the composition of the Board, the NRC and the Board also considered that an ID should serve no more than a maximum of nine years.

Notwithstanding that the current composition of the Board remains appropriate, as part of the Board renewal process, the Board has also accepted the recommendations of the NRC on the appointment of Professor Stephen Phua as an ID with effect from 1 January 2023.

Directors who are appointed to the Board from time to time either have prior experience as a director of an issuer listed on the SGX-ST or will undergo the training required under Rule 210(5)(a) of the Listing Manual. In FY2023, Professor Stephen Phua had completed the requisite modules under the Listed Entity Director Programme conducted by the Singapore Institute of Directors.

INDEPENDENCE AND TIME COMMITMENT

The NRC is responsible for determining annually, and as and when circumstances require, the independence of the Directors. In doing so, the NRC takes into account the circumstances and existence of relationships that may cause a Director to cease to be independent. Following due review, the NRC has endorsed the independent status of all IDs for FY2023.

An assessment was carried out on the major commitments of the Directors, including employment and listed company directorships and the number of listed company directorships held by each of them at present was noted. The Board is to ensure that the duties of each Director can be and have been fully discharged. The NRC is of the view that setting a maximum number of listed company board representations a Director may hold is arbitrary, given that the time requirements for each listed company varies and thus should not be prescriptive. The Board concurs with the view of the NRC.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors. The attendance of the Directors at Board and Board Committees meetings (as well as the frequency of such meetings) and the Annual General Meeting ("**AGM**") during FY2023 are as recorded below:

	Annual General Meeting		Board of Directors		Audit and Risk Committee		Nominating and Remuneration Committee	
	Number of meetings							
Name	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Professor Annie Koh	1^	1[(1)]	9^	9	5	5	11	11
Mr John Robert French[(2)]	1	1[(1)]	9	9	5^	5	N.A.	N.A.
Mr Kevin John Eric Adolphe[(3)]	1	1[(1)]	9	9	5	5	11^	9[(3)]
Professor Stephen Phua	1	1[(1)]	9	9	5	5	11	11
Mr Richard Peter Bren[(4)]	1	1[(1)]	9	9	N.A.	N.A.	11	9[(4)]
Mr Chua Hsien Yang	1	1[(1)]	9	9	N.A.	N.A.	N.A.	N.A.
Ms Janice Wu	1	1[(1)]	9	9	N.A.	N.A.	N.A.	N.A.
Ms Soh Onn Cheng Margaret Jane [(5)]	1	1[(1)]	9	3[(5)]	N.A.	N.A.	11	2[(5)]
Mr Pankaj Agarwal [(6)]	1	1[(1)]	9	4[(6)]	N.A.	N.A.	N.A.	N.A.

Notes:

^ Chairperson.

N.A. – Not applicable

(1) The AGM held on 26 April 2023 was convened and held by way of electronic means. These Directors were in attendance via electronic means.
(2) Mr John Robert French was appointed as the Chairperson of the ARC with effect from 4 January 2023.
(3) Mr Kevin John Eric Adolphe was appointed as the Chairperson of the NRC with effect from 1 June 2023.
(4) Mr Richard Peter Bren was appointed as a member of the NRC with effect from 1 June 2023.
(5) Ms Soh Onn Cheng Margaret Jane ceased to be the Independent Non-Executive Director of the Board and Chairperson of the NRC with effect from 31 May 2023.
(6) Mr Pankaj Agarwal ceased to be the Non-Independent Non-Executive Director of the Board with effect from 15 August 2023.

CORPORATE GOVERNANCE REPORT

Based on the Directors' attendance record at Board and Board Committee meetings, the AGM, and contributions outside of formal Board and Board Committee meetings, the NRC is satisfied that all Directors were able to and have committed sufficient time to the affairs of PRIME and discharged their duties adequately for FY2023. The Manager has no alternate directors on its Board. Key information on the Directors such as academic and professional qualifications, committee membership, date of appointment, a list of the present and past directorships of each Director, and unitholding in PRIME and its related corporations are reflected on pages 8 to 11 and 180 of this Annual Report.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NRC has put in place objective performance criteria and processes for the evaluation of the effectiveness of the Board as a whole, of each Board Committee separately, as well as the contribution by each individual Director to the effectiveness of the Board. The Board had conducted a formal performance evaluation exercise to assess the effectiveness of the Board as a whole and its Board Committees, the contribution by each individual Director to the effectiveness of the Board, and the effectiveness of the Chairperson of the Board for FY2023. The evaluations had been carried out by means of a questionnaire which had been completed by each Director. The performance evaluation exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes had allowed the effective discharge of duties.

The objective performance criteria include Board composition and size, Board structure, Board processes, Board effectiveness, Board standards of conduct and financial performance indicators, corporate strategy and planning, risk management and internal controls, conduct of meetings and communication with stakeholders. The Board is of the view that this set of performance criteria allows for appropriate comparison and addresses how Directors have enhanced long-term Unitholders' value. Evaluation of the contribution by each Director took into consideration various factors, including individual performance of principal functions and fiduciary duties, participation in meetings and commitment of time to Director's duties. The NRC also considers other contributions by a Director such as providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and the Director's accessibility to Management outside of formal Board and Board Committee meetings. The performance of each Director will be taken into account, if and when applicable, in their re-appointment.

To ensure that the assessments of Board performance were done promptly and fairly, the Board had appointed Ernst & Young Advisory Pte. Ltd., an independent third-party facilitator to assist in administering, collating and analysing the responses of the Directors for FY2023.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

CORPORATE GOVERNANCE REPORT

ROLES AND RESPONSIBILITIES OF THE NRC

The NRC plays an important role in ensuring the appropriate attraction, recruitment, motivation and retention of talents who are qualified and valuable to PRIME, through competitive remuneration and progressive policies, which are not excessive, so as to achieve PRIME's goals and to deliver sustainable Unitholder value as well as growth in distribution income and total returns. The ToR of the NRC, which sets out the scope, authority and functions of the NRC, provides that the NRC is to assist the Board in matters relating to:

- reviewing and recommending to the Board a framework of remuneration for the Board and the KMP;
- reviewing and recommending to the Board the specific remuneration packages for each Director as well as for the KMP;
- reviewing PRIME's obligations arising in the event of termination of, if and when applicable, executive directors' and executive officers' contracts of service and ensuring that such contracts of service contain fair, equitable and reasonable termination clauses;
- reviewing the disclosures in the Annual Report of the Manager's remuneration policies, level and mix of remuneration and the procedure for setting remuneration; and
- any and all relevant aspects of the Manager's remuneration policies.

The NRC considers all aspects of the Manager's remuneration matters and, in particular, seeks to ensure that the remuneration paid to the KMP of the Manager are directly linked to the achievement of corporate and individual performance targets which are aligned with the interests of the Unitholders and other stakeholders, as well as promote the long-term success of PRIME. The performance targets approved by the Board in respect of each financial year are set with the purpose of motivating a high degree of business performance, with an emphasis on both short- and longer-term quantifiable goals. At the close of each financial year, the NRC reviews the achievements of the Manager against the targets set to determine the overall performance taking into consideration qualitative factors such as the business environment, regulatory landscape and industry trends. Based on this review, the NRC approves a bonus pool that commensurates with the performance achieved. Where necessary, the NRC recommends a framework of remuneration to the Board for endorsement, in order to align the Manager's Board and KMP's compensation with the interests of the Unitholders. Remuneration of the Directors, Management and employees of the Manager are not paid out of the deposited property of PRIME but out of the fees received by the Manager. In addition, the NRC reviews the Manager's obligations in the event of any termination of a KMP's contract of service to ensure that such contracts of service contain fair, equitable and reasonable termination clauses. There were no termination, retirement and post-employment benefits that were granted over and above what has been disclosed to Directors, the CEO or the CFO during FY2023.

No remuneration consultants were engaged in FY2023.

REMUNERATION DETERMINATION AND DISCLOSURES

PRIME is externally managed by the Manager as PRIME has no personnel of its own. The remuneration of all Directors and employees of the Manager is borne by the Manager. There is no employee of the Manager who is an immediate family member of a Director or the CEO of the Manager or a substantial shareholder of the Manager and whose remuneration exceeds S$100,000 during FY2023 and none of the employees are substantial shareholders of the Manager during FY2023.

CORPORATE GOVERNANCE REPORT

In recommending the Directors' and KMP's remuneration to the Board for approval, the NRC takes into account the following:

- the responsibilities of the Directors and the CEO;
- the pay and employment conditions of KMP;
- the corporate and individual performance of KMP;
- the current views of stakeholders;
- the general market conditions;
- accomplishment of strategic goals as well as regional and global corporate performance; and
- benchmarking against the remuneration arrangements of other companies of a similar position, size and complexity for guidance.

The Directors concerned will abstain from the decision-making process.

The remuneration of Directors is determined at levels which enable the Manager to attract, retain and motivate Directors with the relevant experience and expertise to provide good stewardship of the Manager and PRIME whereas the remuneration of KMP is determined at a level which enables PRIME to attract, develop and retain high-performing and talented individuals with the relevant experience as well as level of expertise and responsibility to successfully manage PRIME for the long term.

The Board believes in a competitive and transparent remuneration framework. The Directors' remuneration received from PRIME for FY2023, based on the structure of the Directors' fees for the Directors, comprising a base fee for serving as a Director and additional fees for serving on Board Committees as the case may be, are set out in the table below:

Main Board	Independent Chairperson Independent Director	S$40,000 – per annum S$60,000 – per annum
NRC	Chairperson Member	S$20,000 – per annum S$10,000 – per annum
ARC	Chairperson Member	S$30,000 – per annum S$20,000 – per annum

Name of Director	Salary (S$)	Performance Bonus (S$)	Director's Fees (S$)	Total (S$)
Professor Annie Koh[1]	–	–	130,000	130,000
Mr John Robert French[2]	–	–	90,000	90,000
Mr Kevin John Eric Adolphe[3]	–	–	91,648	91,648
Professor Stephen Phua[4]	–	–	90,000	90,000
Mr Richard Peter Bren	–	–	–	–
Mr Chua Hsien Yang	–	–	–	–
Ms Janice Wu	–	–	–	–
Ms Soh Onn Cheng Margaret Jane [5]	–	–	33,406	33,406
Mr Pankaj Agarwal [6]	–	–	–	–

Notes:

(1) Professor Annie Koh's director fees for FY2023 comprises: Independent Director fees (S$60,000); ARC member (S$20,000); NRC member (S$10,000); and Independent Chairperson (S$40,000).

(2) Mr John Robert French's director fees for FY2023 comprises: Independent Director fees (S$60,000) and ARC Chairperson (S$30,000).

(3) Mr Kevin John Eric Adolphe was appointed as the Chairperson of the NRC with effect from 1 June 2023. Mr Adolphe's director fees for FY2023 comprises: Independent Director fees (S$60,000); ARC member (S$20,000); and NRC Chairperson (S$20,000), and were pro-rated accordingly.

(4) Professor Stephen Phua's director fees for FY2023 comprises: Independent Director fees (S$60,000); ARC member (S$20,000); and NRC member (S$10,000).

(5) Ms Soh Onn Cheng Margaret Jane ceased to be the Independent Non-Executive Director of the Board and Chairperson of the NRC with effect from 31 May 2023, and the Director fees have been paid based on a pro-rated basis.

(6) Mr Pankaj Agarwal ceased to be the Non-Independent Non-Executive Director of the Board with effect from 15 August 2023.

CORPORATE GOVERNANCE REPORT

The Independent Chairperson of the Board as well as Chairperson of each Board Committee are paid a higher fee as compared with the IDs and members of such Board Committees in view of the greater responsibilities carried by chairing the Board and the Board Committees in addition to their existing roles.

The NRC reviewed the total remuneration structure for FY2023 which addressed four key objectives, namely:

- Unitholder alignment: to incorporate performance measures that are aligned to Unitholders' interests;
- Long-term orientation: to motivate employees to drive sustainable long-term growth;
- Simplicity: to ensure that the remuneration structure is easy to understand and communicate to stakeholders; and
- Value creation: amount of value-add contributed by the individual, including but not limited to deal introduction to PRIME, cost-savings ideas and initiatives which have the potential of increasing the performance of PRIME and measured based on the monetary benefit or cost-savings which PRIME receives as a result of the value-add contributed by the individual Director or a KMP.

Provision 8.1 of the Code and the MAS Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (Notice No. SFA04-N14), read together, require REIT managers to disclose (1) the remuneration of the CEO and each individual Director on a named basis, with a break down (in percentage or dollar terms) of each Director's and the CEO's remuneration earned through base/ fixed salary, variable or performance-related income/bonuses and benefits-in-kind; and (2) the remuneration of at least the top five (5) KMP (who are not also Directors or the CEO), on a named basis, in bands no wider than S$250,000 and in aggregate the total remuneration paid to these KMP.

In order not to hamper the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions of the industry where the poaching of senior management is commonplace, the Manager is disclosing the remuneration of the CEO and KMP who are not Directors in bands of S$250,000 and is not disclosing the aggregate total remuneration paid to the top five KMP. The Manager is of the view that despite this partial deviation from Provision 8.1 of the Code, such disclosure or non-disclosure as the case may be, is consistent with the intent of Principle 8 of the Code as a whole and will not be prejudicial to the interests of the Unitholders as sufficient information is provided in this Annual Report on the Manager's remuneration framework and the level and mix of remuneration accorded to such personnel to enable Unitholders to understand the link between remuneration and performance. Furthermore, the remuneration of the Management and employees of the Manager are not paid out of the deposited property of PRIME directly but are paid out by the Manager from the fees received from PRIME. The remuneration of PRIME's directors and executive officers are payable either in the form of cash and/or Units as the Manager may elect, in such proportions as may be determined by the Manager. The level and mix of the remuneration of the CEO and KMP and their total remuneration per annum are categorised into the various bands as follows:

Remuneration Band and Names of CEO[1] and KMP[2]	Salary (%)	Variable or Performance-Related Income or Bonus (%)	Other Benefits (%)	Long-Term Incentive Plan (%)
Above S$500,000 to S$750,000				
Mr. Harmeet Singh Bedi[3]	60%	37%[4]	3%	0%
Above S$250,000 to S$500,000				
Ms. Cindy Teo	72%	15%	3%	10%[5]

Notes:

(1) Ms. Barbara Cambon served as the CEO and Chief Investment Officer ("**CIO**") of the Manager up until 7 March 2023 when she retired from her roles as CEO and CIO. For the period from 1 January 2023 to 7 March 2023, Ms. Cambon's earned total remuneration is in the band of "Below S$250,000".

(2) The Manager has less than five key management personnel other than the CEO.

(3) Mr. Harmeet Singh Bedi was appointed as the Chief Executive Officer with effect from 8 March 2023 up until 31 March 2024 when he resigned from his role as CEO. Prior to this role, he was the Deputy CEO and CFO of the Manager. The remuneration disclosed is on an annualised basis in FY2023.

(4) Consisting of cash payout and units.

(5) Annual cash award under the Long-Term Incentive Plan (LTIP).

CORPORATE GOVERNANCE REPORT

The Manager adheres to a practice that benchmarks total remuneration packages of its key employees to ensure they are sufficiently competitive to attract, retain and motivate them to enhance the performance of PRIME. They are designed to incentivise and reward performance of the CEO and KMP. The NRC reviews the remuneration packages of the CEO and KMP and submits its recommendations to the Board for endorsement. A fundamental element in the remuneration principles is the concept of pay for performance and the NRC will look at the total remuneration provided which comprises annual fixed salary and variable salary component including Units in PRIME. The NRC and Board have reviewed and ensured that the level and structure of remuneration for Directors and KMP are aligned with the long-term interests and risk management policies of PRIME.

Accountability and Audit

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its Unitholders.

The Board acknowledges that it is responsible for the risk management and internal control system in PRIME which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity to safeguard Unitholders' investments and PRIME's assets.

ROLES OF THE BOARD AND ARC IN ENSURING EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for PRIME's risk management framework and system of internal controls and for reviewing the adequacy and integrity of the risk management framework and system of internal controls. Accordingly, the Board is required to ensure that the Manager has in place an effective system of internal controls, which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. The Board assumes the responsibility for the effectiveness and adequacy of PRIME's risk management and internal control systems and has delegated the responsibility of undertaking periodic reviews to the ARC with an established ToR to assist in discharging this responsibility. However, the Board as a whole remains ultimately responsible for the effectiveness, adequacy and integrity of the system of risk management and internal controls.

The ARC assists the Board in examining the adequacy and effectiveness of internal controls policies and procedures to ensure that a robust risk management framework and internal control system is maintained while the Board reviews the adequacy and effectiveness of the risk management and internal control system. The ARC also assesses the materiality of specific developments or risks that might have an impact on the unit price of PRIME.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Risk Management

A sound and robust risk management framework ensures that the Manager is ready to meet challenges and seize opportunities. The Manager has adopted an Enterprise Risk Management (the "**ERM**") framework that provides a systematic approach to risk management. It outlines the reporting structure, monitoring mechanisms, specific risk management processes and tools, as well as PRIME's policies and limits in addressing and managing key risks identified. The ERM framework also allows PRIME to respond promptly and effectively in a constantly evolving business landscape. Additional details of the ERM framework are set out in the Enterprise Risk Management section of this Annual Report.

The Manager has engaged Keppel Capital International's Risk and Compliance function ("**KCI Risk & Compliance**") to facilitate the conduct of risk assessment. The risk assessment takes into account both the impact and likelihood of occurrence of the risk, and covers the investment, financial, operational, reputational and other major aspects of PRIME's business. Tools deployed include risk rating matrices, heat maps and risk registers to assist the Manager in its performance of risk management. Quarterly risk and compliance updates are reported to the ARC and Board.

CORPORATE GOVERNANCE REPORT

The Board is responsible for the governance of risk and ensuring that the Manager maintains a sound risk management system and internal controls to safeguard Unitholders' interests and PRIME's assets. Assisted by the ARC, the Board provides valuable advice to Management in formulating various risk management policies and guidelines where necessary. The ToR of the ARC is disclosed on pages 77 to 78 of this Annual Report.

The Board and Management meet quarterly or, when necessary, more frequently to (a) review PRIME's performance; (b) assess its current and future operating, financial and investment risks; as well as (c) respond to feedback from KCI Risk & Compliance, internal auditors and external auditors.

The Board, assisted by the ARC, has in place risk tolerance guiding principles for the Manager and PRIME. These principles, which determine the nature and extent of the significant risks that the Board is willing to take in achieving its strategic objectives, include:

1. Risks taken should be carefully evaluated, commensurate with rewards, and should be in line with PRIME's core strengths and strategic objectives;
2. No risk arising from a single area of operation, investment or undertaking should be so huge as to endanger PRIME; and
3. PRIME does not condone safety breaches or lapses, non-compliance with laws and regulations, as well as unlawful acts such as fraud, bribery and corruption.

The ERM framework also guides the Manager and the Board in assessing the adequacy and effectiveness of the risk management system within PRIME. During FY2023, the Board had assessed and deemed PRIME's risk management system to be adequate and effective in addressing the key risks identified. Other current, evolving or emerging risks are also monitored and reported to the Board where significant.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROL SYSTEM

The ARC has been entrusted by the Board to review and monitor the risk management activities of PRIME and approve appropriate risk management procedures and measurement methodologies. The ARC provides guidance to Management in the formulation of risk management policies and processes and in identifying, evaluating and managing key risks, while the ownership of risk management lies with the CEO supported by the management team. The nature and extent of risks are assessed regularly by Management with input from KCI Risk & Compliance and the internal auditors, and reports are submitted to the ARC as and when necessary. The ARC reports to the Board on material findings and makes recommendations or seeks guidance from the Board in respect of any material risk issues. The ARC directs and reviews the adequacy and work scopes of the internal auditors. Any findings on material non-compliance or weaknesses in internal controls and risk management system by the internal auditors are reported directly to the ARC. The recommendations to further improve the internal controls and risk management system are reported to the ARC and actions are taken by Management.

Further, the Board has obtained assurances from the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of PRIME's operations and finance, as well as assurances from the CEO and CFO who are responsible regarding the adequacy and effectiveness of PRIME's risk management and internal control system.

Based on the internal control systems established and adhered to by PRIME, the assurances received from the CEO and CFO, work performed by the internal auditors, external auditors and KCI Risk & Compliance, reviews conducted by Management and various Board Committees, the Board, with the concurrence of the ARC, is of the opinion that PRIME's internal controls (including financial, operational, compliance and information technology controls) and risk management systems have been adequately designed and operated effectively in all material aspects to address risks faced by PRIME in its current business environment as at 31 December 2023.

The Board notes that the internal control systems established provide reasonable, but not absolute, assurance against material misstatement of loss and that PRIME will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board accepts that the internal control systems contain inherent limitations and notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, fraud and other irregularities.

INTERNAL CONTROL SYSTEM FOR RELATED PARTY AND INTERESTED PERSON TRANSACTIONS

The Manager has established an internal control system to ensure that all Related Party Transactions, Interested Party Transactions (as defined in the Property Funds Appendix) and Interested Person Transactions (as defined in the Listing Manual) (collectively "**IPT**") will be undertaken on an arm's length basis and on normal commercial terms that are not prejudicial to the interests of the Unitholders of PRIME.

Related Party Transactions have been disclosed in the financial statements of this Annual Report. As a general rule, the Manager must demonstrate to the ARC that such transactions satisfy the foregoing criteria, which may entail obtaining, where practicable, quotations from parties unrelated to the Manager or obtaining valuations from independent professional valuers in accordance with the Property Funds Appendix. The Manager maintains a register to record all IPT which are entered into by PRIME and the basis on which they are entered into, including any quotations from unrelated parties and independent valuations obtained.

The Manager has incorporated into the internal audit plan, a review of all IPT entered into by PRIME. The ARC monitors the procedures established to regulate IPT, including reviewing any IPT transactions entered into from time to time, and directs the preparation of internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor IPT have been complied with, including relevant provisions of the Listing Manual and Property Funds Appendix. If a member of the ARC has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

CORPORATE GOVERNANCE REPORT

In connection with the above paragraph, the Trustee also has the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The review includes an examination of the nature of the transaction and its supporting documents, or such other data deemed necessary to the ARC. In addition, the following procedures are required to be adhered to:

- Transactions (whether individually, as part of a series or aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding S$100,000 in value but less than 3.0% of the value of PRIME's latest audited net tangible assets/net asset value are subject to review by the ARC at regular intervals;
- Transactions (whether individually, as part of a series or aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of PRIME's latest audited net tangible assets/net asset value are subject to the review and prior approval of the ARC. Such approval shall only be given if such transaction is conducted on an arm's length basis on normal commercial terms and consistent with similar types of transactions made with third parties which are not interested parties; and
- Transactions (whether individually, as part of a series or aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding 5.0% of the value of PRIME's latest audited net tangible assets/net asset value are reviewed and approved prior to such transaction being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transaction would have to be approved by the Unitholders of PRIME at a meeting duly convened.

In the event where matters concerning PRIME relate to transactions entered into or to be entered into by the Trustee for and on behalf of PRIME with an interested party which would include relevant associates thereof, the Trustee is required to ensure that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of PRIME and the Unitholders of PRIME, and are in accordance with all applicable requirements of the Property Funds Appendix and/ or the Listing Manual relating to the said transaction. Furthermore, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving an interested party. If the Trustee is to sign any contract with an interested party, the Trustee will review the terms of the contract to ensure that it complies with the requirements relating to IPT in the Property Funds Appendix and the provisions of the Listing Manual relating to IPT as well as guidance prescribed by the MAS and SGX-ST. Save for the IPT described under "Related Party Transactions in Connection with the Setting Up of PRIME US REIT and the Offering" and "Exempted Agreements" in the IPO prospectus, PRIME has complied with Rule 905 of the Listing Manual by announcing any Interested Person Transactions in accordance with the Listing Manual if such transaction by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person as defined in the Listing Manual during the same financial year is 3% or more of the value of PRIME's latest audited net tangible assets.

CORPORATE GOVERNANCE REPORT

The aggregate value of all IPT in accordance with the Listing Manual in FY2023, and which are subject to Rules 905 and 906 of the Listing Manual excluding transactions of less than S$100,000 in value, is disclosed below:

		Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000)
Name of interested person	**Nature of relationship**	**US$'000**	**US$'000**
Prime US REIT Management Pte. Ltd.	Manager of PRIME		
– Manager's base management fees		6,425	–
– Reimbursements		164	–
DBS Trustee Limited	Trustee of PRIME		
– Trustee fees		201	–
– Disbursements		2	–
KBS Realty Advisors, LLC	Sponsor-related entity		
– Property audit costs		162	–
KBS Holdings, LLC	Sponsor-related entity		
– Reimbursements		124	–
Total		**7,078**[1]	–

(1) Total fees and charges paid to interested parties was 1.0% of PRIME's net asset value as at 31 December 2023.

PRIME has not obtained a Unitholders' mandate pursuant to Rule 920 of the Listing Manual for IPT. Save as disclosed above, there were no additional interested person transactions (within the meaning of the Listing Manual (excluding transactions of less than S$100,000 each) entered into during the period under review. The entry into and the fees and charges payable by PRIME under the Trust Deed and Unitholders' Agreements, the License Agreement and the leases set out in the section "Other Related Party Transactions" in the IPO Prospectus and/or circular, to the extent that details of these have been specifically disclosed in the IPO Prospectus and/or circular, which each constitutes an Interested Person Transaction, are deemed to have been specially approved by Unitholders upon purchase of the Units and/or in the Extraordinary General Meeting and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect PRIME.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

AUDIT AND RISK COMMITTEE

The Manager keeps the Unitholders updated on PRIME's financial performance, position and prospects through periodic financial reports and business updates. In its presentation of the financial results, the Board strives to provide reports that are easily understandable of PRIME's financial position, its results, and its prospects. Management is accountable to the Board and presents financial statements/management accounts and its accompanying explanations of PRIME's performance, position and prospects to the ARC and the Board for review and/or approval on a quarterly basis or as the Board may require from time to time to enable the Board to make a balanced and informed assessment of PRIME's performance, financial position and prospects.

The ARC is governed by its ToR which establishes the functions, powers, duties and responsibilities of the ARC. In line with the Code with regard to the governance of the ARC, the ARC membership comprises at least three members (currently four members), all of whom are Independent Non-Executive Directors, including the Chairperson. Mr John Robert French was appointed Chairperson of the ARC with effect from 4 January 2023. As at the date of this Report, the members of the ARC are as follows:

Name	Designation	Directorship
Mr John Robert French(1)	Chairperson	Independent Director
Professor Annie Koh	Member	Independent Chairperson
Mr Kevin John Eric Adolphe	Member	Independent Director
Professor Stephen Phua(2)	Member	Independent Director

Notes:

(1) Mr John Robert French was appointed as the Chairperson of the ARC with effect from 4 January 2023.

(2) Professor Stephen Phua was appointed as an Independent Non-Executive Director of the Board and member of the ARC on 1 January 2023.

The Board is of the view that all members of the ARC bring with them recent, invaluable and relevant managerial and professional expertise in accounting and related financial management domains to discharge their responsibilities. The Board considers Mr John Robert French as having sufficient audit, accounting and financial management knowledge to discharge his responsibilities as Chairperson of the ARC. Professor Annie Koh, Mr Kevin John Eric Adolphe, and Professor Stephen Phua jointly have extensive accounting, law, taxation, and financial management expertise and experience. Additional details of the ARC members' experience and professional qualifications are set out on pages 8 to 11 of this Annual Report.

The ARC members as a whole possess a wide range of necessary skills to discharge their duties and are financially literate. None of the ARC members are former partners or directors of PRIME's existing external auditing firm, Ernst & Young LLP ("**EY**"), within a period of two years commencing from the date of their ceasing to be partners of EY, or have any financial interest in EY.

ROLES AND RESPONSIBILITIES OF THE ARC

The ARC has explicit authority to investigate any matter within its ToR. The ARC has full access to and co-operation by Management and the internal auditors and external auditors and has full discretion to invite Management, the Sponsor, external consultants or advisers to attend its meetings. The internal auditors and external auditors have unrestricted access to the ARC. In FY2023, five (5) ARC meetings were held. Further, on an annual basis, the ARC has also met separately with the internal auditors and external auditors, without the presence of Management to discuss issues and to confirm that they had full access to and received co-operation and support from Management.

CORPORATE GOVERNANCE REPORT

The ARC, having considered the nature and level of the provision of the non-audit related services and the statutory audit fee, is of the view that the external auditor's independence and objectivity are not impaired or threatened. In reviewing the nomination of EY for re-appointment for FY2023, the ARC had taken into consideration the Audit Quality Indicators Framework. The ARC also considered the adequacy and experience of the professional staff and audit engagement partner assigned, EY's experience in the REIT sector and the size and complexity of the audit. The ARC is satisfied with the independence and work of the external auditors and has recommended to the Board the re-appointment of EY as the external auditors of PRIME at the forthcoming AGM. The Manager confirms that PRIME complies with the requirements of Rules 712 and 715 of the Listing Manual in respect of the suitability of the auditing firm for PRIME.

The ARC is collectively responsible for assisting the Board in corporate governance and compliance matters of PRIME. A summary of the work and key matters undertaken by the ARC during FY2023 included the following:

- Reviewing the significant financial reporting issues and judgements so as to ensure integrity of the financial statements of PRIME and any announcements relating to the financial performance;
- Reviewing the audit plans and reports of the internal auditors and external auditors and considering the effectiveness of actions or policies taken by Management on the recommendations and observations;
- Reviewing, at least on an annual basis, the adequacy and effectiveness of the risk management and internal control systems;
- Reviewing the assurances from the CEO and CFO on the financial records and financial statements;
- Making recommendations to the Board on the proposal to the Unitholders on the appointment and removal of external auditors and the remuneration and terms of engagement of the external auditors;
- Reviewing the adequacy, effectiveness, independence, scope and results of the external auditors and the Internal Audit Function ("**IAF**");
- Reviewing the nature and extent of non-audit services performed by the external auditors;
- Reviewing the policy (including the Whistle Blowing Policy) and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- Reviewing IPTs, including ensuring compliance with the provisions of the Listing Manual and Property Funds Appendix relating to IPT; and
- Investigating any matters within the ARC's purview, whenever it deems necessary. Periodic updates on changes in accounting standards and their accounting implications on PRIME are prepared by external auditors and circulated to members of the ARC so that they are kept abreast of such changes and the potential corresponding impact on PRIME's financial statements, if any.

INTERNAL AUDITORS

The role of the internal auditors is to provide independent assurance to the ARC that the Manager maintains a sound system of internal controls by conducting risk-based reviews of key controls and procedures and their effectiveness, undertakes investigations as directed by the ARC, and conducting regular in-depth audits of high risk areas. The ARC approves the evaluation of the internal auditors, or the corporation(s) to which the internal audit function is outsourced. PRIME's and the Manager's internal audit functions are performed independently by KBS Realty Advisors LLC's internal audit function ("**KBS IA**") and Keppel Limited's Group Internal Audit ("**Keppel GIA**") respectively. KBS IA and Keppel GIA are guided by (for the purposes of internal auditing standards) the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. KBS IA (through a combination of internal staff and suitably qualified third-party service providers) and Keppel GIA are staffed by suitably qualified personnel with the requisite skill sets and experience. The internal auditors are independent of Management and have a primary line of reporting to the Chairperson of the ARC in relation to matters concerning PRIME, and administratively to the CEO. The ARC decides on the appointment, termination and compensation of the IAF.

CORPORATE GOVERNANCE REPORT

The internal auditors plan the internal audit schedules in consultation with, but independent of Management and the Manager. PRIME's internal audit requirements are met via a comprehensive internal audit plan that is executed between KBS IA and Keppel GIA and is submitted to the ARC for approval prior to the commencement of the internal audit work. The ARC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The ARC also reviews the needs of the IAF on a regular basis, including overseeing and monitoring the implementation of the improvements required for various internal control weaknesses identified by the internal auditors. The internal auditors have unfettered access to the ARC and to all of the Manager's documents, records, properties and personnel. For FY2023, KBS IA and Keppel GIA have conducted the audit reviews based on the approved internal audit plan. The results of the reviews were reported to the ARC via internal audit reports. Key findings were highlighted for follow-up action. For FY2023, the ARC is of the view that the IAF is adequately resourced and has appropriate standing within PRIME to discharge its duties effectively and independently. The ARC has reviewed and is satisfied with the adequacy, independence and effectiveness of the IAF, and is satisfied that the appointed internal auditors are adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies).

The IAF is independent of the activities and operations of other operating units. Its principal role is to undertake independent, regular and systematic reviews of the systems of risk management and internal controls to provide reasonable assurance that the systems continue to operate efficiently and effectively to ensure an acceptable level of risk exposure.

In line with best practices, the IAF adopts a risk-based methodology in establishing its strategic and annual Internal Audit Plan to deploy audit resources to focus on significant risk areas which prioritises the audits to areas that have been assessed as having potentially higher risks for effective governance, risk management and internal controls. Where applicable, audit work was conducted on policies, manuals and standards governing the activities, processes, systems and on analysis of the data contained in the accounting and management information systems while key members of Management were interviewed.

REVIEWS CONDUCTED BY THE ARC

In FY2023, the ARC performed independent reviews of the half-year and full-year financial results of PRIME before recommending that the Board approve the release of the financial statements and SGXNet announcements relating to PRIME's financial statements. In the process, the ARC reviewed the significant financial reporting issues and judgements, including the appropriateness of accounting policies and the quality and completeness of disclosure to ensure the integrity of the financial statements. The ARC also reviewed, among other matters, the following key audit matter as identified by the external auditors for FY2023:

<u>Valuation of investment properties</u>

The ARC considered the approach and methodology applied to the valuation model in assessing the valuation of investment properties, noted the objectivity, independence and expertise of the external appraisers engaged by the Manager, assessed the appropriateness of the valuation model and reasonableness of the significant assumptions adopted, evaluated major cost items capitalised in investment properties during the period for reasonableness and having reviewed the valuation reports and the carrying value of its investment properties are satisfied that the use of inputs and assumptions are reasonable and that the investment properties have been appropriately measured at fair value and valuations fall within a reasonable range.

The ARC has conducted a review of the nature and extent of all non-audit services provided by the external auditors, EY, during FY2023, and the fees paid for such services, and is of the opinion that they would not affect the independence of the external auditors. The external auditors have also provided confirmation of their independence to the ARC. The aggregate amount of fees paid and payable to EY for FY2023 was US$874,000, of which audit fees amounted to US$577,000, audit-related fees for services such as agreed upon procedures amounted to US$31,000, and non-audit fees amounted to US$266,000. Non-audit services include both routine and ad-hoc tax related services. The ARC confirms that the non-audit services provided by the external auditors would not affect their independence.

CORPORATE GOVERNANCE REPORT

The ARC reviewed and approved the audit plan and scope of the external auditors on the audit of the full-year financial statements for FY2023. The ARC also reviewed and approved the internal audit plan and scope of the internal auditors' work and audit programme. The ARC reviewed the findings during the year and Management's responses thereto and had satisfied itself of the adequacy of the IAF. In addition, the ARC reviewed the IPT to ensure compliance with the Listing Manual and the Property Funds Appendix. Changes to the accounting standards and issues which have a direct impact on the financial statements were reported and discussed with the ARC at its meetings. In carrying out its function, the ARC may also obtain independent legal or other professional advice or appoint external consultants as it considers necessary at the Manager's expense.

WHISTLEBLOWING POLICY

PRIME acknowledges the importance of lawful and ethical behaviour in all its business activities and is committed to adhering to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs.

The Manager has put in place a Whistleblowing Policy which serves to encourage its employees and any other persons to raise concerns about possible improprieties in matters of financial reporting and other malpractices (including fraud, corruption, bribery or blackmail, criminal offences, failure to comply with any legal or regulatory obligation, miscarriage of justice, endangering the health and safety of an individual and concealment of any of the aforementioned) in confidence and in good faith.

PRIME's website at https://secure.ethicspoint.com/domain/media/en/gui/71338/index.html provides an avenue for employees or any other persons to raise concerns about illegal, unprofessional, fraudulent or other unethical behaviour, in good faith, by 1) submitting a report to Navex Global Ethics via the website in the link above; 2) calling the toll-free Navex Ethics Hotline; 3) contacting the Receiving Officer(s), Mr. Irving Low/ Ms. Tea Wei Li, Keppel GIA, contact details of whom are found on the website; or 4) mailing to the ARC Chairperson. The ARC, with the assistance of the Receiving Officer(s), is responsible for oversight and monitoring of whistleblowing. Reports made via the Navex website or hotline will be sent to the Receiving Officer(s) and ARC Chairperson. Reports received by the Receiving Officer(s) directly will be sent to the ARC Chairperson. Every report received (whether anonymous or otherwise) will be assessed by the Receiving Officer(s), who will review the information disclosed, interview the Whistleblower when required and if contactable, and make recommendations to the ARC as to whether the circumstances warrant an investigation. If the ARC determines that an investigation should be carried out, the ARC will determine the appropriate investigative process to be employed. Independent and thorough investigation will be carried out by Keppel GIA and/or third parties as determined by the ARC. The outcome and findings from the investigation will be reported to the ARC including recommendations on any corrective or remedial actions to be taken. The ARC will determine the adequacy of corrective or remedial actions taken. The summary of status update on reports received, including the number received, status of investigations, recommendations and corrective and/or remedial actions taken, if any, will be reported to the ARC and reviewed at its quarterly scheduled meetings.

The Manager ensures that the identity of the whistleblower and persons who participate in investigations initiated under this Whistleblowing Policy are kept confidential to the extent possible, and remains committed to protecting the whistleblower from any detrimental or unfair treatment that may arise from furnishing a report of genuine concern. Establishing these policies reflects the Manager's commitment to conduct its business within a framework that fosters the highest ethical standards. The Whistleblowing Policy is made available to all employees when they join the Manager, and they are briefed on this upon onboarding. The policy is also publicly disclosed on PRIME's website.

DEALING IN UNITS

The Manager has devised and adopted its own internal compliance code to provide guidance to its officers with regard to dealing in PRIME's units by the Manager and its officers. Each Director and the CEO of the Manager is to give notice to the Manager of any acquisition of Units or of any changes in the number of Units which he or she holds or in which he or she has an interest within two business days after such acquisition or the occurrence of such event giving rise to such changes in the number of Units to which he or she holds or in which he or she has an interest. All dealings in Units by the Directors and/or the CEO of the Manager will be announced via SGXNet. The Directors, officers and employees of the Manager are permitted to buy and hold PRIME's units but are strongly discouraged from dealing in PRIME's units on short-term considerations.

CORPORATE GOVERNANCE REPORT

The Manager has imposed a blackout period commencing one month prior to the half year and full year announcements of PRIME's financial results and ending on the date of announcement. Directors, officers and employees of the Manager are prohibited from dealing in PRIME's units during a blackout period and at any time while in possession of price sensitive insider information. The insider trading rules stipulated in the SFA are to be adhered to at all times.

UNITHOLDER RIGHTS AND ENGAGEMENT

Unitholder Rights and Conduct of General Meetings

Principle 11: The company treats all Unitholders fairly and equitably in order to enable them to exercise Unitholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives Unitholders a balanced and understandable assessment of its performance, and prospects.

Engagement with Unitholders

Principle 12: The company communicates regularly with its Unitholders and facilitates the participation of Unitholders during general meetings and other dialogues to allow Unitholders to communicate their views on various matters affecting the company.

MANAGING STAKEHOLDER RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

CONDUCT OF GENERAL MEETINGS

PRIME supports and encourages active Unitholder participation at general meetings as general meetings serve as an opportune avenue for Unitholders to meet and interact with the Board and Management. Unitholders are informed of general meetings through notices published on SGXNet and PRIME's website. At general meetings, Unitholders are given the opportunity to participate effectively and vote. Where relevant rules and procedures govern such meetings (e.g. voting procedure), these rules and procedures are clearly communicated prior to the start of the meeting.

In view of the COVID-19 pandemic, PRIME had convened and held its previous AGM for the financial year ended 31 December 2022 ("**AGM 2023**") by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and in accordance with the checklist jointly issued by ACRA, MAS and the Singapore Exchange Regulation, which gave guidance to listed and non-listed entities on the conduct of general meetings amid the evolving COVID-19 situation.

The alternative arrangements put in place for the conduct of the AGM 2023 included attendance at the AGM 2023 via electronic means under which Unitholders could observe and/or listen to the AGM 2023 proceedings via live audio-visual webcast or live audio-only stream, submission of questions in advance of the AGM 2023, addressing of substantial and relevant questions prior to or at the AGM 2023 and voting by appointing the Chairperson of the meeting as proxy at the AGM 2023. All Directors attended the AGM 2023 via electronic means. Representatives of Messrs EY also attended AGM 2023 via electronic means. A record of the Directors' attendance can be found in the record of their attendance at general meeting(s) and Board and Board Committee meetings for FY2023 set out on page 67 of this Annual Report.

The upcoming AGM to be held on 25 April 2024 will be convened and held physically in Singapore. Further details on the arrangements put in place for the conduct of the upcoming AGM are set out in the Manager's notice of AGM dated 10 April 2024.

CORPORATE GOVERNANCE REPORT

Provision 11.4 of the Code requires an issuer's Constitution to allow for absentia voting at general meetings of Unitholders. The Trust Deed does not currently permit absentia voting methods such as voting via mail, email or fax but permits Unitholders to vote and participate at general meeting through the appointing of up to two proxies to vote on their behalf should they be unable to attend the meeting. The Manager will consider implementing the relevant amendments to the Trust Deed to permit absentia voting methods such as voting via mail, email or fax when issues such as the authentication of Unitholders' identity and other related issues on security and integrity of such information can be resolved. Based on the above, the Board is of the view that despite the minor deviation from Provision 11.4 of the Code, Unitholders will still be able to participate effectively in and vote at the general meetings even in the absence of absentia voting methods such as voting via mail, email or fax through appointment of proxies. Accordingly, the rights of Unitholders are consistent with the intent of Principle 11 of the Code.

In further adherence with Principle 11 of the Code, the Manager sets out separate resolutions, at general meetings, on each substantially separate issue (which are not interdependent and not linked so as to form one significant proposal) in compliance with Provision 11.2 of the Code which concerns the "bundling" of resolutions. Should there be resolutions which are interdependent and linked so as to form one significant proposal, the Manager will provide reasons and material implications of such "bundling" in the notice of the meetings or at general meetings at which Unitholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions sought to be passed.

For greater transparency and to better reflect Unitholders' interests, the Manager uses poll voting at the general meetings to facilitate greater and more efficient participation of all Unitholders present or represented at the general meetings. The voting results of all votes cast for, against or abstaining from each resolution are then displayed at the general meeting and announced to SGXNet after the general meeting. An independent external party is appointed as scrutineer for the electronic voting process to count and validate the votes at general meetings.

All Board members, including the Chairperson, Chairpersons of the NRC and ARC respectively, the Management and representatives from the Trustee will be present at the general meetings of Unitholders which includes participation in person or by means of teleconference, video conference or similar communication methods without the need to be present physically to address relevant questions raised by the Unitholders. The external auditors will also be present to provide professional independent clarification and to address Unitholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The minutes of Unitholders' general meetings which capture the attendance of Board members at the general meetings, matters approved by Unitholders, voting results and substantial and relevant comments or queries from Unitholders relating to the agenda of the general meeting together with responses from the Board and Management, are prepared by the Manager and are, as soon as practicable, published on the SGXNet and on PRIME's website at http://www.primeusreit.com/.

FURTHER ENGAGEMENT

The Manager continues to (a) engage and maintain stakeholders' needs and expectations; (b) take into consideration their viewpoints which provide new perspectives in generating positive impact for PRIME; (c) treat all Unitholders fairly and equitably; and (d) strive to establish timeliness and consistency in its disclosure while maintaining regular interaction and dialogue with Unitholders to generate awareness and understanding of PRIME's strategic business model, competitive strengths, growth strategy and investment merits as well as to garner feedback and views for consideration. In line with the Manager's commitment to promote regular and effective communication with Unitholders in order to allow them to make informed decisions, the Trust Deed is available for inspection at the Manager's office and all announcements (i.e. press releases, presentations, annual and sustainability reports and financial statements) are uploaded onto SGXNet and on PRIME's website in a timely and accurate manner.

Continuous and informed dialogue between the Manager and Unitholders is a central tenet of good corporate governance. The Manager is committed to maintaining regular engagements with stakeholders and to providing full disclosure on PRIME's performance and growth strategy in a timely manner. The CEO and the Investor Relations team of the Manager, in furtherance of the objective of soliciting and understanding the views of the investment community, actively engage with institutional investors, analysts and fund

CORPORATE GOVERNANCE REPORT

managers via (a) analyst briefings held after the financial results announcements; (b) one-on-one or group meetings; (c) conference calls; (d) investor luncheons; (e) local or overseas road shows and conferences; and (f) PRIME's website at https://www.primeusreit.com/. Unitholders can contact the Manager via the Investor Relations contact made available on PRIME's website for investor relations and media enquiry at https://investor.primeusreit.com/email_alerts.html. An email alert option is also available to subscribers who wish to be notified of newly posted announcements, press releases, presentations and publications. In this way, PRIME seeks to establish good communication and engagement with all its stakeholders.

PRIME strives towards sustainable growth while optimising operational efficiency to create long-term value for its stakeholders. In recognition of the fact that stakeholders are important to PRIME's long-term growth and success, the Manager has identified stakeholder groups which have a significant influence and interest in PRIME's operations and business and has engaged these stakeholders to understand their viewpoints and to have a good grasp on their concerns. More information on stakeholder engagement can be found in the Sustainability Report section of this Annual Report.

The Manager believes that in order to build confidence among stakeholders, there is a need to deliver sustainable value. The Sustainability Report sets out PRIME's approach in identifying its material stakeholders, methods of engagement as well as means of addressing stakeholders' concerns. The Sustainability Report also sets out the key areas of focus in relation to the management of stakeholder relationships during the reporting period. PRIME is committed to conducting its business operations in a sustainable manner that upholds high standards of corporate governance and, in consideration of the environmental and social impact of its operations, PRIME has set up a dedicated ESG team responsible for formulating and implementing PRIME's sustainability strategy and best practices. Please refer to the Sustainability Report on pages 87 to 125 of this Annual Report for more information.

DISTRIBUTION POLICY

PRIME's distribution policy is to distribute at least 90% of its Annual Distributable Income (as defined in the Trust Deed) for each financial year as practicable. The actual distribution will be determined at the discretion of the Board of Directors of the Manager. When declared, the Manager will endeavour to pay distributions no later than 90 days after the end of each distribution period, which are typically paid on a semi-annual basis.

In light of the current high interest rate environment which has contributed to a decrease in valuation, the need to spend on capital expenditure and tenant incentives and the upcoming loan due for refinancing in July 2024, there is a need to conserve capital. As announced on 21 February 2024, the Manager decided to distribute less than 90% of the annual distributable income for FY2023. The amount retained will be used to fund capital expenditures on the properties and pare down borrowings. The Manager will evaluate PRIME's distribution policy dynamically, factoring in macro and REIT-specific developments.

ESTABLISHMENT OF DISTRIBUTION REINVESTMENT PLAN

PRIME had announced the establishment of a distribution reinvestment plan ("**DRP**") on 21 June 2021, pursuant to which Unitholders may elect to receive new Units in respect of all or, at the discretion of the Manager, only part of the cash amount of any distribution to which the DRP applies.

The DRP may be applied from time to time to any distribution declared by PRIME as the Manager may determine in its absolute discretion. Participation in the DRP is optional and Unitholders may elect to participate in respect of part or all of their unitholdings. Unless the Manager has determined that the DRP will apply to any particular distribution, the distribution concerned will be paid to Unitholders in the usual manner.

The DRP provides Unitholders with an opportunity to elect to receive distributions in the form of fully-paid new Units, instead of cash. This will enable Unitholders to increase their unitholdings in PRIME without incurring brokerage fees and other related costs. The issue of new Units in lieu of cash distributions under the DRP will also strengthen PRIME's balance sheet, enhance its working capital reserves and improve the liquidity of the Units.

The Manager will make an announcement whenever it decides to apply the DRP to a particular distribution, and such announcement will contain, among others, (a) the procedures, timeline and other relevant details in relation to the application of the DRP to such distribution; and (b) details on whether PRIME is relying on a general mandate or specific Unitholders' approval for the issue of new Units under the DRP.

INVESTOR RELATIONS REVIEW

PROACTIVE INVESTOR ENGAGEMENT AND TRANSPARENT DISCLOSURES

The Manager is committed to engage with stakeholders proactively to provide full and transparent disclosures on PRIME's performance and growth strategy on a timely basis. Efforts to help the broader market understand PRIME's resiliency and growth plans have supported the gradual institutionalisation of PRIME's Unitholding structure.

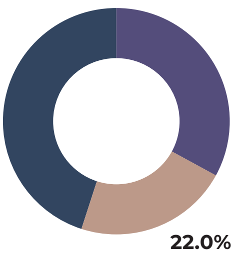
In 2023, the Manager continued to actively engage with Unitholders and the investment community through quarterly business updates, results briefings and corporate access events organised by financial institutions and SGX via various meeting platforms. As a member of the REIT Association of Singapore ("REITAS"), the Manager also participated in events organised by the association.

Over the course of 2023, the Manager made presentations at more than 14 group investor meetings and conducted multiple one-on-one meetings which covered a broad spectrum of institutional, corporate, family office, private wealth and retail investors across Asia. The Manager maintained regular communications with capital market stakeholders and specifically the sell side analyst community. To date, there are four research firms covering PRIME from both local and foreign houses, including DBS, RHB, UOB Kay Hian, and Phillip Capital.

Investor packs containing tax forms and relevant information were dispatched to Unitholders in August 2023 and January 2024, ahead of the 1H2023 and 2H2023 distribution payments, respectively, as part of the Manager's continued efforts to ensure Unitholders comply with their tax obligations. Unitholders can also visit PRIME's website at www.primeusreit. com for taxation information or to download the relevant forms.

Unitholding by Investor Types

As at 31 December 2023



45.1% Retail & high-net-worth individuals

32.9% Sponsor & Related Parties

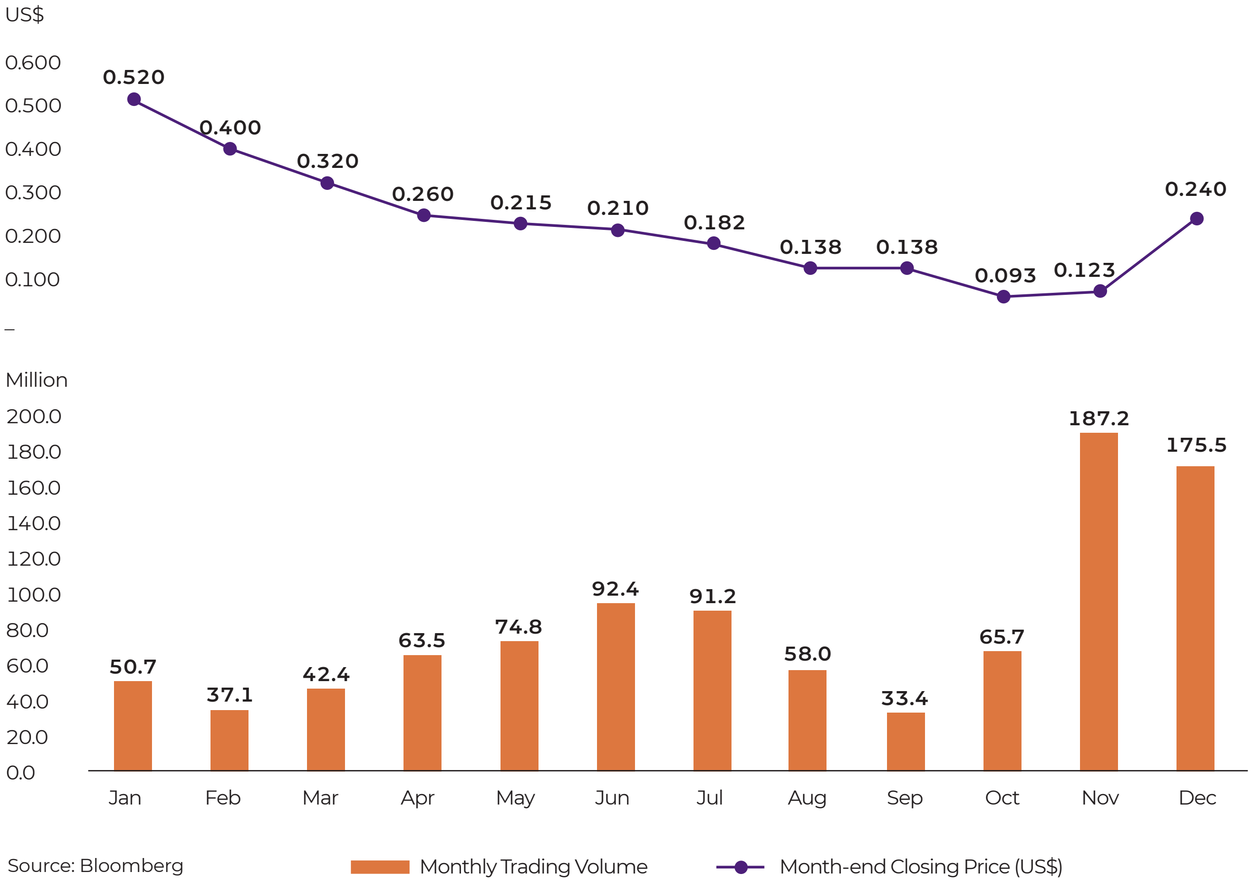
22.0% Institutional & Corporates

The distribution reinvestment plan ("DRP") continues to provide Unitholders with an opportunity to receive part or all of their distributions in the form of fully-paid new Units, instead of cash, thus, increasing their Unitholdings in PRIME without incurring brokerage fees, stamp duties and other related costs. Issuing new Units in lieu of cash distributions also strengthens PRIME's balance sheet, enhances its working capital reserves and improves liquidity of the Units.

INVESTOR RELATIONS REVIEW

The Manager held its Annual General Meeting ("AGM") via electronic means on Wednesday, 26 April 2023. PRIME received a total of 15 questions from Unitholders in relation to the agenda of the AGM. These questions were categorised according to key areas of focus and published alongside PRIME's AGM presentation slides on SGXNet and PRIME's website to ensure increased transparency. The AGM which could be accessed electronically via "live" audio- and video webcast or "live" audio-only stream also provided Unitholders an opportunity to ask key management relevant questions during the AGM's interactive fireside chat segment.

PRIME's Monthly Trading Performance in FY2023



Source: Bloomberg

Unit Price Performance	
Opening Price as at First Trading Day of the Year – 3 January 2023 (US$ per unit)	0.410
Closing Price as at Last Trading Day of the Year – 30 December 2023 (US$ per unit)	0.240
Highest closing price (US$ per unit)	0.535
Lowest closing price (US$ per unit)	0.090
Average closing price (US$ per unit)	0.243
Volume weighted average price (VWAP)	0.216
Trading Volume (million units)	971.9
Number of Units in Issue as at 31 December 2023 (million units)	1,189.3
Market Capitalisation as at 31 December 2023 (US million)	285.4

Source: Bloomberg and company announcements

INVESTOR RELATIONS REVIEW

IR Calendar

DATE	EVENT
FY2023	
February 2023	
8 February, Wednesday	FY2022 Financial Results Announcement
9 February, Thursday	FY2022 Corporate Presentation to DBS Bank
9 February, Thursday	Phillip Securities Webinar
17 February, Friday	Presentation to DBS Private Wealth
22 February, Wednesday	OCBC Securities Webinar
March 2023	
13 March, Monday	UOB Kay Hian Webinar
April 2023	
26 April, Wednesday	FY2022 Virtual Annual General Meeting
May 2023	
10 May, Wednesday	1Q2023 Key Business and Operational Update
11 May, Thursday	1Q2023 Corporate Presentation to DBS Bank
20 May, Saturday	REIT Symposium 2023
23 May, Tuesday	Corporate Presentation to Tiger Brokers
August 2023	
8 August, Tuesday	1H2023 Financial Results Announcement
10 August, Thursday	1H2023 Corporate Presentation to DBS Bank
17 August, Thursday	Phillip Securities Webinar
23 August, Wednesday	Corporate Presentation - DBS Private Bank
September 2023	
12 September, Tuesday	Corporate Presentation To CGS-CIMB Securities
November 2023	
7 November, Tuesday	3Q2023 Key Business and Operational Update
8 November, Wednesday	3Q2023 Corporate Presentation to RHB Bank
FY2024	
January - March 2024	
21 February, Wednesday	FY2023 Financial Results Announcement
22 February, Thursday	FY2023 Corporate Presentation to DBS Private Bank
23 February, Friday	FY2023 Corporate Presentation to Phillip Securities
5 March, Tuesday	UOB Kay Hian ASEAN Conference 2024 (Taipei)

SUSTAINABILITY REPORT

Contents

FY2023 SUSTAINABILITY HIGHLIGHTS

79% ENERGY STAR Certified Buildings

100% UL Verified Healthy Building Mark

78 Average ENERGY STAR score across all properties (11 out of 14 properties with a score of 75 and above)

100% Properties hosted tenant and community engagement events in FY2023 (more than 60 such events hosted across the portfolio)

1st Year Conducting climate risk assessment and qualitative scenario analysis on all 14 properties

Zero Incidents of non-compliance or corruption

PRIME US REIT

Prime US REIT ("**PRIME**") is a real estate investment trust ("**REIT**") headquartered in Singapore with a primary focus on stable income-producing prime office assets across the United States ("**U.S.**"). Listed on the Mainboard of the Singapore Exchange ("**SGX**") in 2019, PRIME is under the management of Prime US REIT Management Pte. Ltd., referred to as the ("**Manager**") or the ("**Company**"). We provide investors with direct exposure to a premium portfolio of 14 Class A freehold office properties strategically positioned in 13 key office markets across the U.S. The Manager adopts a proactive and prudent asset management and capital management strategies to maximise long-term returns to Unitholders. Lincoln Property Company ("**LPC**") has been appointed as the property manager of all properties in our portfolio since June 2022 and is a key partner for PRIME in implementing our environmental, social, and governance ("**ESG**") initiatives.

PRIME'S AFFILIATIONS

PRIME is a member of the REIT Association of Singapore ("**REITAS**"), which was formed to promote the growth and development of the S-REIT industry. We are also members of SGListCos, which is a dedicated association that represents the interests of all SGX Listed Companies on the Mainboard and Catalist and organises events and bespoke conferences for its members.

ABOUT THIS REPORT

REPORTING SCOPE

This is PRIME's 4th annual Sustainability Report. The information in this report is relevant to the financial year spanning from 1 January to 31 December 2023 ("**FY2023**"). This report outlines PRIME's sustainability strategies and achievements during FY2023, and demonstrates our proactive stance on managing ESG risks. The contents of this report relate to PRIME's operations across all 14 properties in the U.S., unless explicitly stated otherwise.

For a thorough understanding of PRIME's overall business operations and performance, we recommend reading this report in conjunction with our Annual Report for FY2023. While external assurance was not conducted in this reporting period, our sustainability reporting processes underwent a thorough internal review by our internal auditors in FY2023, in line with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors, reflecting our dedication to maintaining high standards of accuracy and accountability.

REPORTING STANDARDS

This report has been prepared in accordance with the Global Reporting Initiative Standards ("**GRI Standards**"), which is the most globally recognised set of sustainability reporting standards available. For the complete list of GRI disclosures made in this report, please refer to pages 121 to 125 to view the GRI Content Index. This report is also compliant with SGX's Listing Rule 711A and 711B and in alignment with Practice Note 7.6 Sustainability Reporting Guide.

Our climate-related disclosures are guided by recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**") as they have been widely adopted by the industry and provide a useful framework for addressing climate risks and opportunities. Further information can be found in the TCFD Disclosures section from page 115 to 120.

RESTATEMENTS OF INFORMATION

Some information was restated in the Environmental Impact section, please refer to pages 99 to 105 for descriptions of the restated data.

FEEDBACK ON THE REPORT

This report was published on 10 April 2024. We continually seek to enhance our sustainability performance and reporting and welcome all questions and feedback that will help us to improve our practices. Please direct any feedback or suggestions to info@primeusreit.com.

LETTER TO STAKEHOLDERS

Dear Stakeholder,

We are pleased to present PRIME's 4th Sustainability Report, which provides insight into our areas of focus through an ESG lens over the past reporting period. FY2023 was a significant year for PRIME as we navigated through various challenges and headwinds in the U.S. commercial real estate market.

With evolving tenants' needs and preferences, PRIME remains committed to maintaining a strong focus on driving sustainability and value creation for our tenants. Through proactive engagement and initiatives such as organising tenant events, implementing building enhancements and adding amenities to PRIME's properties, we created more attractive and functional spaces to foster a sense of community as more employees returned to offices, thereby enhancing overall tenant satisfaction. To examine the effectiveness of our efforts, we implemented tenant engagement surveys and feedback loops, allowing us to continually adapt and upgrade our offerings.

In line with our commitment to ESG principles, we implemented new ESG initiatives and solutions, with increased adoption of technology such as automated energy metering systems and smart irrigation technologies in our properties. These efforts enhanced resource conservation and operational efficiency across our properties, resulting in a significant improvement in utilities management and efficiency. Moreover, FY2023 marked the first full year of LPC serving as the consolidated property manager for PRIME's assets and a key partner in implementing our ESG initiatives throughout our portfolio. With the addition of an ESG plan into PRIME's operating budget for the fiscal year, we were able to plan out ESG-related activities that would increase the attractiveness of our assets in a more structured manner. A clear testament to our efforts was the increased ENERGY STAR scores in more than 85% of our properties – we strive to keep our scores high and continually pursue improvements.

As we continue to navigate through the evolving landscape, PRIME remains steadfast in delivering value to our stakeholders while prioritising sustainability and tenant satisfaction. We extend our gratitude to our stakeholders for their continued support in our endeavours towards building a more sustainable business.

Professor Annie Koh
Chairperson, on behalf of the Board

SUSTAINABILITY MANAGEMENT

At PRIME, we are committed to delivering sustainable value to all stakeholders, recognising that robust governance and conscientious management of environmental and social impacts are central in achieving this objective. These principles are upheld by appointed employees within both the Manager and LPC's central ESG team, entrusted with overseeing ESG matters for PRIME. Our management team oversees development and refinement of PRIME's sustainability strategy, while property managers are tasked with the execution and monitoring of policies and practices at the operational level.

SUSTAINABILITY GOVERNANCE

The Board of Directors ("**Board**") assumes ultimate responsibility for PRIME's sustainability strategy and determining material ESG topics to be managed and monitored. The Board offers guidance and oversees Management's performance in implementing the strategy and managing material topics. This ensures sustainability principles are integrated into the decision-making processes at the highest level, clearly communicating its importance across our entire value chain. ESG updates by Management and LPC are tabled at quarterly Board meetings.

The Audit and Risk Committee ("**ARC**") assists the Board in its oversight of sustainability risks through the Enterprise Risk Management ("**ERM**") process, incorporating sustainability risks into the Company's risk register. Management's ERM updates and the risk register are tabled at quarterly ARC meetings for the committee's review.

PRIME's management team is primarily responsible for integrating sustainability considerations into business operations in line with the sustainability strategy, by developing action plans and tracking outcomes. The central ESG team from LPC is engaged to coordinate and manage key ESG issues for the U.S. portfolio and provide expertise in execution and monitoring of sustainability action plans at the property level. Both teams refer to PRIME's Sustainability Risk Framework – which is part of PRIME's ERM framework – to manage and monitor sustainability risks and opportunities. Updates on sustainability matters are provided to the ARC on a quarterly basis.

Figure 1: PRIME's Sustainability Governance Structure

Sustainability Risks
The ARC monitors sustainability risks on a quarterly basis primarily through the ERM risk register, which is the mechanism for oversight of Management's treatment of identified sustainability or climate-related risks. The risk register is periodically updated through risk assessments and scenario analysis.

SUSTAINABILITY MANAGEMENT

STAKEHOLDER ENGAGEMENT

Interactions with our stakeholders provide significant direction for our focus in advancing sustainability within our operations. We gather inputs through regular surveys, meetings or events with our various stakeholder groups to understand what matters to them the most, and therefore strategise how we can strengthen our own efforts and initiatives to create a positive influence. In the same vein, we are highly invested in creating long-term relationships and open communication channels with each stakeholder group, which will help us form an even deeper awareness of how we can create value for them.

In line with our commitment, PRIME has initiated additional communication and engagement channels with tenants in FY2023:

1. Annual Kingsley survey was conducted to systematically gather feedback on tenant satisfaction;
2. Tenant communication tracker and tenant event tracker were rolled out and resources were provided to property managers to stimulate event ideas and facilitate better event planning;
3. Direct engagement with tenants by asset management and property management teams were intensified to better appreciate tenants' needs.

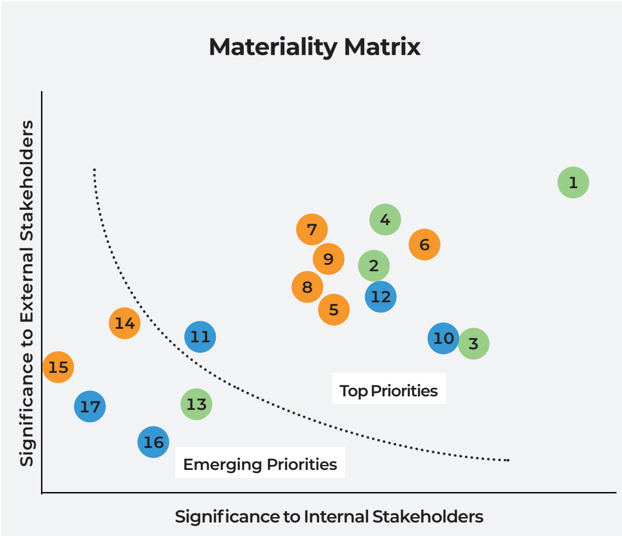
Stakeholder Group	Focus Areas	Engagement Channels	Frequency
Employees	• Vision and mission for PRIME • Career development • Open communication between staff and management • Occupational safety and health	• Feedback channels for employees • Educational activities	• Periodically • Ongoing
Regulators	• Compliance with regulations, rules and guidelines issued by regulators • Workplace Safety and Health Act • Employment Act	• Electronic communications	• Periodically
Local Communities	• Community investment, development, and impact • Liaison with community groups	• Community development programmes	• Ongoing
Tenants	• Building amenities and wellness • Healthy buildings	• Meeting with tenants • Tenant engagement activities • Tenant feedback survey	• Quarterly • Periodically • Yearly
Investors	• Financial sustainability and returns • ESG topics and commitments	• Annual General Meeting • Results briefing • Investor roadshows • PRIME's website and annual report	• Yearly • Semi-annually • Periodically
Financial Institutions	• Compliance with loan covenants • Liquidity and financial metrics • Know Your Customer (KYC) checks	• Electronic communications • Face-to-face or online meetings	• Periodically

MATERIALITY ASSESSMENT

Materiality assessment is crucial in identifying the ESG topics where we can generate the greatest positive impact, and therefore which are of greatest interest to PRIME and our stakeholders. It is the foundation of sustainability reporting, informing us of significant ESG areas for PRIME to develop strategies and measure and monitor progress towards more sustainable outcomes.

In FY2022, we conducted a comprehensive refresh of PRIME's material ESG topics with the support of an external consultant. The materiality assessment involved the participation of 38 internal and external stakeholders, including representatives from the Board of Directors, Management and employees, tenants, operating vendors, local communities and investors who were requested to complete a stakeholder survey. The list of potential material ESG topics raised were ranked by stakeholders, validated by Management and finally approved by the Board.

In FY2023, the 12 material topics were reviewed by the Board and Management and concluded to remain relevant for the reporting period.



Category		No	Materiality Topics
Key Material Topics			
	Environmental	1 2 3 4	Energy Management Water Management Emissions Management Waste Management
	Social	5 6 7 8 9	Employment Practices Safe Spaces and Well-being Talent Development Diversity and Non-discrimination Local Communities
	Governance	10 11 12	Economic Performance Anti-corruption Practices Board Diversity
Emerging Material Topics			
	Environmental	13	Supplier Environmental Assessment
	Social	14 15	Customer Data Privacy Freedom of Association and Collective Bargaining
	Governance	16 17	Fair Competition Public Policy

ALIGNING WITH THE SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals ("**SDGs**") provide a country-level perspective of global challenges that must be addressed to advance a better future for all by 2030. By embracing sustainability and aligning with the SDGs, PRIME drives positive change while also enhancing our competitiveness and relevance in a rapidly changing world. We remain committed in pursuing opportunities within our sphere of influence to better contribute to achievement of the global goals.

SDG	Material Topics	PRIME's Contribution to SDG
3 GOOD HEALTH AND WELL-BEING	1) Safe Spaces and Well-being	PRIME implemented various strategies and initiatives to promote tenant wellness, including designing functional spaces that encourage healthy behaviours, providing amenities and services that promote well-being, enhancing indoor environmental quality and creating a culture of wellness. Our approach was validated through all 14 of our properties achieving the UL Verified Healthy Building Mark in FY2023, which assesses properties on indoor environmental health using safety science through comprehensive on-site visual inspections and performance testing.
5 GENDER EQUALITY	1) Employment Practices 2) Diversity and Non-discrimination 3) Board Diversity	PRIME exemplifies equal opportunities in hiring, career development and compensation, having an equal split of females and males in our workforce. This underscores our commitment to promoting gender diversity in our hiring process – we support an inclusive workplace and appreciate the benefits of better collective decision-making stemming from such diversity. Furthermore, approximately 30% of our Board of Directors are female, with Professor Annie Koh as the Chairperson. The tone from the top is clear on how we actively demonstrate and value equal opportunities at all levels of decision-making.
7 AFFORDABLE AND CLEAN ENERGY	1) Energy Management	One of PRIME's high priorities is to manage our resources in the most efficient manner to result in lower consumption in our operations. Besides the reduction in operational expenses, we also play our part in reducing resource wastage and environmental impact from our energy consumption. With the engagement of LPC as our consolidated property manager, and through their efforts in implementing ESG solutions and adopting the use of technology, we have seen an improvement across 86% of our properties' ENERGY STAR scores compared to the prior year, marking significant enhancements to energy efficiency across our operations.
8 DECENT WORK AND ECONOMIC GROWTH	1) Economic Performance 2) Talent Development	PRIME seeks to drive value for all stakeholders, of which our employees and tenants are central to our collective success. We aim to provide stable and attractive employment opportunities, along with avenues for employees to develop their professional careers through our training and development initiatives. Additionally, we aim to maintain healthy and conducive work environments for our tenants' employees to work productively, which will also strengthen PRIME's relationship with tenants.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	1) Economic Performance 2) Energy Management 3) Water Management	PRIME constantly evaluates building enhancement projects that can be implemented to improve the sustainability and resilience of our buildings. It is crucial for us to offer sustainable infrastructure for our tenants, not only for the resultant operational cost savings, but also to promote resource-efficient workplaces as a common expectation among businesses.
11 SUSTAINABLE CITIES AND COMMUNITIES	1) Waste Management	PRIME minimises waste at its source through reduction, reuse, and recycling, ensuring environmentally responsible disposal practices. We are collaborating with licensed waste management and recycling vendors to monitor waste collection data closely and ensure effective management throughout its life cycle.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	1) Emissions Management 2) Energy Management 3) Water Management 4) Waste Management	PRIME recognises the importance of responsible consumption and commits to using energy, water, and materials efficiently. We have successfully achieved certification from the UK Green Building Council's Leadership in Energy and Environmental Design ("**LEED**") at a number of our properties. Additionally, we implement water management technologies to conserve water usage, such as through utilising drip or smart irrigation technologies.
13 CLIMATE ACTION	1) Emissions Management	PRIME acknowledges the role of the built environment in global greenhouse gas emissions. We strive towards highly efficient resource management to reduce negative impacts to the environment. We are determined to reduce our Scope 1 and 2 emissions as far as possible and have taken steps to implement building enhancements that reduce our carbon footprint, as described in the section on Environmental Impact from pages 99 to 105.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	1) Anti-corruption Practices	PRIME maintains a Code of Conduct that outlines comprehensive principles of human rights, anti-corruption and anti-bribery measures which all employees are responsible to adhere to. It is of utmost importance to us to maintain high ethical standards in conducting business, ensuring transparent declaration and appropriate management of gifts, hospitality and entertainment for example.

ECONOMIC SUSTAINABILITY

At the core of any business that strives to develop a comprehensive sustainability strategy lies economic sustainability, which is the generation of long-term value for our employees, tenants, communities, investors and other stakeholders while minimising negative impacts on the economy, society and environment. It is achieving economic growth without disregarding the harmful environmental or social trade-offs that historically accompany such growth.

As responsible stewards of capital, PRIME is in the process of proactively integrating more ESG considerations throughout our operations to build resilience, manage risk and strengthen financial performance. Examples include ensuring our buildings have high standards of health and safety, air and water quality, employing technologies for resource efficiency, organising community and tenant engagement programmes and other initiatives which will be covered throughout this report.

PRIME's economic performance is primarily measured using metrics such as distributable income and net property income. We regularly and transparently communicate our financial performance through quarterly key business and operational updates, half-year and full-year results announcements and annual reports. These reporting channels ensure our stakeholders are kept well informed about our financial standing and operational progress.

Tenant engagement and insights gathered from our annual Kingsley survey on tenant satisfaction and feedback are highly important in shaping our operational strategy. We remain committed to continuously evaluating the effectiveness of our action plans through ongoing feedback loops with tenants.

For more information on PRIME'S Economic Performance, please refer to the Financial Review and Financial Statements sections on pages 14 to 17 and 126 to 178.

PARK TOWER

CORPORATE GOVERNANCE, COMPLIANCE & ETHICS

Establishing and maintaining robust corporate governance practices is essential for PRIME's long-term success. By prioritising strong governance and implementing our Enterprise Risk Management framework and system of internal controls, which is supervised by the Board, the Manager can regularly assess business and operational risks, safeguards the interests of its stakeholders, promote sustainable value creation, minimise potential risks to reputation and enhance investor trust.

PRIME maintains rigorous corporate governance standards, focusing on transparency, accountability and sustainability across all business activities. The Manager's governance policies closely align with the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (MAS), ensuring adherence with established standards. Maintaining high standards of business integrity is fundamental to PRIME's reputation as a trusted organisation to conduct business and investment activities with. Compliance failures can be detrimental to the company in many ways, including damage to reputation, loss of license to operate, erosion of trust with stakeholders and increased business costs.

For more information on PRIME's Corporate Governance system, please refer to the Corporate Governance Report on pages 57 to 83.

BOARD DIVERSITY

The Board holds the principal responsibility for ensuring the Group's long-term success by creating lasting value and fulfilling stakeholder expectations. To accomplish this objective, the Board is composed of individuals with diverse professional backgrounds and expertise. Their broad perspectives enhance top-level decision-making processes by offering valuable insights from various strategic angles.

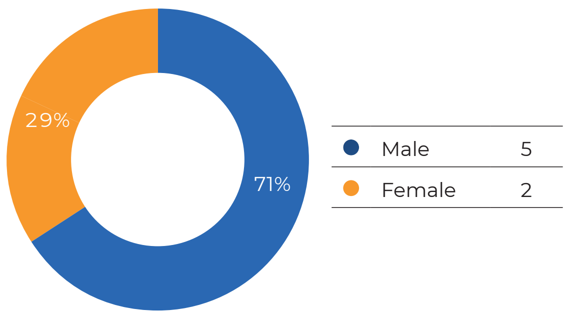
At the Board level, PRIME has implemented a Board Diversity Policy. In alignment with this policy, PRIME successfully achieved its FY2023 objective of having approximately 30% of its directors to be made up of women.

BOARD DIVERSITY POLICY

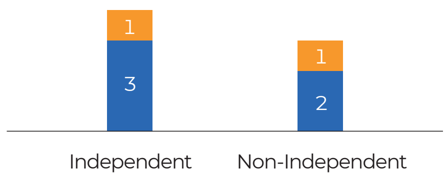
PRIME's Board Diversity Policy ensures fair candidate evaluation based solely on merit, eliminating discrimination. It encompasses diverse backgrounds, tenure, skills and experience, and characteristics such as gender, age and nationality. This policy guides the NRC's review of Board composition and succession planning, with a target of around 30% female directors. For more information on PRIME's Board Diversity Policy, please refer to the Corporate Governance Report on pages 63 to 64.

The following charts below illustrate the classifications of the Board of Directors' gender, independence, country of origin and ages:

Board Gender Diversity

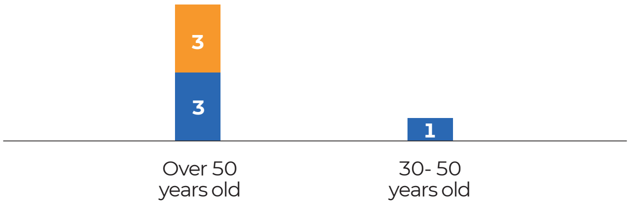


Board Independence



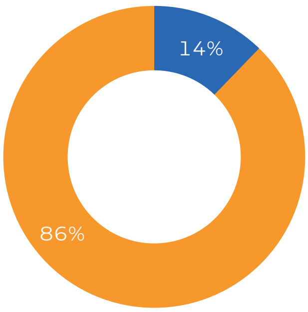
Board of Directors	Male	Female	Total
Independent	3	1	**4**
Non-Independent	2	1	**3**
Total	**5**	**2**	**7**

Board Age & Nationality Diversity



Board Age and Nationality	Singapore	North America
Under 30 years old	0	0
30-50 years old	1	0
Over 50 years old	3	3
Total	**4**	**3**

Board Age Diversity



Ages Classification for Board of Directors	Total
Under 30 years old	**0**
30-50 years old	**1**
Over 50 years old	**6**
Total	**7**

ETHICAL BEHAVIOUR AND COMPLIANCE

PRIME conducts business with integrity, fairness, impartiality and compliance with all applicable laws and regulations. Integrity underscores all our relationships, including those with tenants, partners, suppliers, service providers, communities and employees. The Manager enforces a strict zero-tolerance policy towards bribery, corruption and non-compliance with relevant laws and regulations. PRIME's Code of Conduct outlines comprehensive principles of human rights, anti-corruption and anti-bribery measures, which all employees are responsible to adhere to. Furthermore, the Manager maintains high ethical standards in conducting business, ensuring transparent declaration and appropriate management of gifts, hospitality and entertainment.

We target to have zero incidences of fraud, bribery or corruption each year. In FY2023, PRIME recorded none of such incidents. Likewise, there were no penalties or reprimands for non-compliance with laws and regulations.

To foster a culture of responsible and ethical conduct among the employees and to ensure they stay updated on legal and regulatory advancements, PRIME ensures that all employees receive comprehensive ethics and compliance training programmes. These training sessions are conducted at least annually and delivered by a trusted third-party. In FY2023, the ethics and compliance training covered various topics including Rules & Ethics, Insider Trading, Conflicts of Interest, Anti-Money Laundering, Countering the Financing of Terrorism and more. Additionally, regular cybersecurity training equips employees with knowledge on best practices for cyber hygiene, insights into emerging threats and techniques for identifying and reporting phishing and online scam activities.

Through training and engagement with direct supervisors during annual performance appraisals and career development reviews, employees at PRIME identify their training needs and develop competencies that contribute to building a stronger team. Staying abreast of industry trends and evolving regulations ensures the Manager remains competitive and compliant.

To ensure all employees receive training, PRIME maintains a training register to track employee training and development hours. The Manager is notified of training opportunities by providers such as REITAS and SGListCo. Additionally, the Manager's service partners and auditors frequently invite representatives of the management to attend seminars and workshops covering various topics such as accounting, taxation and sustainability. These training opportunities are then circulated to all employees.

CORPORATE GOVERNANCE, COMPLIANCE & ETHICS

In FY2023, C-Suite level employees received an average of 19.0 hours of training, whereas non-executive level employees received an average of 21.5 hours of training. We target to achieve an average of 20 training hours per employee each year – in FY2023, each employee received an average of 20.7 hours of training.

Average Training Hours Per Employee Category	
Executive (C-Suite)	19.0
Non-executive	21.5
Overall[(1)]	20.7

Number of Training Hours (FY2023)	
Executive (C-Suite)	38.0
Non-executive	86.0
Total number of training hours	**124.0**

MAIN LAWS AND REGULATIONS RELEVANT TO PRIME IN OUR OPERATING COUNTRIES

To facilitate adherence to relevant laws and regulations across the countries in which PRIME operates, the Manager closely monitors changes in legislation and regulations, as well as significant developments in the operating environment which are promptly communicated to stakeholders should they arise.

The Manager ensures ongoing compliance with key regulations and standards through regular updates. These include regulations from the Monetary Authority of Singapore (such as the Code on Collective Investment Schemes and Property Funds Appendix), requirements outlined in the SGX-ST Listing Manual, the Personal Data Protection Act 2012 (PDPA), as well as building standard and energy codes specific to each state in the U.S., among others.

WHISTLEBLOWING

PRIME is committed to promoting a workplace environment free from unethical business practices, improprieties and discrimination. Upholding a zero-tolerance policy against all forms of discrimination, the Manager provides a secure and confidential platform for employees to report any possible improprieties through its Whistleblowing Policy. Employees are encouraged to raise concerns related to these matters without fear of reprisal, through the whistleblowing channel and feedback avenue. In FY2023, no report on discrimination was received. Additionally, principles of human rights and anti-discrimination are reinforced by the Employee Code of Conduct, which outlines rules of conduct for all employees.

WHISTLEBLOWING POLICY

The whistleblowing reporting channel is managed by an independent third party, ensuring all reported concerns are addressed. To ensure the protection of the whistleblower's identity, the Manager observes strict confidentiality. The responsibility for initiating investigations, enforcement and policy oversight falls on the Audit and Risk Committee. Our Whistleblowing Policy is accessible at PRIME's website in the following URL: https://secure.ethicspoint.com/domain/media/en/gui/71338/index.html. For more information on PRIME's Whistleblowing Policy, please refer to the Corporate Governance Report on page 80.

(1) Two new employees were onboarded in 4Q2023.

ENVIRONMENTAL IMPACT

As a responsible real estate investment trust, PRIME is unwavering in its commitment to minimising the environmental footprint of our operations and championing sustainability across our portfolio. Recognising the pivotal role of the built environment in global greenhouse gas emissions, we are resolute in mitigating our carbon footprint through effective energy management and the integration of innovative solutions.

Our inaugural Environmental Policy was implemented in December 2022. Our Environmental Policy meticulously addresses the environmental impact of our portfolio assets. It acknowledges our role in contributing to Greenhouse Gas ("**GHG**") emissions and underscores the direct financial and environmental benefits derived from efficient environmental management and operations. The policy underscores our pledge to prioritise the physical impact of our real estate portfolio, preserving resources and lessening our environmental impact. Our objectives encompass lowering GHG emissions and consumption, improving utility efficiencies, enhancing the workplace environment, and establishing a competitive advantage for stakeholders.

In adherence to this policy, we will consider conducting environmental site assessments or climate risk assessments by a third-party expert prior to the acquisition of new assets. Outcomes will be evaluated as part of the investment and due diligence processes. Further details on other environmental aspects are covered in relevant sections below. In FY2023, we completed climate risk assessments through the S&P Global Climanomics platform for all existing properties which has informed our climate risk mitigation action plans outlined in the TCFD Disclosure section of this report.

Our dedication extends to evaluating and mitigating the environmental impact of our properties, which encompasses energy consumption, water usage, and waste generation. Various efficiency improvement projects and best practices have been implemented and innovative technologies were utilised, underscoring our commitment to reducing environmental impact.

RESTATEMENTS OF ENVIRONMENTAL DATA

It is an ongoing journey to refine and enhance our data collection processes to achieve more accurate environmental data for reporting. In FY2022, a significant operational shift occurred as we transitioned from seven different property management companies to LPC. This strategic move not only consolidated our property management under LPC for operational efficiency but also provided access to their extensive real estate expertise in PRIME's markets, along with proprietary ESG resources, solutions and technologies. In FY2023, LPC introduced the Gridium platform across all of PRIME's properties, marking a pivotal step in enhancing data quality for monitoring energy consumption. Together with the rollout of standardized processes and systems resulting in a more streamlined and consistent data collection approach across the portfolio, this derived better quality data for FY2023. Through this, better quality data for FY2022 was also available retrospectively after the issuance of last year's report. Hence, we have restated FY2022 emissions, energy and water consumption data in this report to enable a more meaningful year-on-year comparison. Please refer to the following sections and explanatory footnotes on the restatement of data for more information.

ENERGY STAR[2] PERFORMANCE FOR FY2023

81 Average score for 11 ENERGY STAR - certified properties

79% Percentage of PRIME's 14 properties rated as top performers

12 Properties that had a score improvement from 2022

[2] ENERGY STAR score rates the building's energy performance relative to similar buildings nationwide. Expressed on a 1-100 scale, a higher score denotes better energy efficiency. A score of 50 represents median energy performance, while a score of 75 or higher indicates that the building is a top performer. More information is available at: https://www.energystar.gov/buildings/benchmark/understand_metrics/how_score_calculated

ENVIRONMENTAL IMPACT

EMISSIONS AND ENERGY MANAGEMENT

PRIME acknowledges our role in contributing to GHG emissions through our assets and operations. The main source of our emissions is from energy consumption – therefore our focus is to reduce our energy usage and increase efficiency where possible. Through this, we aim to reduce operational expenses, decrease GHG emissions, enhance the quality of the work environment for building occupants and visitors and establish a competitive advantage for stakeholders through sustainable practices.

In our efforts to reduce GHG emissions and energy consumption, we pursued the following initiatives that are in line with our Environmental Policy:

1. EV Charging Stations:

We have taken a proactive step in promoting clean transportation by installing EV charging stations, with 10 out of 14 of our properties having stations available onsite for tenants. We are also evaluating the feasibility of installing more chargers across our portfolio on an ongoing basis, aiming to have EV charging available at all properties by FY2025. This initiative contributes to the reduction of carbon emissions associated with traditional transportation methods, while supporting tenants to transition to a more environmentally friendly mobility solution.

New EV chargers @ One Town Center

4 new EV chargers were installed at One Town Center with a three-hour time limit for charging sessions to ensure everyone has equal access to the bays. Our tenants have expressed their appreciation for these charging stations which not only contribute to a greener environment but also add value and convenience to their daily lives.

New EV chargers @ CrossPoint

2 new EV chargers were installed at CrossPoint, each with 2 charging arms so that 4 cars can be charged at the same time. Usage of the chargers are being monitored actively and evaluation is ongoing to assess feasibility of installing more chargers to meet usage demand.

2. Smart Building Technologies:

We leverage third-party smart building technologies and metering tools like Gridium to monitor and measure utilities performance. This involves utilising Gridium to enhance energy efficiency by examining startup and shutdown schedules, holiday schedules, baseload analysis, demand management, rates and demand response. Our approach includes tailoring operational strategies based on factors such as tenant mix, equipment and climate zone.

3. Upgrades and Enhancements:

We further optimise energy consumption through planned system upgrades and building enhancements, which encompass improvements to equipment and appliances, as well as the integration of smart grid and building technologies. This proactive approach ensures ongoing enhancements to our energy efficiency strategies. In addition, we have begun strategically implementing automatic light sensors, undertaking LED lighting retrofits and employing automated energy metering systems, as applicable and feasible. These measures collectively contribute to our commitment to sustainable and energy-efficient building practices.

4. Green and Healthy Building Certifications:

All 14 of our properties are certified with one or more green building certifications such as LEED, ENERGY STAR, or UL Verified Healthy Building Mark, with 12 properties having an improved ENERGY STAR score in FY2023, demonstrating our commitment to investing in properties that integrate sustainability into design and operations. Each building has obtained the UL Verified Healthy Building Mark, which provides assurance on the indoor air and water quality, hygiene, acoustics and lighting conditions in the indoor environment. We target to continue having all of our existing assets within the portfolio obtain at least one green building certification each year.

PRIME's Building Certifications	
222 Main	• 2023 ENERGY STAR Certified • UL Verified Healthy Building Mark in 2022 & 2023 • LEED Gold (Core & Shell) • ENERGY STAR Certified and Rated 81 in 2022 and 80 in 2023
171 17th Street	• 2023 ENERGY STAR Certified • UL Verified Healthy Building Mark in 2022 & 2023 • LEED Gold (Core & Shell), Silver (Operating & Maintenance) • ENERGY STAR Certified and Rated 81 in 2022 and 84 in 2023
Sorrento Towers	• 2023 ENERGY STAR Certified • UL Verified Healthy Building Mark in 2022 & 2023 • LEED Gold (Operations & Maintenance) • ENERGY STAR Certified and Rated 79 in 2022 and 93 in 2023 for Sorrento Towers I • ENERGY STAR Certified and Rated 89 in 2022 and 80 in 2023 for Sorrento Towers II
Park Tower	• 2023 ENERGY STAR Certified • UL Verified Healthy Building Mark in 2022 & 2023 • LEED Gold (Operations & Maintenance) • ENERGY STAR Certified and Rated 77 in 2022 and 78 in 2023
Village Center Station II	• 2023 ENERGY STAR Certified • UL Verified Healthy Building Mark in 2022 & 2023 • ENERGY STAR Certified and Rated 70 in 2022 and 86 in 2023
Tower I at Emeryville	• 2023 ENERGY STAR Certified • UL Verified Healthy Building Mark in 2022 & 2023 • ENERGY STAR Certified and Rated 83 in 2022 and 90 in 2023
CrossPoint	• UL Verified Healthy Building Mark in 2022 & 2023 • LEED Gold (Core & Shell) • ENERGY STAR Rated 51 in 2022 and 60 in 2023
One Town Center	• UL Verified Healthy Building Mark in 2022 & 2023 • ENERGY STAR Rated 62 in 2022 and 67 in 2023
One Washingtonian Center	• 2023 ENERGY STAR Certified • UL Verified Healthy Building Mark in 2022 & 2023 • LEED Platinum (Operations & Maintenance) • ENERGY STAR Certified and Rated 79 in 2022 and 80 in 2023
Tower 909	• 2023 ENERGY STAR Certified • UL Verified Healthy Building Mark in 2022 & 2023 • LEED Platinum (Operations & Maintenance) • ENERGY STAR Certified and Rated 83 in both 2022 and 2023
Promenade I & II	• 2023 ENERGY STAR Certified • UL Verified Healthy Building Mark in 2022 & 2023 • ENERGY STAR Certified and Rated 75 in 2022 and 76 in 2023 for Promenade I • ENERGY STAR Certified and Rated 70 in 2022 and 73 in 2023 for Promenade II
101 South Hanley	• UL Verified Healthy Building Mark in 2022 & 2023 • ENERGY STAR Rated 51 in 2022 and 68 in 2023
Village Center Station I	• 2023 ENERGY STAR Certified • UL Verified Healthy Building Mark in 2022 & 2023 • ENERGY STAR Certified and Rated 69 in 2022 and 77 in 2023
Reston Square	• 2023 ENERGY STAR Certified • UL Verified Healthy Building Mark in 2022 & 2023 • LEED Silver (Core & Shell) • ENERGY STAR Certified and Rated 77 in 2022 and 75 in 2023

ENVIRONMENTAL IMPACT

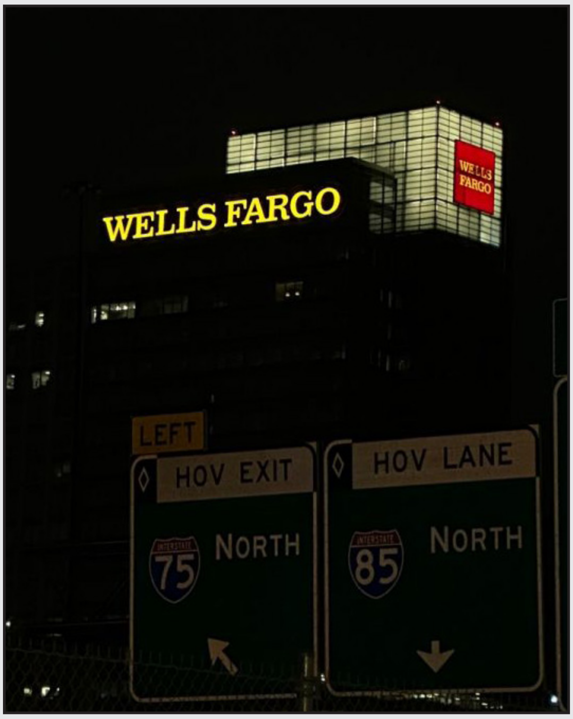
One Washingtonian Center – Building Automated System upgrade

In FY2023, One Washingtonian Center replaced its existing system with a non-proprietary Building Automated System (BAS). The new system includes a comprehensive graphical toolset and allows easy accessibility using a standard Web browser. It is a state-of-the-art control system that provides a user-friendly interface with all the integrated control, supervision, data logging, scheduling, alarming, history and trending capabilities that are essential for comprehensive property management.

171 17th Street - LED Lighting Retrofit

The roof of 171 17th Street has a 'lantern fixture' that was originally backlit by 400 fluorescent lamps. In 2023, we retrofitted all 400 of the fluorescent lamps to LED lamps that will not only result in energy savings for the building, but also added brightness allowing the building to stand out among others in the Midtown skyline.

Before

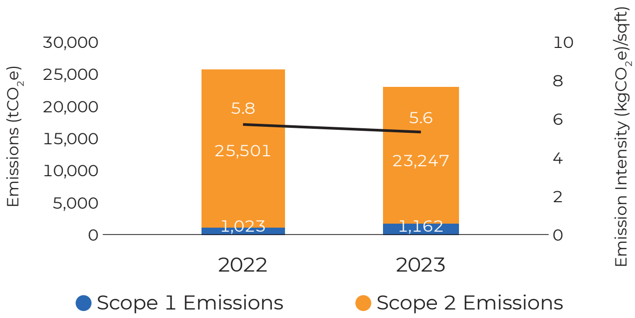


After

PERFORMANCE

To track the progress of achieving PRIME's objective, the Manager monitors emissions resulting from direct fuel consumption such as natural gas for heating (Scope 1 emissions), as well as emissions stemming from purchased electricity used to power PRIME's facilities (Scope 2 emissions). In FY2023, PRIME's operations totalled 24,409 tCO_2e of which 95% was attributed to Scope 2 emissions, representing a decrease in total GHG emissions of 8.0% compared to the prior year. This decrease in emissions correlates with the decrease in energy consumption which will be highlighted in the next section on Energy Management. Our emissions intensity was 5.6 $kgCO_2e$/sqft.

Total Scope 1 and 2 GHG Emissions

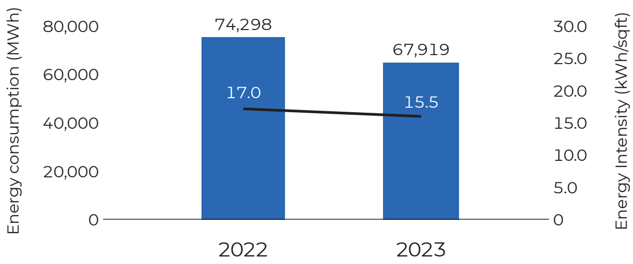


Notes:

1. Scope 1 and Scope 2 GHG emissions for 2022 was restated due to reflection of higher quality data that is now available through the Gridium platform, which was successfully rolled out only after last year's report was issued.
2. Gases included in the calculation are carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O) expressed in units of tonnes of carbon dioxide equivalent (tCO_2e).
3. GHG emissions were consolidated using the operational control approach from the GHG Protocol standard.
4. Emissions factors are obtained from the U.S. Government Environmental Protection Agency ("US EPA") Emissions and Generation Resource Integrated Database ("eGRID").
5. The chosen denominator for emissions intensity was net lettable area in square feet.

In FY2023, total energy consumption of our operations was 67,919 MWh from natural gas, district cooling and purchased electricity, representing a 8.6% decrease compared to the prior year. Our energy intensity figure for the year was 15.5 kWh/sqft. This decrease in consumption was partially attributable to lower physical occupancy of some of our properties as well as the building enhancement initiatives highlighted earlier which led to energy savings.

Total Energy Consumption



Notes:

1. Energy consumption for 2022 was restated due to reflection of higher quality data that is now available through the Gridium platform, which was successfully rolled out only after last year's report was issued.
2. The chosen denominator for energy intensity was net lettable area in square feet.

Our sustainability targets encompass a phased approach. We intend to systematically roll out The American Society of Heating, Refrigerating and Air-Conditioning Engineers ("**ASHRAE**") Level II Audits across our portfolio to identify building system areas with opportunities for enhanced efficiencies. Before establishing specific short, medium and long term quantitative goals, we will assess current energy consumption, patterns and reduction possibilities. Our commitment extends to portfolio-wide implementation of energy-saving initiatives, including LED bulb installations and HVAC retrofits. Furthermore, we aim to achieve ENERGY STAR certification for all eligible properties by FY2025, marking a significant milestone in our dedication to recognised standards of energy efficiency and environmental performance. These initiatives collectively underscore our commitment to sustainable practices, energy optimisation and contributing to a greener built environment.

WATER MANAGEMENT

Optimising water usage and efficiency reduces costs and improves overall utility consumption. We are committed to the use of water resources efficiently, in order to preserve our resources and reduce our environmental impact.

To ensure proper water management at PRIME, the property managers take proactive actions including planning, developing, distributing, and managing the use of water resources. This is especially relevant for properties located in drought-prone areas such as Texas and California.

ENVIRONMENTAL IMPACT

In pursuit of our objectives to reduce water usage, we are guided by our Environmental Policy and have evaluated portfolio-wide and property-specific initiatives. Some initiatives include, but are not limited to:

1. Water-Efficient Fixtures:

We install low-flow fixtures during any plumbing renovations at our properties, ensuring compliance with a minimum standard such as the Uniform Plumbing Code (UPC) or International Plumbing Code (IPC).

2. Smart Irrigation Technologies:

We are integrating smart irrigation technologies onsite, which are advanced systems that enhance the efficiency of water usage in landscaping, aligning with our commitment to sustainable water practices. By onboarding smart irrigation technologies and use of meter reading technology, we can improve data collection to better identify areas of decreased efficiency and possible leaks before a significant wastage of water.

3. Drought-Tolerant, Native Plants:

We plant drought-tolerant, native plant species to not only enhance biodiversity but also to contribute to water conservation efforts, selecting plants adapted to local conditions. These plants are currently in place at 11 out of 14 of our properties.

4. Automated Water Meter Reading Software:

We are incorporating third-party automated or smart water meter reading technologies to improve the precision of tracking water usage such as WaterSignal. These technologies facilitate informed decision-making in our ongoing efforts towards reduced water consumption and improved efficiency practices and processes. Currently, 3 of our properties have WaterSignal installed, which is a platform that provides real-time monitoring and management of water usage.

PERFORMANCE

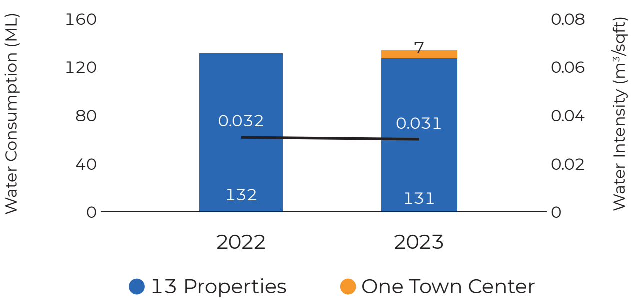
In FY2022, we were only able to capture water consumption data for 9 out of 14 properties, as it was our first year reporting such data and the portfolio of properties were undergoing transition from seven different property management companies to LPC.

[3] Determined using data from the World Resources Institute's Aqueduct tool: https://www.wri.org/aqueduct

In FY2023, we successfully collected complete water consumption data for all 14 properties with standardised data collection processes being put in place by LPC along with necessary training for the property managers. We attempted to retrospectively apply the standardised processes and were able to obtain better quality data for FY2022, including water consumption data for 4 of the 5 properties where data was not available at the time of report issuance last year.

In FY2023, total water consumption of our operations totalled 138 ML of water usage, with 84 ML relating to areas with water stress[3]. There was a slight decrease of 1.3% from the prior year's water consumption for 13 properties (excluding One Town Center). Our water intensity figure for FY2023 was 0.031m^3/sqft. Before establishing specific short, medium and long term quantitative goals, we will assess current water consumption, patterns and reduction possibilities.

Total Water Consumption



Notes:

1. Water consumption for 2022 was restated for all properties (excluding One Town Center) due to reflection of higher quality data that is now available through standardized data collection processes which has been retrospectively applied.
2. The direct comparison above is for 13 properties as One Town Center's 2022 water consumption data was not available
3. The chosen denominator for water intensity was net lettable area in square feet.

WASTE MANAGEMENT

PRIME recognises that effective waste management requires a comprehensive understanding of waste-related data across its properties and the implementation of various waste reduction strategies. We have successfully instituted recycling programmes at all our assets, emphasising single-stream recycling whenever feasible – this initiative ensures the responsible disposal of waste materials, contributing to a circular economy. PRIME also tracks the receipt of waste collection data from the various licensed waste management and recycling vendors for monitoring.

Most of the waste at each property is generated through the activities of our tenants. We encourage tenants to adopt good waste management practices and keep open channels of communication with them to help in determining the effectiveness of our waste-related initiatives.

In pursuit of our waste reduction objectives, we are guided by our Environmental Policy and have evaluated waste initiatives portfolio-wide and at specific properties. Initiatives evaluated for implementation include but are not limited to:

1. Waste Audit:

Evaluating current waste practices at the property level through waste audits, identify number of waste streams, accuracy of vendor-provided information and opportunities for improved efficiency.

2. Composting Programmes for On-Site Cafeterias:

In our commitment to sustainable practices, we are actively striving to implement composting programmes at properties featuring on-site cafeterias. This targeted approach addresses organic waste, promoting environmentally friendly waste disposal methods.

3. Educational Materials for Tenants:

Recognising the importance of tenant engagement, we supplement waste management initiatives with educational materials, such as those distributed during our annual Earth Day event held across our properties. These resources aim to inform and inspire our tenants to actively participate in sustainable waste practices, fostering a culture of environmental responsibility.

4. Green Purchasing Policy:

Our commitment extends to adhering to a Green Purchasing policy that prioritises waste reduction and reuse. By making environmentally conscious purchasing decisions, we actively contribute to minimizing the overall environmental impact of our operations.

PERFORMANCE

In FY2022, we were only able to capture data on waste generated for 9 out of 14 properties, as it was our first year reporting such data and the portfolio of properties were undergoing transition from seven different property management companies to LPC. In FY2023, we successfully collected complete data on waste generated for all 14 properties with standardized data collection processes being put in place by LPC along with necessary training for the property managers. We will disclose comparable information for all 14 properties moving forward from 2023.

In FY2023, our operations generated 1,243 metric tons of waste, all of which were non-hazardous. Of this waste generated, 260 metric tons or 21% was diverted away from disposal towards reuse, recycling or composting operations.

DIVERSITY AND INCLUSION

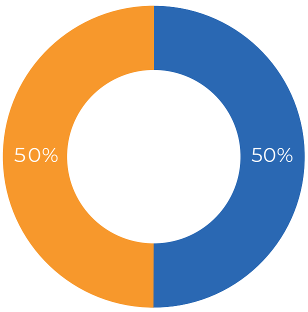
For PRIME's continued success, the key lies in its talented, diverse and committed workforce as they contribute to the overall growth of PRIME. The Manager prioritises the workforce by supporting and enhancing their career development and livelihoods, which includes providing comprehensive company benefits.

Although the Manager's workforce consists of only six (6) employees, their diverse skill sets, backgrounds and perspectives have added resilience and strengthened collective decision-making among PRIME's management team. In an environment characterised by complex and unique challenges within the US office sector, such as economic uncertainties, market fluctuations and regulatory changes, it is imperative that our workforce possess the right mindset and fortitude to navigate through these challenges.

EMPLOYEES

PRIME is committed to fostering an inclusive workplace environment conducive to collaboration, innovation and idea-sharing. This commitment is achieved through strategic investments in human capital advancement, which include developing and retaining a highly talented and engaged workforce. By embracing fair employment practices, the Manager ensures equal opportunities for all employees while providing robust learning and development programmes to support their growth and success.

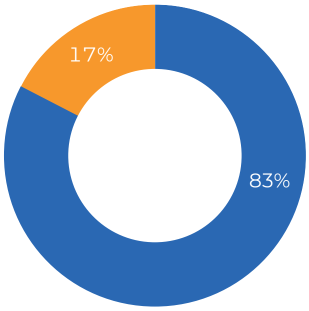
Gender Classification for Employees



Gender Classification for Employees	Male	Female
Total	**3**	**3**

PRIME ensures fair and inclusive employment procedures by providing equal opportunities in hiring, career development and compensation, irrespective of race, gender, religion, disability, marital status, or age. In FY2023, PRIME's workforce comprised a diverse group of employees, with 50% of the total employees being female and 50% male, underscoring the Manager's commitment to promoting gender diversity. Additionally, 83% of employees fall within the age range of 30 to 50 years old, while 17% are above 50, highlighting the Manager's commitment to age-inclusive practices. Despite welcoming two (2) new hires during FY2023, the turnover rate mirrored this number, standing at 33%, underscoring PRIME's ongoing efforts to maintain stability and continuity within its team. This showcase of demographic balance highlights the Manager's proactive approach to building a resilient and inclusive workforce.

Age Classification for Employees



Ages Classification for Employees	Total
Under 30 years old	**0**
30-50 years old	**5**
Over 50 years old	**1**
Total	**6**

	New Hires in FY2023		**Turnover in FY2023**	
	Number	**Rate (%)**	**Number**	**Rate (%)**
Age Group				
Under 30 years old	**0**	**0**	0	0
30-50 years old	**2**	**33**	1	17
Over 50 years old	**0**	**0**	1	17
Gender				
Female	**2**	**33**	1	17
Male	**0**	**0**	1	17
Region				
Singapore	**2**	**33**	1	17
United States	**0**	**0**	1	17

PRIME prioritises equal opportunities for all employees. In FY2023, annual performance and career development reviews were conducted for all employees. Employees received relevant training opportunities to stay updated on industry trends, acquire essential knowledge and enhance skills for career advancement while adding value to the company. To prepare the workforce for the future, PRIME promotes professional growth, encouraging employees to pursue productivity-enhancing training and upskilling opportunities, with all course fees covered by the Manager.

To attract and retain top talent, PRIME provides competitive compensation and comprehensive benefits to all full-time employees based in Singapore. These benefits include insurance coverage, healthcare and medical benefits, as well as entitlements to annual, medical and parental leave. Additionally, the Manager makes contributions to the local pension fund (i.e., Central Provident Fund in Singapore) for the financial security of its employees.

Furthermore, PRIME has implemented the Vendor Diversity Policy to cultivate relationships with a diverse range of vendors and suppliers. This aims to foster inclusivity and create a more welcoming environment for people from various backgrounds. By collaborating with diverse vendors and suppliers, PRIME can gain insights into different perspectives and better serve the needs of those from diverse backgrounds.

Vendors & Suppliers Diversity

PRIME's Vendor Diversity Policy, implemented in December 2022, aims to foster relationships with small, women-owned, minority-owned and diverse businesses ("**SWMBEs**"). Throughout FY2023, the property managers were progressively tracking the number of contracts awarded to SWMBEs to better appreciate the vendor diversity profile at each property. Diverse vendors promote inclusivity, enhance innovation and improve customer satisfaction. Diversity among vendors and suppliers is an important consideration for any organisation, including PRIME.

HEALTH, SAFETY AND SATISFACTION OF STAKEHOLDERS

PRIME acknowledges the significance of prioritising the health, safety and welfare of its employees and strives to attain zero workplace injuries and fatalities annually. This long term commitment is integral to the Manager's overarching mission of building thriving communities and creating sustainable social impacts that provide value to all internal and external stakeholders, including tenants, employees and the broader community. In FY2023, there were no workplace injuries or fatalities resulting from non-compliance with regulations and safety among the Manager's employees and LPC's employees[4] physically based at PRIME's properties.

PRIME's achievement of zero workplace injuries or fatalities is a significant accomplishment for the organisation, reflecting its dedication to upholding strong health and safety standards. This commitment to safety extends towards tenants' employees and feedback channels are utilised to continuously enhance health and safety practices for tenants, promptly addressing any concerns that arise. Although there is no formal health and safety policy specifically for the 6 employees based in Singapore, the Manager's employees adhere to the safety protocols such as fire safety procedures established by the office building management.

In addition to actively participating in safety procedures and receiving comprehensive training, PRIME employees also receive medical and healthcare benefits.

Furthermore, PRIME has implemented an Enterprise Risk Management framework to assess various risks, including business, operational and health and safety risks. Quarterly risk assessments are conducted with results documented in a risk register for transparency and accountability. Proactive measures are taken to mitigate high-risk areas and enhance safety protocols. Insurance claims against liability insurance are tracked as key risk indicators. By encouraging employees to share health concerns and suggestions, PRIME can further enhance its overall health and safety culture.

PRIME Workplace Safety Training and Preparedness

Without an adequate safety management system, workplace injuries can damage PRIME's reputation and expose it to potential liability. To mitigate these risks, the Manager's employees based in Singapore participate in office building management safety procedures, including fire evacuation drills. In the U.S., property managers across PRIME's properties undergo comprehensive training in fire drills, fire warden training and cardiopulmonary resuscitation (CPR) training, equipping them with the necessary skills to identify and respond to health and safety threats effectively.

Fire Warden Training at 171 17th Street

[4] 56 of LPC's employees were based at PRIME's properties as of 31 December 2023. LPC took over property management at PRIME's properties in 2H2022.

The importance of stakeholder health, safety and satisfaction for PRIME remains consistent, including:

- **Tenant Retention:** Prioritising tenant well-being fosters satisfaction and longer leases.
- **Employee Well-being:** Ensuring safety cultivates productivity and talent retention.
- **Investor Confidence:** Stakeholder well-being influences PRIME's reputation and investor appeal.
- **Community Impact:** Promoting stakeholder health showcases PRIME's commitment to social responsibility and community welfare

PRIME Achieves UL Verified Healthy Building Mark for 14 Properties

In addition to having health and safety risk management frameworks in place, PRIME recognises the importance of indoor spaces that support human health and wellness. Therefore, it has taken proactive steps to ensure its buildings meet high healthy building standards. In FY2023, all 14 of PRIME's buildings achieved the UL Verified Healthy Building Mark. The UL Verified Healthy Building programme provides the real estate industry with an independent source of reassurance from a reputable leader in safety science.

Looking ahead to 2024, PRIME's properties have embarked on the WELL Health-Safety Rating ("**HSR**"). This evidence-based, third-party verified rating focuses on operational policies, maintenance protocols, stakeholder engagement and emergency plans for both new and existing buildings. The rating aims to give owners and operators the ability to prioritise the health and safety of their employees, visitors and other stakeholders. We are pleased to announce that all 14 of PRIME's properties have obtained the WELL HSR as of the date of this report.

ELEVATING TENANT & COMMUNITY WELLNESS

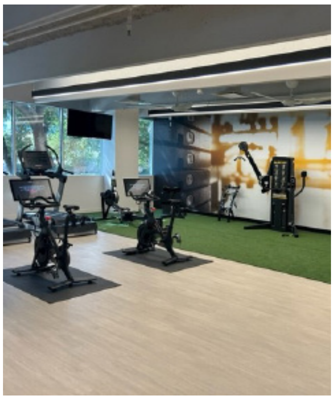
PRIME recognises the importance of tenant wellness and has taken steps to enhance the health and well-being of its tenants. Promoting tenant wellness has benefits not only for tenants but also for PRIME, leading to increased tenant satisfaction, longer lease terms and a positive reputation in the market. By prioritising tenant wellness, we demonstrate our commitment to social responsibility and our role as a responsible corporate citizen.

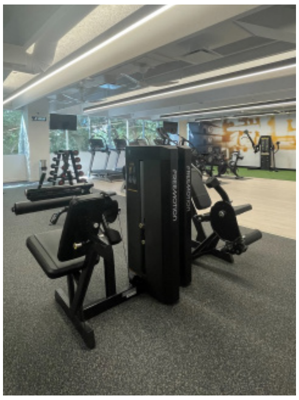
Evaluating the effectiveness and success of PRIME's tenant engagement strategies is essential. Tenant and community engagement is assessed using surveys such as the annual Kingsley survey and post-tenant event surveys. As part of PRIME's short term goals for FY2023, PRIME has developed a tenant events calendar for FY2023 for each property and such events may include, among others, tenant wellness activities, environmental awareness and community support initiatives. Each property manager monitors the events held at properties via an events tracker and tracks the submission of post-event surveys for specific events. This information helps PRIME to evaluate the effectiveness and appeal of such events and activities, providing insight into satisfaction levels and helps in identifying areas for improvement to guide future planning.

Taking into account feedback from tenants obtained through the surveys, PRIME implemented various strategies and initiatives to promote tenant wellness, including designing functional spaces that encourage healthy behaviour and collaboration, providing amenities and services that promote well-being, enhancing indoor environmental quality and creating a culture of wellness. By taking a comprehensive and holistic approach to tenant wellness, the Manager is committed to creating a healthier, more productive and engaged community for our tenants. In addition to organising tenant engagement events, PRIME collaborates with local vendors to promote and support the neighbourhood.

HEALTH, SAFETY AND SATISFACTION OF STAKEHOLDERS

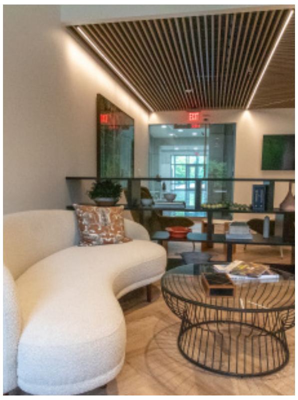
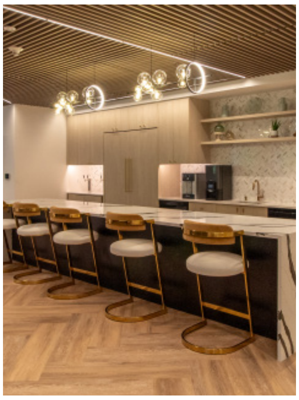
EXAMPLES OF BUILDING AMENITISATION PROJECTS TO ELEVATE TENANT WELLNESS AND ENCOURAGE COLLABORATION



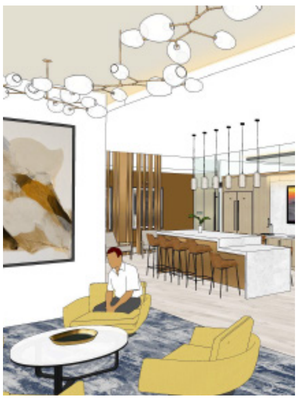

Fitness Center and Locker Room @ Tower 909

The Fitness Center and Locker Room was renovated with new equipment installed, motion-activated LED lighting, a bottle refill station, walk-in showers, electronic lockers and TVs. This attracted more tenant employees to utilise the facilities as we seek to promote healthy living and lifestyle.


Amenity & Conference Center @ Reston Square

The Amenity & Conference Center provided a functional space for tenants to collaborate and promote healthy interaction, hence attracting tenant employees to return to office.

Redesign of first floor lobby @ One Washingtonian Center in progress

Re-envisioning of the first floor to modernise the lobby with new finishes and provide upgraded amenities, including a new entryway, seating areas, tenant café, state of the art conference centre, lounge and fitness centre that showcased stunning views of the lakefront.

Prioritising tenant wellness, PRIME invests in building amenitisation initiatives aimed at addressing tenants' needs and to enhance the appeal of PRIME's properties to prospective tenants, hence driving leasing efforts. Property managers and asset managers work hand in hand to track the building amenitisation initiatives throughout the year.

These initiatives include the following:

1. **Designing functional spaces to promote health:** PRIME designs functional spaces in its buildings to promote health, offering healthy food options at tenant lounges and encouraging social interaction.
2. **Providing amenities and services that promote well-being:** PRIME provides amenities like fitness centres as well as services such as health clinics and educational programmes to promote well-being.
3. **Enhancing indoor environmental quality:** PRIME focuses on indoor environmental quality by improving air quality and promoting natural daylight and access to nature.
4. **Creating a culture of wellness:** PRIME fosters a culture of wellness through education, wellness programmes and policies supporting healthy choices.

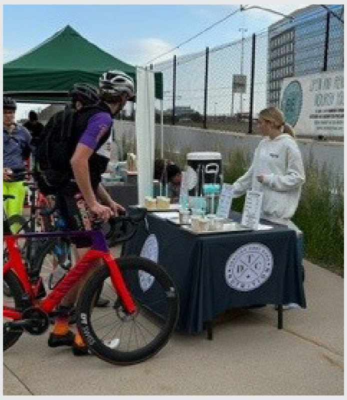
LOCAL COMMUNITY ENGAGEMENT

Engaging with the local community is an integral aspect of a building's strategy to create a positive working and living environment, fostering a sense of connection and support among tenants. PRIME believes in cultivating environments where tenants of all backgrounds and identities feel welcome, valued, and engaged. The Manager is also committed to integrating tenants with the local communities to promote inclusivity, sustainability, and a protected future for all. As part of this initiative, PRIME has implemented a Community and Tenant Engagement Policy to enhance tenant well-being and contribute positively to the community.

Tenant Wellness Activities

Virtual Fitness Mindfulness Session at Tower I at Emeryville

Flu Shot at 101 South Hanley



'Bike to Work Day' at Village Center Station

PRIME conducted several social and wellness activities, such as hosting of fitness mindfulness sessions, providing flu shots and encouraging cycling to work across its properties, including Tower I at Emeryville, 101 South Hanley, One Washingtonian Center, Tower 909 and Village Center Station. These initiatives were implemented to promote a healthy lifestyle and foster a commitment to tenant well-being.

HEALTH, SAFETY AND SATISFACTION OF STAKEHOLDERS

Community and Tenant Engagement Policy

PRIME's Community and Tenant Engagement Policy aims to enhance tenant well-being and community impact. By fostering positive environments and incorporating community engagement into events, PRIME seeks to boost tenant satisfaction and contribute positively to local communities. Monitoring the policy's effectiveness assesses its impact on tenant satisfaction, community engagement and societal well-being.

PRIME strengthened its commitment to community-oriented activities, scheduling events on a regular basis. To ensure that all properties host at least one tenant event each year, property managers implemented a tenant events tracker and tenant events calendar to achieve this long term goal and to organise tenant and community events on a regular basis. Furthermore, improvements were made to tenant communication platforms and property managers were provided with additional resources through the LPC central ESG team for tenant event ideas, marketing and media resources.

Below are a few community activities we have organised amongst various engagement activities in FY2023:

HOLIDAY CELEBRATIONS

Holiday celebrations for tenants across PRIME's properties, including 171 17th Street, 222 Main, 101 South Hanley, One Washingtonian Center, Park Tower, Promenade I & II, Sorrento Towers, Tower 909 and Tower I at Emeryville, during the Christmas and New Year's season, present an exciting opportunity to nurture community spirit and cultivate a festive ambience. The Manager decorates communal spaces with seasonal decorations and offers food and refreshments, fostering unity among residents and enhancing a feeling of inclusion. During the festive period, individuals experience a heightened sense of connection to one another, leading to greater involvement in social gatherings.

Holiday Celebrations at 171 17th Street, 222 Main and 101 South Hanley

171 17th Street

222 Main

101 South Hanley

EARTH DAY

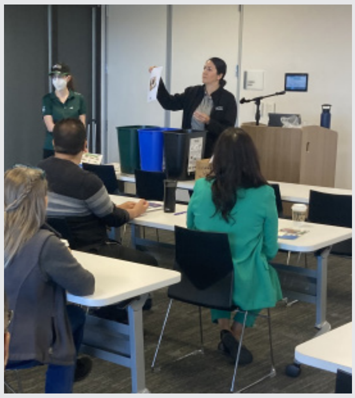
Earth Day was celebrated across PRIME's properties, including CrossPoint, 101 South Hanley, One Washingtonian Center, Promenade I & II, Sorrento Towers, Tower 909 and Tower I at Emeryville, showcasing our commitment to environmental sustainability and conservation efforts. At CrossPoint, environmentally friendly cleaning practices were showcased, and recyclable electronics were collected. Along with that, the team planted an inaugural Earth Day tree on the South Patio. Additionally, Tower I at Emeryville provided tenants with educational resources, conducted recycling and compost training and a sustainability-themed bingo activity to encourage sustainable practices in tenants' offices and in their daily routines.

Earth Day Event at CrossPoint and Tower I at Emeryville

CrossPoint

CrossPoint

Tower I at Emeryville



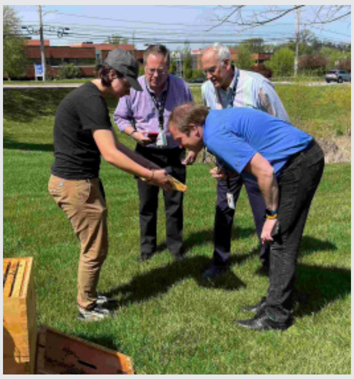
BEEHIVE TENANT EVENT

PRIME hosts a beehive and honey extraction event across its properties, including 171 17th Street, CrossPoint and Tower 909, to raise local sustainability awareness amid declining bee populations due to habitat loss and climate-related risks. Beehives aid sustainability by promoting pollination, vital for food production, fostering diverse plant and wildlife habitats and providing a sustainable alternative sweetener through honey production.

Beehive and Honey Extraction Tenant Event at 171 17th Street, CrossPoint and Tower 909

171 17th Street

CrossPoint



Tower 909

HEALTH, SAFETY AND SATISFACTION OF STAKEHOLDERS

COMMUNITY SUPPORT INITIATIVES

PRIME demonstrates its commitment to community support through a variety of initiatives, including clothing and coats drives, food drives, toy drives, back-to-school drives and blood drives. These drives are held at multiple properties, including 222 Main, One Town Center, 101 South Hanley, Tower I at Emeryville, Village Center Station, One Washingtonian Center, Promenade I & II and Tower 909. By organising these events, a sense of community fosters among tenants while also providing essential support to those in need.

Community Support Initiatives Across Multiple Locations

Clothings Drive at 222 Main

Coats Drive at Tower I at Emeryville

Food Drive at One Town Center

Toys Drive at 101 South Hanley

Back to School Drive at One Washingtonian Center

Overall, through these initiatives, PRIME has taken steps to build a connected, engaged and supportive community throughout our properties. By promoting sustainability, safety and security and fostering a sense of community, PRIME has enhanced tenant well-being and strengthened community bonds, contributing to a livelier environment.

TCFD DISCLOSURE

We support the Task Force on Climate-related Financial Disclosures ("**TCFD**") along with the inclusion of the TCFD Recommendations in SGX's Sustainability Reporting Guide. Climate reporting has become mandatory from FY2023 for the financial industry – which includes asset management – as it has been identified to be a highly influential industry in the transition to a low-carbon economy.

The table below describes how we manage climate-related risks and opportunities with reference to the four key pillars recommended by TCFD:

Recommended Disclosure	PRIME's Approach	Page Reference
Governance		
• Describe the board's oversight of climate-related risks and opportunities. • Describe the management's role in assessing and managing climate-related risks and opportunities.	PRIME has an established governance structure for climate-related risks involving the Board, the Audit and Risk Committee (ARC) and Management team. The Board guides and oversees Management's performance in implementing sustainability strategy and managing material topics. The ARC assists the Board in oversight of ESG initiatives and strategy through reviewing sustainability targets, policies and action plans. The ARC oversees climate risks and opportunities through the Enterprise Risk Management framework and risk register which is reviewed quarterly at each ARC meeting. PRIME's management team is primarily responsible for integrating sustainability considerations into business operations in line with the sustainability strategy, by developing action plans and tracking outcomes. Management works closely with the LPC ESG team to manage key ESG issues and execute and monitor sustainability action plans at the property level. Both teams refer to PRIME's Sustainability Risk Framework – which is part of PRIME's Enterprise Risk Management framework – to manage and monitor sustainability risks – which include climate risks – and opportunities. ESG updates by Management and LPC on sustainability matters are provided to the Board at least twice a year at the Board meeting.	Sustainability Management - Page 91

TCFD DISCLOSURE

Recommended Disclosure	PRIME's Approach	Page Reference
Strategy		
• Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. • Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. • Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	This year, PRIME has completed a formal scenario analysis and climate risk assessment, which aimed to identify climate-related risks and opportunities within the scope of our assets and operations over the short, medium and long term. We used S&P Global's Climanomics Climate Risk Assessment platform to assess climate risks across all of our properties, and supplemented this with a qualitative scenario analysis with support from an external consultant in order to identify a range of both physical and transition risks that would be relevant to PRIME and our portfolio of properties. Our primary objective is to have the results of scenario analysis and risk identification as key guiding factors in decision-making processes that concern building resiliency of our operational strategy and assets. We acknowledge the risks posed to our properties and are determined to ensure our buildings are designed and fitted to sufficiently withstand the effects of climate change and do not contribute further negative impacts. More details on specific response plans to each of the physical and transition risks identified are contained in the Scenario Analysis Outcomes section on pages 118 to 120.	TCFD Disclosure - Pages 118 to 120
Risk Management		
• Describe the organisation's processes for identifying and assessing climate-related risks. • Describe the organisation's processes for managing climate-related risks. • Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	PRIME has a Sustainability Risk Framework in place, which is part of our Enterprise Risk Management framework. The Sustainability Risk Framework follows the process of risk identification, assessment, mitigation, monitoring and reporting for climate-related risks. The risks identified are added into a risk register which is maintained by Management and reviewed by the ARC on a quarterly basis. The inputs to the register are mainly informed by climate risk assessments and discussions between Management, the LPC ESG team, asset managers and other stakeholders involved in PRIME's day-to-day operations. Management is always accountable to the Board for all climate-related risks that the entity is exposed to and may appoint individuals to take ownership of different risks to ensure they are managed appropriately and with due care. More details on our risk management process can be found in the Enterprise Risk Management section on pages 52 to 55.	Sustainability Management - Page 91 Enterprise Risk Management - Pages 52 to 55

Recommended Disclosure	PRIME's Approach	Page Reference
Metrics and Targets		
• Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. • Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. • Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	PRIME consistently tracks and discloses key metrics such as energy consumption, water consumption and Scope 1 and 2 GHG emissions in our sustainability reports to keep stakeholders well informed of our sustainability performance. We took a major step forward in monitoring capabilities of our sustainability performance with the successful onboarding of LPC as our consolidated property manager, bringing with them their expertise in ESG solutions and technology. As a result of recent enhancement initiatives such as the integration of Gridium into our systems for energy analytics, we are now able to comprehensively track data relating to our resource consumption and thereby readily identify activities that can boost energy efficiency. This has also resulted in higher quality data for more accurate disclosures across all of our operations. We have also formulated several qualitative targets for specific material topics and are actively developing appropriate quantitative targets for disclosure in the next reporting period.	Environmental Impact - Pages 100 to 105

TCFD DISCLOSURE

SCENARIO ANALYSIS OUTCOMES

Scenario analysis involves assessing various potential scenarios that may occur in the future and projecting their possible impacts on the business, people, or environment to enhance long-term risk preparedness and resilience.

PRIME conducted a qualitative analysis of potential risks and business impacts to supplement our recent S&P Global Climanomics Climate Risk Assessment. This analysis aims to inform and improve response planning and decision-making processes in anticipation of potential risks. It enables the Manager to develop risk mitigation strategies and identify opportunities to gain advantages and enhance resilience in the future.

The scope of analysis included assets and operations in the U.S. and headquarters in Singapore, with time frames of up to 2030 (short-term), 2030 to 2050 (medium-term) and 2050 to 2100 (long-term) in alignment with national climate targets and PRIME's strategic planning horizons.

We developed two separate scenarios for the qualitative analysis:

1. **Low Climate Change** – an increase in global average temperature of less than 2°C by 2100, with sustained effort from various stakeholders to collectively achieve climate targets.
2. **High Climate Change** – an increase in global average temperature in excess of 4°C by 2100, due to 'business-as-usual' operations and no significant or sustained effort from various stakeholders to achieve climate targets.

The publicly available Representative Concentration Pathways ("**RCP**") and Shared Socioeconomic Pathways ("**SSP**") referenced by the Intergovernmental Panel on Climate Change ("**IPCC**") were employed as a starting point for relevant factors considered in our Low Climate Change and High Climate Change scenarios. For the Low Climate Change scenario, RCP2.6 and SSP1-2.6 were used, and for the High Climate Change scenario, RCP8.5 and SSP5-8.5 were used.

The table below shows the outcomes of our analysis which are being used to inform strategy and decision-making.

Risk	Business Impact	Risk Timeframe	Response Plan
Physical Risks			
1. Extreme weather events (cyclones, flash floods)	Damage to properties and natural environment, affecting viability of PRIME's property-related operations and safety of employees. Increased frequency of such events may also affect planning and development of operations such as reducing exposure to extreme event risks for new developments.	Short to long-term risk	Annual Climate Risk Assessment Review for vulnerabilities of the entire portfolio, continued business continuity planning and regular updates, continued education of onsite teams surrounding vulnerabilities. For buildings identified with high exposure to climate hazards, physical site inspections as needed will be considered to assess their resilience to current and/or future stresses and to determine whether additional mitigation is needed. Potential enhancement initiatives include increasing emergency preparedness, capital improvement work and implementing landscaping upgrades to replace fire-prone materials that are more susceptible to wildfires.

Risk	Business Impact	Risk Timeframe	Response Plan
Physical Risks			
2. Extreme temperature rise	Increased temperature may result in discomfort to tenants and employees. Likely fiscal losses due to increased cooling costs and HVAC degradation.	Medium to long-term risk	Evaluate, assess and implement energy reducing and efficiency projects as applicable. ASHRAE Level II Building Audits being considered to evaluate building systems and identify high-consuming equipment. Evaluating and leveraging on advanced management systems.
3. Rising sea levels (pluvial and fluvial flooding)	Infrastructure and physical assets situated at coastal locations would be subject to significant damage which may impact on property operations and reduced accessibility for employees and tenants.	Long-term risk	For properties identified as being at risk to rising sea levels, physical onsite inspections will be conducted to assess the resilience of the property. As identified and needed, mitigation strategies will be implemented. These measures include but are not limited to – evaluating temporary flood barriers to be stored onsite, installing backflow preventers, evaluating location of critical building equipment. Additionally, reviewing the emergency preparedness plan for properties in this category for flood procedures.
Transition Risks			
1. Tenant preferences	As tenants begin to be more conscious of their carbon footprints, they may increasingly request for more sustainable features and services.	Short-term risk	Stay ahead of sustainable practices, continue implementing new technology. Include new metrics in tenant satisfaction survey to evaluate tenants' commitments, if applicable, to a more sustainable future; assess all responses for commonalities in comparison to existing infrastructure in place for potential implementation. Commitment to accelerate the transition to EVs by installing chargers on properties that do not currently have them, as applicable and feasible.

TCFD DISCLOSURE

Risk	Business Impact	Risk Timeframe	Response Plan
Transition Risks			
2. Increased pricing of GHG emissions	The reliance on high-emission technologies within the real estate sector, such as inefficient building systems or outdated energy infrastructure, may expose the company to regulatory and market pressures for carbon reduction. Additionally, any introduction or potential increase in carbon tax where PRIME operates may lead to increased overall costs.	Short-term risk	Incentive tracking utilising third party verification to identify opportunities for cost savings, incentives and rebates. Assess and integrate innovative technologies for advanced analytical monitoring of building systems – HVAC, lighting, plumbing.
3. Increased ESG reporting requirements	There will be a greater need for robust data collection mechanisms and reporting capabilities in order to meet increased reporting obligations, as regulators continue to develop more comprehensive reporting standards. As a listed company, PRIME would be subject to such standards and will be exposed to reputational risks or financial penalties if it is unable to meet such expectations.	Short-term risk	Standardized data collection procedures for consistency in methodology and data collection processes across the portfolio. Making use of technology such as Gridium platform, conduct property manager trainings, perform internal audits and reviews to continuously improve quality assurance, quality control, data auditability, and efficiency. Engage qualified consultants to ensure PRIME continues to develop its sustainability report in accordance with reporting standards and prevailing regulatory requirements. Consider ASHRAE Level II building audits to identify areas of opportunity for installing sub-meters for building systems to provide more detailed data and data points for measurement.
4. Building certification requirements	Asset owners may be required to renovate existing buildings to match more stringent sustainability standards or requirements. This would involve high capital expenditure to perform building upgrades and retrofitting.	Medium-term risk	Evaluate top-rated, internationally recognised, third-party organisations and pursue associated certifications to verify individual building and portfolio performance to sustainable environmental and social practices. Engage and influence value chain and building users to support a more sustainable transition to a low-carbon future.

GRI CONTENT INDEX

GRI Standard	Disclosures		Chapter / Remarks	Omission
GRI 2: General Disclosures 2021	2-1	Organisational details	About This Report, pg. 88	
	2-2	Entities included in the organisation's sustainability reporting	About This Report, pg. 89	
	2-3	Reporting period, frequency and contact point	About This Report, pg. 89	
	2-4	Restatements of information	About This Report, pg. 89; Environmental Impact, pg. 99	
	2-5	External assurance	About This Report, pg. 89	
	2-6	Activities, value chain and other business relationships	About This Report, pg. 88-89	
	2-7	Employees	Diversity and Inclusion, pg. 106	
	2-8	Workers who are not employees	Health, Safety and Satisfaction of Stakeholders, pg. 108; Sustainability Management, pg. 91	
	2-9	Governance structure and composition	Annual Report 2023, pg. 8-11 Sustainability Management, pg. 91	
	2-10	Nomination and selection of the highest governance body	Annual Report 2023, pg. 65-67	
	2-11	Chair of the highest governance body	Annual Report 2023, pg. 64	
	2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Management, pg. 91	
	2-13	Delegation of responsibility for managing impacts	Sustainability Management, pg. 91	
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Management, pg. 91, 93	
	2-15	Conflicts of interest	Annual Report 2023, pg. 59, 63	
	2-16	Communication of critical concerns	Corporate Governance, Compliance & Ethics, pg. 98	
	2-17	Collective knowledge of the highest governance body	Annual Report 2023, pg. 61	
	2-18	Evaluation of the performance of the highest governance body	Annual Report 2023, pg. 68-71	
	2-19	Remuneration policies	Annual Report 2023, pg. 68-71	
	2-20	Process to determine remuneration	Annual Report 2023, pg. 68-71	

GRI CONTENT INDEX

GRI Standard	Disclosures		Chapter / Remarks	Omission
	2-21	Annual compensation ratio		Not disclosed due to highly sensitive nature of information. Please refer to page 70-71 of the Annual Report 2023 for more details.
	2-22	Statement on sustainable development strategy	Letter to Stakeholders, pg. 90	
	2-23	Policy commitments	Corporate Governance, Compliance & Ethics, pg. 96, 98 Environmental Impact, pg. 99, 105 Diversity and Inclusion, pg. 107 Health, Safety and Satisfaction of Stakeholders, pg. 112	
	2-24	Embedding policy commitments	Corporate Governance, Compliance & Ethics, pg. 96, 98 Environmental Impact, pg. 99, 105 Diversity and Inclusion, pg. 107 Health, Safety and Satisfaction of Stakeholders, pg. 112	
	2-25	Processes to remediate negative impacts	Corporate Governance, Compliance & Ethics, pg. 98	
	2-26	Mechanisms for seeking advice and raising concerns	Corporate Governance, Compliance & Ethics, pg. 98	
	2-27	Compliance with laws and regulations	Corporate Governance, Compliance & Ethics, pg. 98	
	2-28	Membership associations	Prime US REIT, pg. 88	
	2-29	Approach to stakeholder engagement	Sustainability Management, pg. 92	
	2-30	Collective bargaining agreements	The Manager's employees are not covered by any collective bargaining agreements.	
MATERIAL TOPICS				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Sustainability Management, pg. 93	
	3-2	List of material topics	Sustainability Management, pg. 93	

GRI Standard	Disclosures		Chapter / Remarks	Omission
ECONOMIC PERFORMANCE				
GRI 3: Material Topics 2021	3-3	Management of material topics	Economic Sustainability, pg. 95	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Annual Report 2023, pg. 14	
ANTI-CORRUPTION PRACTICES				
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Governance, Compliance & Ethics, pg. 97	
GRI 205: Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance, Compliance & Ethics, pg. 97	
	205-3	Confirmed incidents of corruption and actions taken	Corporate Governance, Compliance & Ethics, pg. 97	
ENERGY MANAGEMENT				
GRI 3: Material Topics 2021	3-3	Management of material topics	Environmental Impact, pg. 100-102	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Environmental Impact, pg. 103	
	302-3	Energy intensity	Environmental Impact, pg. 103	
WATER MANAGEMENT				
GRI 3: Material Topics 2021	3-3	Management of material topics	Environmental Impact, pg. 103-104	
GRI 303: Water and Effluents 2018	303-5	Water consumption	Environmental Impact, pg. 104	
EMISSIONS MANAGEMENT				
GRI 3: Material Topics 2021	3-3	Management of material topics	Environmental Impact, pg. 100-102	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Environmental Impact, pg. 103	
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental Impact, pg. 103	
	305-4	GHG emissions intensity	Environmental Impact, pg. 103	

GRI CONTENT INDEX

GRI Standard	Disclosures		Chapter / Remarks	Omission
WASTE MANAGEMENT				
GRI 3: Material Topics 2021	3-3	Management of material topics	Environmental Impact, pg. 104-105	
GRI 306: Waste 2020	306-3	Waste generated	Environmental Impact, pg. 105	
	306-4	Waste diverted from disposal	Environmental Impact, pg. 105	
EMPLOYMENT PRACTICES				
GRI 3: Material Topics 2021	3-3	Management of material topics	Diversity and Inclusion, pg. 106-107	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Diversity and Inclusion, pg. 106	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Diversity and Inclusion, pg. 107; Health, Safety and Satisfaction of Stakeholders, pg. 108	
SAFE SPACES AND WELL-BEING				
GRI 3: Material Topics 2021	3-3	Management of material topics	Health, Safety and Satisfaction of Stakeholders, pg. 108	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Health, Safety and Satisfaction of Stakeholders, pg. 108	
	403-5	Worker training on occupational health and safety	Health, Safety and Satisfaction of Stakeholders, pg. 108	
	403-6	Promotion of worker health	Health, Safety and Satisfaction of Stakeholders, pg. 108	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health, Safety and Satisfaction of Stakeholders, pg. 108	
	403-9	Work-related injuries	Health, Safety and Satisfaction of Stakeholders, pg. 108	
GRI 3: Material Topics 2021	3-3	Management of material topics	Health, Safety and Satisfaction of Stakeholders, pg. 108	
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Health, Safety and Satisfaction of Stakeholders, pg. 108	
TALENT DEVELOPMENT				
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Governance, Compliance & Ethics, pg. 97	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Corporate Governance, Compliance & Ethics, pg. 98	

GRI Standard	Disclosures		Chapter / Remarks	Omission
BOARD DIVERSITY				
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Governance, Compliance & Ethics, pg. 96	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Corporate Governance, Compliance & Ethics, pg. 96-97	
DIVERSITY AND NON-DISCRIMINATION				
GRI 3: Material Topics 2021	3-3	Management of material topics	Diversity and Inclusion, pg. 106-107	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Diversity and Inclusion, pg. 106-107	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Corporate Governance, Compliance & Ethics, pg. 98	
LOCAL COMMUNITIES				
GRI 3: Material Topics 2021	3-3	Management of material topics	Health, Safety and Satisfaction of Stakeholders, pg. 111	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Health, Safety and Satisfaction of Stakeholders, pg. 111-114	

FINANCIAL STATEMENTS

REPORT OF THE TRUSTEE

For the financial year ended 31 December 2023

DBS Trustee Limited (the "Trustee") is under a duty to take into custody and hold the assets of Prime US REIT (the "Trust") held by it or through its subsidiaries (collectively, the "Group") in trust for the holders of the units ("Unitholders") in the Trust. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Prime US REIT Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 7 September 2018 (as amended and restated) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the period covered by these financial statements, set out on pages 133 to 178, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
DBS Trustee Limited

Chan Kim Lim
Director

Singapore
10 April 2024

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2023

In the opinion of the directors of Prime US REIT Management Pte. Ltd. (the "Manager"), the Manager of Prime US REIT (the "Trust"), the accompanying financial statements set out on pages 133 to 178 comprising the statements of financial position of the Group and the Trust as at 31 December 2023, the consolidated portfolio statement of the Group as at 31 December 2023, the consolidated statement of comprehensive income, consolidated distribution statement, consolidated statement of changes in Unitholders' funds, and consolidated statement of cash flows of the Group, and statement of changes in Unitholders' funds of the Trust for the financial year ended 31 December 2023 and notes to the financial statements are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2023, the consolidated portfolio holdings of the Group as at 31 December 2023, the consolidated comprehensive income, consolidated distributable income, consolidated changes in Unitholders' funds and consolidated cash flows of the Group, and changes in Unitholders' funds of the Trust for the financial year ended 31 December 2023, in accordance with the International Financial Reporting Standards and the provisions of the Trust Deed between DBS Trustee Limited and the Manager dated 7 September 2018 (as amended and restated) and relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Prime US REIT Management Pte. Ltd.

Professor Annie Koh
Director

John French
Director

Singapore
10 April 2024

INDEPENDENT AUDITOR'S REPORT

to the Unitholders of Prime US REIT
For the financial year 31 December 2023

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Prime US REIT (the "Trust") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Trust as at 31 December 2023, the consolidated portfolio statement of the Group as at 31 December 2023, the consolidated statement of comprehensive income, consolidated distribution statement, consolidated statement of changes in unitholders' funds and consolidated statement of cash flows of the Group, and statement of changes in unitholders' funds of the Trust for the financial year ended 31 December 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in unitholders' funds of the Trust are properly drawn up in accordance with the International Financial Reporting Standards ("IFRSs"), relevant provisions of the Trust Deed and relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore, so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2023, the consolidated portfolio holdings of the Group as at 31 December 2023, the consolidated comprehensive income, consolidated distributable income, consolidated changes in unitholders' funds and consolidated cash flows of the Group and changes in unitholders' funds of the Trust for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2.2 to the financial statements. As at 31 December 2023, the Group's current liabilities, which comprised mainly loans and borrowings of US$478.4 million, exceeded its current assets by US$487.6 million. This indicates the existence of a material uncertainty which may cast doubt on the ability of the Group to continue as a going concern.

As disclosed in note 2.2 of the financial statements, the ability of the Group to continue as a going concern and meet its financial obligations is dependent on the Group's ability to refinance its loans with lenders, which are maturing in July 2024, as disclosed in note 9 to the financial statements.

In the event the Group is unable to successfully refinance its loans, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

to the Unitholders of Prime US REIT

For the financial year 31 December 2023

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's responsibilities for the audit of the financial statements section* of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of investment properties

As at 31 December 2023, the carrying amount of investment properties was US$1.4 billion which accounted for 97.5% of total assets. The valuation of the investment properties is significant to our audit due to magnitude and complexity of the valuation which is highly dependent on a range of assumptions and estimates made by external appraisers engaged by the Manager.

The valuations of investment properties are sensitive to changes in the significant unobservable inputs, particularly those relating to market rents, discount rates and capitalisation rates. This is aggravated by increase in the level of estimation uncertainty and judgement required arising from rapid changes in market and economic conditions. Accordingly, we have identified this as a key audit matter.

The Manager uses external appraisers to support its determination of the individual fair value of the investment properties. Our audit procedures included, amongst others, assessment of the Group's process relating to the selection of the external appraisers, determination of the scope of work of the appraisers, and review of the valuation reports issued by the external appraisers. We evaluated the objectivity, independence and expertise of the external appraisers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We involved our internal real estate valuation specialists to assist us in assessing the reasonableness of the valuation model and of the significant assumptions and estimates by reference to historical rates and market data. Our procedures also included checking the reliability of property related data used by the external appraisers, assessing the appropriateness of the valuation techniques and basis for the significant assumptions and estimates used, including key valuation adjustments made by the external appraisers in response to changes in market and economic conditions. We assessed the overall reasonableness of the movements in fair value of the investment properties and the associated deferred tax consequences. We also assessed the adequacy of disclosures in note 6 and note 22(e) to the consolidated financial statements.

OTHER INFORMATION

The Manager of the Trust is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

to the Unitholders of Prime US REIT
For the financial year 31 December 2023

RESPONSIBILITIES OF THE MANAGER FOR THE FINANCIAL STATEMENTS

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the IFRSs, relevant provisions of the Trust Deed and relevant requirements of the CIS Code issued by the Monetary Authority of Singapore, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the Manager include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

to the Unitholders of Prime US REIT

For the financial year 31 December 2023

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Wei Hock.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
10 April 2024

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group 2023 US$'000	Group 2022 US$'000	Trust 2023 US$'000	Trust 2022 US$'000
Current assets					
Cash and cash equivalents	4	11,756	11,581	3,627	2,127
Trade and other receivables	5	4,262	3,859	97	101
Prepaid expenses		1,723	1,462	1	78
Derivative assets	10	2,707	–	–	–
		20,448	**16,902**	**3,725**	**2,306**
Non-current assets					
Investment properties	6	1,407,950	1,542,200	–	–
Derivative assets	10	15,712	29,954	–	–
Investment in subsidiaries	7	–	–	710,926	892,217
		1,423,662	**1,572,154**	**710,926**	**892,217**
Total assets		**1,444,110**	**1,589,056**	**714,651**	**894,523**
Current liabilities					
Trade and other payables	8	20,904	18,126	851	904
Amount due to related parties	8	1,016	361	1,016	361
Loans and borrowings	9	478,403	–	–	–
Rental security deposits		395	482	–	–
Rent received in advance		7,356	6,777	–	–
		508,074	**25,746**	**1,867**	**1,265**
Non-current liabilities					
Loans and borrowings	9	218,018	665,572	–	–
Rental security deposits		4,238	3,820	–	–
Preferred shares		125	125	–	–
		222,381	**669,517**	–	–
Total liabilities		**730,455**	**695,263**	**1,867**	**1,265**
Net assets attributable to Unitholders		**713,655**	**893,793**	**712,784**	**893,258**
Represented by:					
Unitholders' funds		**713,655**	**893,793**	**712,784**	**893,258**
Units in issue and to be issued ('000)	11	**1,189,327**	**1,186,252**	**1,189,327**	**1,186,252**
Net asset value per Unit (US$) attributable to Unitholders	12	**0.60**	**0.75**	**0.60**	**0.75**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

		Group	
	Note	2023 US$'000	2022 US$'000
Gross revenue	13	159,803	163,012
Property operating expenses	14	(66,244)	(65,078)
Net property income		**93,559**	**97,934**
Manager's base fee		(6,425)	(7,872)
Trustee's fee		(201)	(208)
Other trust expenses	16	(1,972)	(2,612)
Net fair value change in derivatives		(11,534)	37,282
Finance expenses	15	(28,104)	(21,613)
Finance income		91	14
Net income before tax and fair value change in investment properties		**45,414**	**102,925**
Net fair value change in investment properties	6	(161,206)	(143,732)
Net loss for the year before tax		**(115,792)**	**(40,807)**
Tax (expense)/credit	17	(45)	13,890
Net loss for the year attributable to Unitholders		**(115,837)**	**(26,917)**
Loss per Unit (US cents)			
Basic and diluted	18	(8.88)	(2.08)

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

CONSOLIDATED DISTRIBUTION STATEMENT

For the financial year ended 31 December 2023

The Distribution Statement presents the distributions made to Unitholders during the year and the income available for distribution to Unitholders at the end of the year.

	Group	
	2023 US$'000	**2022 US$'000**
Income available for distribution to Unitholders at beginning of the year	35,861	39,348
Net loss for the year	(115,837)	(26,917)
Distribution adjustments (Note A)	173,662	104,067
Income available for distribution to Unitholders for the year	57,825	77,150
<u>Distributions to Unitholders</u>		
– Distribution of US 3.36 cents per Unit for the period from 6 July 2021 to 31 December 2021	–	(39,252)
– Distribution of US 3.52 cents per Unit for the period from 1 January 2022 to 30 June 2022	–	(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)	–
Total distributions to Unitholders	(65,050)	(80,637)
Income available for distribution to Unitholders at end of the year	**28,636**	**35,861**
Distribution per Unit (DPU) (US cents):	**2.71***	**6.55**

* Total DPU of 2.71 US cents for 2023 is less than 90% of the annual distributable income. The amount retained of approximately US$25.6 million will be used to fund capital expenditures on the properties and pare down borrowings.

Note A - Distribution adjustments comprise:

	2023	2022
Property related non-cash items[1]	(200)	(2,139)
Manager's base fee paid/payable in Units[2]	–	6,298
Trustee's fee	201	208
Amortisation of upfront debt-related transaction costs[3]	1,513	1,824
Net change in fair value of derivatives	11,534	(37,282)
Net change in fair value of investment properties	161,206	143,732
Deferred tax expense	–	(13,929)
Others[4]	(592)	5,355
Net distribution adjustments	**173,662**	**104,067**

(1) Mainly comprise straight-line rent adjustments, amortisation of lease incentives and lease commissions.

(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 costs 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 financial statements.

STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2023

		Attributable to Unitholders		
	Note	**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 loss for the year		–	(115,837)	(115,837)
Decrease in net assets resulting from operations		–	**(115,837)**	**(115,837)**
Unitholders' transactions				
Issue of new Units pursuant to Distribution Reinvestment Plan	11	749	–	749
Distributions to Unitholders		(17,767)	(47,283)	(65,050)
Decrease in net assets resulting from Unitholders' transactions		**(17,018)**	**(47,283)**	**(64,301)**
At 31 December 2023		**915,785**	**(202,130)**	**713,655**
At 1 January 2022		**955,481**	**35,603**	**991,084**
Net loss for the year		–	(26,917)	(26,917)
Decrease in net assets resulting from operations		**–**	**(26,917)**	**(26,917)**
Unitholders' transactions				
Issue of new Units:				
– Manager's base fee paid/payable in Units		6,298	–	6,298
– Distribution Reinvestment Plan	11	3,783	–	3,783
Issue costs	11	182	–	182
Distributions to Unitholders		(32,941)	(47,696)	(80,637)
Decrease in net assets resulting from Unitholders' transactions		**(22,678)**	**(47,696)**	**(70,374)**
At 31 December 2022		**932,803**	**(39,010)**	**893,793**

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

STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2023

	Note	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 loss for the year		–	(116,173)	(116,173)
Decrease in net assets resulting from operations		**–**	**(116,173)**	**(116,173)**
Unitholders' transactions				
Issue of new Units pursuant to Distribution Reinvestment Plan	11	749	–	749
Distributions to Unitholders		(17,767)	(47,283)	(65,050)
Decrease in net assets resulting from Unitholders' transactions		**(17,018)**	**(47,283)**	**(64,301)**
At 31 December 2023		**915,785**	**(203,001)**	**712,784**
At 1 January 2022		**955,481**	**6,793**	**962,274**
Net income for the year		–	1,358	1,358
Increase in net assets resulting from operations		**–**	**1,358**	**1,358**
Unitholders' transactions				
Issue of new Units:				
– Manager's base fee paid/payable in Units		6,298	–	6,298
– Distribution Reinvestment Plan	11	3,783	–	3,783
Issue costs	11	182	–	182
Distributions to Unitholders		(32,941)	(47,696)	(80,637)
Decrease in net assets resulting from Unitholders' transactions		**(22,678)**	**(47,696)**	**(70,374)**
At 31 December 2022		**932,803**	**(39,545)**	**893,258**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Note	Group 2023 US$'000	2022 US$'000
Operating activities			
Net loss before tax		(115,792)	(40,807)
Adjustments for:			
Property related non-cash items		(200)	(2,139)
Manager's fee paid/payable in Units		–	6,298
(Reversal of impairment loss)/Impairment loss on trade receivables	5	(84)	573
Net fair value change in investment properties	6	161,206	143,732
Net fair value change in derivatives	10	11,534	(37,282)
Foreign exchange (gains)/losses		(8)	28
Finance expenses	15	28,104	21,613
Finance income		(91)	(14)
Operating cash flow before working capital changes		**84,669**	**92,002**
Changes in working capital			
Trade and other receivables		132	(380)
Prepaid expenses		(261)	20
Trade and other payables		(440)	146
Amounts due to related parties		655	–
Rental security deposits		332	(18)
Rent received in advance		579	(2,552)
Cash flow from operations		**85,666**	**89,218**
Taxes paid		(39)	(39)
Net cash generated from operating activities		**85,627**	**89,179**
Cash flows from investing activities			
Settlement of liabilities in relation to the acquisition of investment properties		–	(630)
Payment for capital expenditure relating to investment properties	6	(24,429)	(29,489)
Interest received		91	14
Net cash used in investing activities		**(24,338)**	**(30,105)**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Note	Group 2023 US$'000	Group 2022 US$'000
Cash flows from financing activities			
Distributions to Unitholders		(64,301)	(76,852)
Dividends on preferred shares		(16)	(16)
Proceeds from loans and borrowings	9	150,000	121,500
Payment of transaction costs related to loans and borrowings	9	(464)	(225)
Repayment of loans and borrowings	9	(120,200)	(86,500)
Interest paid on loans and borrowings		(26,141)	(19,245)
Net cash used in from financing activities		**(61,122)**	**(61,338)**
Net increase/(decrease) in cash and cash equivalents		**167**	**(2,264)**
Cash and cash equivalents at the beginning of the year		11,581	13,873
Effect of exchange rate fluctuations on cash held in foreign currency		8	(28)
Cash and cash equivalents at end of the year	4	**11,756**	**11,581**

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

CONSOLIDATED PORTFOLIO STATEMENT

For the financial year ended 31 December 2023

Description of property	Location	Tenure of land	Fair value as at 31 December 2023	Percentage of total net assets as at 31 December 2023	Fair value as at 31 December 2022	Percentage of total net assets as at 31 December 2022
			US$'000	%	US$'000	%
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 909	Dallas	Freehold	74,800	10.5	76,000	8.5
Tower I at Emeryville	San Francisco Bay Area (Oakland)	Freehold	104,300	14.6	111,100	12.4
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 financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 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 Unitholders with regular and stable distributions and to achieve long-term growth in distribution per Unit and net asset value per unit while maintaining an appropriate capital structure.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations.

The fee structures of these services are as follows:

(a) Manager's fees

The Manager is entitled under the Trust Deed to receive the following remuneration for the provision of asset management services:

Base fee

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.

The base fee, payable either in the form of cash and/or Units, is payable monthly/quarterly in arrears respectively. Where the base fee is payable in Units, the Units will be issued based on the volume weighted average price for a Unit for all trades transacted on SGX-ST in the ordinary course of trading for a period of ten business days (as defined in the Trust Deed) immediately preceding the relevant business day.

Performance fee

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.

1. GENERAL (CONT'D)

(a) Manager's fees (cont'd)

Performance fee (cont'd)

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 31 December 2023 and 31 December 2022.

Acquisition fee

Pursuant to the Trust Deed, the Manager is entitled to an acquisition fee of 1.0% of the purchase price of investment property acquired, whether directly or indirectly through one or more subsidiaries or such lower percentage as may be determined by the Manager in its absolute discretion.

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

Divestment fee

Pursuant to the Trust Deed, the Manager is entitled to a divestment fee of 0.5% of the sale price of investment property sold or divested, whether directly or indirectly through one or more subsidiaries or such lower percentage as may be determined by the Manager in its absolute discretion.

The divestment fee is payable to the Manager in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager. Any payment to third party agents or brokers in connection with the disposal of any assets shall be paid to such persons out of the deposited property, and not out of the divestment fee received or to be received by the Manager.

(b) Trustee's fees

The Trustee fees are charged on a scaled basis of up to 0.1% per annum of the value of all the gross assets of the Group ("Deposited Property"), subject to a minimum of S$15,000 per month, excluding out-of-pocket expenses and GST.

(c) Property management fees

Under the property management agreement in respect of each of the properties, the respective property manager will provide property management services and construction supervision services. The property manager is entitled to the following fees:

Property management fee and expenses

A monthly property management fee equal to a certain percentage of rent or gross revenues, as more specifically defined in each property management agreement. All the property managers are unrelated to the Sponsor.

Property management fees are assessed on a monthly basis and payable in arrears. The property management fees for the property portfolio are typically charged based on gross revenue income and ranges from 1.0% to 2.0% of the gross revenue income. The specific percentages of the property management fees are set out in each of the property management agreements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

1. GENERAL (CONT'D)

(c) Property management fees (cont'd)

Property management fee and expenses (cont'd)

Notwithstanding that under the property management agreements the property management fee is payable in cash and not Units, Clause 15.7 of the Trust Deed allows for the payment of property management fee in the form of cash and/or Units. Prime US REIT may, in the future, enter into new property management agreements that provide for the payment of property management fee in Units.

Construction supervision fee

For the majority of our properties, the property managers are entitled to construction supervision fees in connection with providing construction management services for certain construction projects with respect to the property managed by the property manager. All the property managers are independent third party service providers which are unrelated to the Sponsor.

Construction supervision fees are assessed as a percentage of the total cost of the applicable construction project with respect to the properties, as more specifically set forth in each Property Management Agreement, construction management addendum to the Property Management Agreement or separate project management agreement for the Property, with the applicable percentage decreasing as the total cost of a construction project increases.

With respect to such construction supervision fees, the percentages typically range from 0% to 6% of the total cost of a construction project.

(d) Lease commissions

Leasing agents are entitled to the following fees:

Leasing services commissions

Under the leasing services agreements, the leasing agents, who are independent third-party service providers, are entitled to leasing services commissions, which are payable in cash.

Leasing services commissions for procuring leases with new tenants

The leasing agents are entitled to certain leasing services commissions for procuring leases with new tenants, and lease expansions which can range from US$2.00 per square foot per year of the lease term or 3.0% to 7.0% for the initial term of the lease.

Leasing services commissions for procuring lease renewals

The leasing agents are entitled to certain leasing services commissions for procuring lease renewals which can range from US$1.00 per square foot per year of the lease term or 2.0% to 7.0% for the term of the renewed lease.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") 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.

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 (note 9). The Group is in the process of negotiating with its lenders to complete the refinancing. The process requires time to complete which extends beyond the date of this report before firm refinancing commitments from the lenders are 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 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

2.4 Functional and presentation currency

The 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.

2.5 Significant accounting judgements and estimates

The preparation of the financial statements requires the Manager 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.

Judgements made in applying accounting policies

There are no critical judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the 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 in note 22(e) – Valuation of investment properties.

The Group based its assumptions and estimates on parameters available when the financial statements were prepared. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant accounting judgements and estimates (cont'd)

Key sources of estimation uncertainty (cont'd)

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 with inputs from independent real estate valuation experts 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 22(e).

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied by the Group consistently to the period presented in these financial statements except in the current financial year, the Group has adopted all the new and revised standards, which are effective for the annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

3.1 Consolidated financial statements

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Trust. Consistent accounting policies are applied to like transactions and events in similar circumstances. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

In the Trust's statement of financial position, investment in subsidiaries is accounted for at cost less impairment losses.

3.2 Foreign currency

(a) Foreign currency transactions and balances

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The Manager has determined the currency of the primary economic environment in which the Trust and subsidiaries operate, i.e. the functional currency, to be the US$.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Foreign currency (cont'd)

(a) Foreign currency transactions and balances (cont'd)

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction.

3.3 Investment properties

Investment properties are properties that are held to earn rental income or for capital appreciation, or for both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially stated at cost, including transaction costs, and are measured at fair value thereafter, with any change therein recognised in profit or loss in the year in which they arise. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in such manner and frequency required under the CIS Code issued by MAS.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised and the carrying amounts of the replaced components are written off to profit or loss. To the extent that lease commissions paid increase the future economic benefits of investment properties, they are capitalised as part of the assets. Lease incentives are included in the carrying amount of the investment property.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and its carrying amount) is recognised in profit or loss when control is transferred to the buyer.

When the acquisition of an investment property does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based on their relative fair values at the date of purchase. Acquisition-related costs are capitalised as part of the costs of investment property at the time the acquisition is completed.

3.4 Financial instruments

(a) Non-derivative financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.4 Financial instruments (cont'd)

(a) Non-derivative financial assets (cont'd)

Initial recognition and measurement (cont'd)

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Financial assets comprise trade receivables, cash and cash equivalents, other receivables and amount due from subsidiaries. Cash and cash equivalents comprise cash at bank.

Subsequent measurement

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Non-derivative financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Financial liabilities not at fair value through profit or loss comprise trade and other payables, amount due to related parties, rental security deposits and loans and borrowings.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.4 Financial instruments (cont'd)

(c) Preferred shares

Preferred shares are classified as financial liabilities if they are redeemable on a specific date or at the option of the holders of such units, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as finance expenses in profit or loss as accrued.

(d) Derivatives

The Group holds derivative financial instruments to manage its interest rate risk exposures. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

3.5 Impairment

(a) Financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all trade and other receivables, including lease receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, including lease receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.5 Impairment (cont'd)

(b) Non-financial assets (cont'd)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. In which case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously.

3.6 Unitholders' funds

Unitholders' funds are classified as equity. Issue costs relate to expenses incurred in connection with the issue of Units. These expenses are deducted directly against Unitholders' funds.

3.7 Revenue recognition

Rental income from operating leases

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Comprehensive Income due to its operating nature. The difference between revenue recognised and the contractual cash received is included in the carrying value of the investment property and subsequently adjusted to fair value change for investment properties recognised in profit or loss. Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease.

Recoveries income

Recoveries from tenants are recognised as income in the period in which the applicable costs are incurred.

Other operating income

Other operating income comprise parking income and other non-rental income are recognised as services are provided and the performance obligations are satisfied. Car park income consists of contractual and transient car park income, which are recognised upon utilisation of parking facilities. Non-rental income also includes lease cancellation fees. Lease cancellation fees are recognised as revenue once an agreement is reached with the tenant to terminate the lease and the collectability is reasonably assured.

Other operating income is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Other operating income is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. The amount of other operating income recognised is the amount allocated to the satisfied performance obligation.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.7 Revenue recognition (cont'd)

Finance income

Interest income is recognised as it accrues, using the effective interest method.

3.8 Finance expenses

Finance expenses comprise interest expense on borrowings, amortisation of borrowing-related transaction costs and commitment fees incurred on the borrowings and dividends on preferred shares that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

3.9 Taxes

Tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and

- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value in the United States, the presumption that the carrying amounts will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.9 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investment in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.10 Distribution policy

Prime US REIT's distribution policy is to distribute at least 90% of its Annual Distributable Income (as defined in the Trust Deed) for each financial year as practicable. The actual distribution will be determined at the discretion of the Board of Directors of the Manager.

3.11 Leases – as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in note 3.7.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank which are subject to an insignificant risk of changes in value.

3.13 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 financial statements.

3.14 New standards issued but not yet effective

The Group has not adopted the following applicable standards that have 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 standards above will have no material impact on the financial statements in the year of initial application.

4. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000
Cash at bank	11,756	11,581	3,627	2,127

Cash at banks earns interest at floating rates based on bank deposit rates.

5. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000
Trade receivables	1,509	1,872	–	–
Interest receivables	1,506	1,055	–	–
Other receivables	1,247	932	97	101
	4,262	**3,859**	**97**	**101**

Interest receivables relate to floating-versus-fixed settlement arising from interest rate swaps.

Other receivables mainly comprise property tax refunds receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are past due but not impaired

The Group has trade receivables related to rent and services amounting to US$193,000 (2022: US$639,000) at year end that are past due but not impaired. The analysis of their ageing at the end of the reporting year is as follows:

	Group	
	2023 US$'000	2022 US$'000
1 to 30 days	107	553
31 to 60 days	50	57
61 to 90 days	25	21
91 to 120 days	11	8
	193	**639**

The Group believes that no impairment losses are necessary in respect of trade receivables that are past due as these receivables mainly arose from tenants with good past payment track record and the Group maintains security deposits or letter of credits in relation to these tenants.

Receivables that are impaired

The Group has also considered trade and other receivables to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts and recognised the impairment loss on the trade receivables accordingly.

	Group	
	Individually impaired 2023 US$'000	Individually impaired 2022 US$'000
Trade receivables – nominal amounts	18	830
Less: Allowance for impairment	(18)	(830)
Balance at 31 December	–	–

Expected credit losses ("ECL")

Movement in the allowance for ECL on trade receivables computed based on lifetime ECL was as follows:

	Group	
	2023 US$'000	2022 US$'000
Balance as at 1 January	(830)	(438)
Reversal/(Charge) for the year	84	(573)
Written off	728	181
Balance as at 31 December	**(18)**	**(830)**

6. INVESTMENT PROPERTIES

	Group	
	2023 US$'000	**2022 US$'000**
Consolidated Statement of Financial Position		
At 1 January	1,542,200	1,653,000
Capital expenditure[1]	23,731	29,087
Fair value changes in investment properties	(157,981)	(139,887)
At 31 December	**1,407,950**	**1,542,200**
Consolidated Statement of Comprehensive Income		
Fair value changes in investment properties	(157,981)	(139,887)
Net effect of straight-lining[2]	(3,225)	(3,845)
Net fair value change recognised in the Statement of Comprehensive Income	**(161,206)**	**(143,732)**

[1] Includes lease incentives of US$909,000 (2022: US$2,407,000).

[2] Arising from accounting for rental income on a straight-line basis, the difference between revenue recognised and the contractual cash flow is included in the carrying value of the investment properties and subsequently adjusted to reflect fair value change in investment properties recognised in profit or loss.

Investment properties comprise office spaces which are leased to external tenants.

For the year ended 31 December 2023, net cash outflow for payments made on capital expenditures relating to investment properties amounted to US$24,429,000 (2022: US$29,489,000), after taking into consideration timing differences on the payments made.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed by independent valuers. The valuations were performed by Cushman & Wakefield and Kroll, LLC (2022: JLL Valuation & Advisory Services, LLC), who are independent valuers with the relevant professional qualifications and experience in the location and category of the properties being valued. Details of valuation techniques and inputs are disclosed in note 22(e).

Properties 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 9).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

6. INVESTMENT PROPERTIES (CONT'D)

Investment properties held by the Group are:

Property	Description and Location	Tenure	31 December 2023 US$'000	31 December 2022 US$'000
101 South Hanley	19-storey Class A office building located in St. Louis, Missouri	Freehold	67,100	71,200
171 17th Street	22-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**

7. INVESTMENT IN SUBSIDIARIES

	Trust 2023 US$'000	Trust 2022 US$'000
As at 1 January	892,217	961,368
Capital injection	45,540	56,825
Redemption of redeemable preference shares	(68,831)	(81,465)
Less: Allowance for impairment	(158,000)	(44,511)
Unquoted equity investments at cost	**710,926**	**892,217**

During the current financial year, management has provided additional impairment loss of US$158,000,000 (2022: US$44,511,000) to write down the investment in Prime US REIT S1 Pte. Ltd. due to distribution received from the subsidiary by the Trust in excess of its accounting profit during the year.

Details of the subsidiaries of the Trust are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Trust 2023 %	Effective equity held by the Trust 2022 %
Direct subsidiaries:				
Prime US REIT S1 Pte. Ltd.[1]	Investment holding	Singapore	100	100
Prime US REIT S2 Pte. Ltd.[1]	Investment holding	Singapore	100	100
Prime US REIT S3 Pte. Ltd.[1]	Investment holding	Singapore	100	100
Indirect subsidiaries:				
Prime US-Sub REIT, Inc[2]	Investment holding	United States of America	100	100
Prime US-Upper Tier, LLC[2]	Investment holding	United States of America	100	100
Prime US-Middle Tier, LLC[2]	Investment holding	United States of America	100	100
Prime US-Lower Tier, LLC[2]	Investment holding	United States of America	100	100
Prime US Properties, LLC[2]	Investment holding	United States of America	100	100
Prime US-Acquisition I, LLC[2]	Investment holding	United States of America	100	100
Prime US-Acquisition II, LLC[2]	Investment holding	United States of America	100	100
Prime US-Acquisition III, LLC[2]	Investment holding	United States of America	100	100
Prime US-Towers At Emeryville, LLC[2] [3]	Property owner	United States of America	100	100
Prime US-222 Main, LLC[2]	Property owner	United States of America	100	100
Prime US-Village Center Station, LLC[2] [3]	Property owner	United States of America	100	100
Prime US-Village Center Station II, LLC[2] [3]	Property owner	United States of America	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Trust 2023 %	Effective equity held by the Trust 2022 %
Indirect subsidiaries (cont'd):				
Prime US-101 South Hanley, LLC[2] [3]	Property owner	United States of America	100	100
Prime US-Tower At Lake Carolyn, LLC[2] [3]	Property owner	United States of America	100	100
Prime US-Promenade, LLC[2] [3]	Property owner	United States of America	100	100
Prime US-CrossPoint At Valley Forge, LLC[2] [3]	Property owner	United States of America	100	100
Prime US-One Washingtonian, LLC[2] [3]	Property owner	United States of America	100	100
Prime US-Reston Square, LLC[2] [3]	Property owner	United States of America	100	100
Prime US-171 17th Street, LLC[2] [3]	Property owner	United States of America	100	100
Prime US-Park Tower,LLC[2][3]	Property owner	United States of America	100	100
Prime US-One Town Center, LLC[2]	Property owner	United States of America	100	100
Prime US-Sorrento Towers, LLC[2]	Property owner	United States of America	100	100

(1) Audited by Ernst & Young LLP Singapore

(2) Audited by Ernst & Young LLP United States for group reporting purpose

(3) As disclosed in note 9, the equity interests of these subsidiaries have been pledged in connection with the borrowings.

8. TRADE AND OTHER PAYABLES AMOUNT DUE TO RELATED PARTIES

	Group		Trust	
	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000
Trade payables	–	140	–	–
Interest payable	3,955	3,080	–	–
Property tax payable	4,707	4,875	–	–
Building improvements payable	4,028	2,538	–	–
Accrued expenses	8,214	7,493	851	904
Trade and other payables	**20,904**	**18,126**	**851**	**904**
Amount due to related parties	**1,016**	**361**	**1,016**	**361**

Amount due to related parties mainly relates to base fees payable to the Manager. The amount is unsecured, non-interest bearing, repayable on demand and to be settled in cash.

9. LOANS AND BORROWINGS

	Nominal interest rate % per annum	Year of maturity	Group 2023 US$'000	Group 2022 US$'000
Current				
Revolving credit facility[1]	SOFR + 1.30%/1.40%	2024	78,800	–
Four-year term loan facility[1]	SOFR + 1.15%/1.25%	2024	200,000	–
Five-year term loan facility[1]	SOFR + 1.15%/1.25%	2024	200,000	–
			478,800	–
Less: Unamortised transaction costs			(397)	–
Total current loans and borrowings			478,403	–
Non-current				
Revolving credit facility[1]	SOFR + 1.30%/1.40%	2024	–	49,000
Four-year term loan facility[1]	SOFR + 1.15%,1.25%	2024	–	200,000
Five-year term loan facility[1]	SOFR + 1.15%/1.25%	2024	–	200,000
Three-year credit facility[2]	SOFR + 1.65%	2024	44,675	44,675
Three-year credit facility[3]	SOFR + 1.65%	2024	69,900	69,900
Ten-year term loan facility[4]	4.11%	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 borrower of the facilities is Prime US-Lower Tier, LLC, and its equity interests in each of the property-owning subsidiaries are pledged for the facilities.

The amount available under the revolving credit facility is US$200.0 million, of which US$78.8 million (2022: US$49.0 million) was drawn as at reporting date.

(2) The borrower is Prime US-One Town Center, LLC and the facility is secured by the One Town Center property.

The total amount available under this facility is US$64.7 million, comprising a term loan facility of US$44.7 million and a revolving credit facility of US$20.0 million.

The facility has two one-year extension options beyond its scheduled maturity date in July 2024. 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.

(3) The borrower is Prime US-Sorrento Towers, LLC and the facility is secured by the Sorrento Towers property.

The total amount available under this facility is US$94.9 million, comprising a term loan facility of US$69.9 million and a revolving credit facility of US$25.0 million.

The facility has two one-year extension options beyond its scheduled maturity date in July 2024. 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.

(4) The borrower is Prime US-222 Main, LLC, and the facility is secured by the 222 Main property.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

9. LOANS AND BORROWINGS (CONT'D)

As at 31 December 2023, the Group has unutilised facilities of US$166.2 million.

The Group entered into interest rate swaps (note 10) to manage interest rate risk arising from these borrowings. The weighted average interest rate on loans and borrowings for the year is 3.71% (2022: 2.92%).

A reconciliation of liabilities arising from the Group's financing activities is as follows:

	1 January 2023 US$'000	Net cash flows US$'000	Amortisation of upfront debt-related transaction costs US$'000	31 December 2023 US$'000
Group				
Loans and borrowings	665,572	29,336	1,513	696,421
Preferred shares	125	–	–	125

	1 January 2022 US$'000	Net cash flows US$'000	Amortisation of upfront debt-related transaction costs US$'000	31 December 2022 US$'000
Group				
Loans and borrowings	628,973	34,775	1,824	665,572
Preferred shares	125	–	–	125

10. DERIVATIVE ASSETS

	Group			
	2023 Contract/ Nominal amount US$'000	2022 Contract/ Nominal amount US$'000	2023 Assets US$'000	2022 Assets US$'000
Current:				
Interest rate swaps	114,575	–	2,707	–
Non-current:				
Interest rate swaps	330,000	444,575	15,712	29,954
Derivative financial instruments as a percentage of the Group's net assets			2.20%	3.35%

The Group enters into interest rate swaps to manage its exposure to interest rate movements on certain of its floating rate interest-bearing borrowings by swapping the interest expense on these borrowings from floating rates to fixed rates.

The change in fair value of the interest rate swaps is recognised in profit or loss for the financial year.

11. UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust			
	2023 No. of Units '000	US$'000	2022 No. of Units '000	US$'000
Units in issue				
As at 1 January	1,183,035	931,448	1,168,192	953,836
Issue of new Units:				
– Units in issue pursuant to Distribution Reinvestment Plan	3,075	749	5,232	3,783
– Management fees paid in Units	3,217	1,355	9,611	6,588
– Issue costs	–	–	–	182
– Distributions 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 the end of the 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.

Subsequent to reporting date, the Manager announced a bonus issue of new Units on the basis of 1 bonus unit to be credited as fully paid for every 10 existing Units held (note 24).

Issue of new Units in 2023

For the period from 1 October 2022 to 31 December 2022, the Trust issued 3,217,403 new Units at US$0.421 per Unit as part payment of the Manager's fees.

Issue of new Units in 2022

For the period from 1 October 2021 to 31 December 2021, the Trust issued 1,998,784 new Units at US$0.823 per Unit as part payment of the Manager's fees.

For the period from 1 January 2022 to 31 March 2022, the Trust issued 2,271,876 new Units at US$0.751 per Unit as part payment of the Manager's fees.

For the period from 1 April 2022 to 30 June 2022, the Trust issued 2,481,373 new Units at US$0.672 per Unit as part payment of the Manager's fees.

For the period from 1 July 2022 to 30 September 2022, the Trust issued 2,859,291 new Units at US$0.549 per Unit as part payment of the Manager's fees.

Distribution Reinvestment Plan ("DRP")

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

11. UNITS IN ISSUE AND TO BE ISSUED (CONT'D)

Distribution Reinvestment Plan ("DRP") (cont'd)

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

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

Rights and restrictions of Unitholders

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the Units held;
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust; and
- Have the right to receive notice of, attend and one vote per Unit at any meeting of the Unitholders.

The Unitholders are entitled to receive all distributions declared and paid by the Trust. Upon winding up, the Unitholders are entitled to a return of capital based on the asset value per Unit of the Trust.

The restrictions on Unitholders include the following:

- A Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request the Manager to redeem his Units while the Units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

12. NET ASSET VALUE PER UNIT

		Group		Trust	
	Note	2023	2022	2023	2022
Net asset value per Unit is based on:					
– Net assets (US$'000)		713,655	893,793	712,784	893,258
– Total Units issued and to be issued at 31 December ('000)	11	1,189,327	1,186,252	1,189,327	1,186,252
Net asset value per Unit (US$) attributable to Unitholders		0.60	0.75	0.60	0.75

13. GROSS REVENUE

	Group	
	2023 US$'000	2022 US$'000
Rental income	123,423	127,707
Recoveries income	26,662	26,797
Other operating income	9,718	8,508
	159,803	**163,012**

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

Other operating income includes parking income and lease termination income.

14. PROPERTY OPERATING EXPENSES

	Group	
	2023 US$'000	2022 US$'000
Property taxes	22,694	23,687
Utilities	9,074	8,689
Repairs and maintenance expenses	8,235	7,704
Property management fees	6,365	6,476
Other property operating expenses	19,876	18,522
	66,244	**65,078**

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

15. FINANCE EXPENSES

	Group	
	2023 US$'000	2022 US$'000
Interest expense on borrowings	26,222	19,428
Amortisation of upfront debt-related transaction costs	1,513	1,824
Commitment fees	343	335
Interest expense on preferred shares	26	26
	28,104	**21,613**

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

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For the financial year ended 31 December 2023

16. OTHER TRUST EXPENSES

Included in other trust expenses are the following:

	Group	
	2023 US$'000	2022 US$'000
Audit and related fees paid/payable to auditors of the Group	608	602
Tax compliance fees	384	351
Valuation fees	145	140
Other expenses	835	1,519
	1,972	**2,612**

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

17. TAX EXPENSE/(CREDIT)

The major components of tax expense/(credit) for the years ended 31 December are:

	Group	
	2023 US$'000	2022 US$'000
Deferred tax credit		
Movement in temporary differences	–	(13,929)
Current tax expense		
Income tax	45	39
Tax expense/(credit)	**45**	**(13,890)**
Reconciliation of effective tax expense/(credit)		
Net loss for the year before tax	(115,792)	(40,807)
Tax credit calculated using United States tax rate of 21%	(24,316)	(8,569)
Tax effect of expenses not deductible for tax purposes	21,375	1,209
Deferred tax assets not recognised	12,874	7,428
Tax effect of income not subject to taxation	(9,933)	(13,997)
Others	45	39
	45	**(13,890)**

The United States tax rate is used as all the properties are based in the United States.

18. LOSS PER UNIT

Basic and diluted loss per Unit is based on:

	Group	
	2023 US$'000	2022 US$'000
Net loss for the year	(115,837)	(26,917)

	Group	
	No. of Units '000	No. of Units '000
Weighted average number of Units	1,304,861	1,292,784
Loss per Unit (US cents)		
Basic and diluted	(8.88)	(2.08)

Basic and diluted loss per Unit are calculated based on the weighted average number of Units taking into account:

(i) The weighted average number of Units in issue for the year; and

(ii) Bonus issue of new Units subsequent to reporting date (note 24)

Diluted loss per Unit is equivalent to basic loss per Unit as there were no dilutive instruments in issue during the year.

19. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the direct and indirect ability to control the party, jointly control or exercise significant influence over the party in making financial and operating decisions, or vice versa. Related parties may be individuals or other entities.

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 financial statements, the following significant related party transactions took place at terms agreed between the parties:

	Group	
	2023 US$'000	2022 US$'000
Manager's base fees paid/payable	6,425	7,872
Reimbursement to the Manager	164	160
Reimbursement to related parties	127	94
Property audit fees paid/payable to a related party	160	165
Trustee fees paid/payable	201	208

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

20. 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.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to tax risk, market risk (including currency risk and interest rate risk), credit risk and liquidity risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors ("BOD") of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been, throughout the current financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Trust's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Tax risk

Changes in taxation legislation, administrative guidance or regulations, and/or any disagreement as to the interpretation thereof, may adversely affect the Group.

Any change in the tax status of the Group, or change in taxation legislation, administrative guidance, or regulation (or any disagreement as to the interpretation thereof) that applies to the Group, could adversely affect the distributions paid by the Group.

In addition, any such tax changes could adversely affect the value of the Group's investments, and/or increase the tax liabilities of the Group and/or affect the Group's ability to achieve its investment objectives. Such changes could have a significant negative impact on the Group and its unitholders.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Market risk

(i) *Currency risk*

Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group's business is not exposed to significant currency risk as the portfolio of properties are located in the United States and the cash flows from the operations of the properties are denominated in US$. The Group also borrows in the same currency as the assets in order to manage the foreign currency risk. The Trust will receive US$ distributions from the investment properties which will be passed to the Unitholders, either in US$ or converted to Singapore Dollar ("S$") at the spot foreign exchange rate on the designated date.

The Group is exposed to fluctuations in the cross-currency rates of the US$ and S$ for operating expenses incurred in Singapore, which are not material. Where appropriate, based on the prevailing market conditions, the Group may adopt suitable hedging strategies to minimise any significant foreign exchange risk. The Group has minimal exposure to currency risk.

(ii) *Interest rate risk*

The Group's exposure to changes in interest rates relates primarily to interest-bearing financial liabilities. The Manager will actively monitor and manage the Group's net exposure to interest rate risk through the use of interest rate hedging instruments and/or fixed rate borrowings, where applicable.

As at 31 December 2023, the Group had US$593.4 million (2022: US$563.6 million) of variable rate interest borrowings, of which US$444.6 million (2022: US$444.6 million) are hedged with interest rate swaps. The Group had not been exposed to significant interest rate risk.

<u>Sensitivity analysis for interest rate risk</u>

During the reporting period, if the interest rates of borrowings had been 1% (2022: 1%) per annum lower/higher with all other variables constant, the Group's net income before tax would have been US$1,318,000 (2022: US$350,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings that are not hedged.

<u>Interest rate benchmark reform</u>

During the year, the Group's variable rate interest borrowings, that were previously pegged to the London Interbank Offered Rate ("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 transition of the financial instruments from LIBOR to SOFR had no material effect on the amounts reported in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. In addition, tenants may experience financial difficulty and are unable to fulfil their lease commitments or tenants may fail to occupy and pay rent in accordance with lease agreements.

The Group mitigates credit risk through staggered lease maturities, diversification of revenue sources by ensuring no individual tenant contributes too significant a percentage of the Group's gross revenue and obtaining security deposits or letter of credits from the tenants, where applicable. The top tenant in 2023 accounted for 10.5% (2022: 10.1%) of total revenue. At the end of the reporting period, there were no significant trade receivables of the Group.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

Credit risk concentration profile

The Group evaluates the concentration of risk with respect to trade receivables as low, as its tenants are from different states and industries in the United States. As at the reporting date, the Group believes that there is minimal credit risk inherent in the Group's trade and other receivables, based on historical payment behaviours and the collaterals held. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statements of Financial Position.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in note 5 (Trade and other receivables). There were no significant trade and other receivables that are past due but not impaired.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors the liquidity risk of the Group and maintains a level of cash deemed adequate to finance its operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

The following are the contractual maturities of financial liabilities, including estimated interest payments:

			Cash flows		
	Carrying amount US$'000	Contractual cash flows US$'000	Within 1 year US$'000	After 1 year but within 5 years US$'000	After 5 years US$'000
Group					
2023					
Non-derivative financial liabilities (current)					
Loans and borrowings	478,403	496,424	496,424	–	–
Trade and other payables	20,904	20,904	20,904	–	–
Amount due to related parties	1,016	1,016	1,016	–	–
Rental security deposits	395	395	395	–	–
Non-derivative financial liabilities (non-current)					
Loans and borrowings	218,018	248,289	8,910	239,379	–
Rental security deposits	4,238	4,238	–	2,486	1,752
Preferred shares	125	203	16	62	125
	723,099	771,469	527,665	241,927	1,877
Trust					
2023					
Non-derivative financial liabilities (current)					
Trade and other payables	851	851	851	–	–
Amount due to related parties	1,016	1,016	1,016	–	–
	1,867	1,867	1,867	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

			Cash flows		
	Carrying amount US$'000	Contractual cash flows US$'000	Within 1 year US$'000	After 1 year but within 5 years US$'000	After 5 years US$'000
Group					
2022					
Non-derivative financial liabilities (current)					
Trade and other payables	18,126	18,126	18,126	–	–
Amount due to related parties	361	361	361	–	–
Rental security deposits	482	482	482	–	–
Non-derivative financial liabilities (non-current)					
Loans and borrowings	665,572	730,869	277,661	341,362	111,846
Rental security deposits	3,820	3,820	–	345	3,475
Preferred shares	125	203	16	62	125
	688,486	753,861	296,646	341,769	115,446
Trust					
2022					
Non-derivative financial liabilities (current)					
Trade and other payables	904	904	904	–	–
Amount due to related parties	361	361	361	–	–
	1,265	1,265	1,265	–	–

Capital management

The Manager's objective when managing capital is to optimise the Group's capital structure within the borrowing limits as set out in the CIS Code issued by the MAS to fund future acquisitions and asset enhancement projects at the Group's properties. To maintain and achieve an optimal capital structure, the Manager may issue new units or source additional borrowings from both financial institutions and capital markets.

The Group has a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position.

The Group is subjected to the aggregate leverage limits as defined in the Property Funds Appendix set out in the CIS Code. The Property Funds Appendix previously stipulated that the total borrowings and deferred payments (collectively the "Aggregate Leverage") of a property fund shall not exceed 45.0% of the fund's deposited property. With effect from 1 January 2023, the Aggregate Leverage limit for Singapore REITs ("S-REITs") is 50.0% with a minimum interest coverage ratio ("ICR") requirement of 2.5 times. Accordingly, S-REITs are allowed to increase their leverage to beyond the prevailing 45.0% limit (up to 50.0%).

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The Manager actively monitors the term of each loan facility, the weighted average cost of debt, and variable debt as a proportion of overall debt outstanding. The Manager also monitors the debt covenants on an ongoing basis and ensures there is sufficient cash available to make the payments under the loan agreement.

The aggregate leverage ratio is calculated as the total borrowings and deferred payments divided by the total assets. The aggregate leverage ratio as at 31 December 2023 is 48.4% (2022: 42.1%) with an ICR of 3.1 times (2022: 4.1 times). The Group has complied with the Aggregate Leverage limit during the financial year.

22. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

22. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Classification and fair value

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
Group	Note	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	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
2023									
Financial assets not measured at fair value									
Cash and cash equivalents	4	11,756	–	–	11,756	–	–	–	–
Trade and other receivables[1]	5	4,160	–	–	4,160	–	–	–	–
			–	–		–	–	–	–
		15,916	–	–	15,916	–	–	–	–
Financial assets measured at fair value									
Derivative assets	10	–	–	18,419	18,419	–	18,419	–	18,419
		–	–			–		–	
		–	–	18,419	18,419	–	18,419	–	18,419
Financial liabilities not measured at fair value									
Trade and other payables	8	–	20,904	–	20,904	–	–	–	–
Amount due to related parties	8	–	1,016	–	1,016	–	–	–	–
Rental security deposits		–	4,633	–	4,633	–	–	–	–
Loans and borrowings	9	–	696,421	–	696,421	–	–	682,923	682,923
Preferred shares		–	125	–	125	–	–	125	125
		–	723,099	–	723,099	–	–	683,048	683,048

(1) Excludes GST receivables

22. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Classification and fair value (cont'd)

Group	Note	Carrying amount				Fair value			
		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	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
2022									
Financial assets not measured at fair value									
Cash and cash equivalents	4	11,581	–	–	11,581	–	–	–	–
Trade and other receivables[1]	5	3,756	–	–	3,756	–	–	–	–
		15,337	–	–	15,337	–	–	–	–
Financial assets measured at fair value									
Derivative assets	10	–	–	29,954	29,954	–	29,954	–	29,954
		–	–	29,954	29,954	–	29,954	–	29,954
Financial liabilities not measured at fair value									
Trade and other payables	8	–	18,126	–	18,126	–	–	–	–
Amount due to related parties	8	–	361	–	361	–	–	–	–
Rental security deposits		–	4,302	–	4,302	–	–	–	–
Loans and borrowings	9	–	665,572	–	665,572	–	–	651,440	651,440
Preferred shares		–	125	–	125	–	–	125	125
		–	688,486	–	688,486	–	–	651,565	651,565

(1) Excludes GST receivables

Fair values of the Group's fixed loans and borrowings are determined by using the discounted cash flow method, using a discount rate that reflects the average market borrowing rate as at 31 December 2023.

Fair value determination of derivative liabilities is discussed in further detail in note 22(d).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

22. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

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

		Carrying amount			Fair value			
Trust	Note	Financial assets at amortised cost US$'000	Financial liabilities carried at amortised cost US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
2023								
Financial assets not measured at fair value								
Cash and cash equivalents	4	3,627	–	3,627	–	–	–	–
		3,627	–	3,627	–	–	–	–
Financial liabilities not measured at fair value								
Trade and other payables	8	–	851	851	–	–	–	–
Amount due to related parties	8	–	1,016	1,016	–	–	–	–
		–	1,867	1,867	–	–	–	–
2022								
Financial assets not measured at fair value								
Cash and cash equivalents	4	2,127	–	2,127	–	–	–	–
		2,127	–	2,127	–	–	–	–
Financial liabilities not measured at fair value								
Trade and other payables	8	–	904	904	–	–	–	–
Amount due to related parties	8	–	361	361	–	–	–	–
		–	1,265	1,265	–	–	–	–

22. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) 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 2023 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
Assets measured at fair value - recurring				
Non-financial assets				
Investment properties	–	–	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

	Group 2022 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
Assets measured at fair value - recurring				
Non-financial assets				
Investment properties	–	–	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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

22. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

The fair values of interest rate swaps are based on valuations provided by the financial institutions that are the counterparties of the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

(e) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurement

Investment properties

Investment properties are stated at fair value based on valuations by independent professional valuers. The independent professional valuers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The fair values are based on its highest and best use, in accordance with IFRS 13 fair value measurement guidance.

The independent professional valuers have considered valuation techniques including direct comparison method, income capitalisation method and discounted cash flow method 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 direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the nature, location or condition of the specific investment properties. The income capitalisation method capitalises an income stream into a present value using a market-corroborated capitalisation rate. The discounted cash flow method involves the estimation of an income stream over a period and discounting the income stream with an expected internal rate of return and terminal yield.

The fair value of investment properties of the Group was US$1.41 billion as at 31 December 2023 (2022: US$1.54 billion).

The above fair value has been classified as a Level 3 fair value based on the observability of the inputs to the valuation techniques used.

The appraised value takes into consideration current market conditions. Valuation adjustments have been made in response to the changes in market and economic conditions brought on by rising interest rates, limited market activity and leasing transactions.

Resulting from the changes in the current market condition, it is possible that values and incomes are likely to change more rapidly and significantly than during standard market conditions. Furthermore, any conclusions presented in the valuer's appraisal reports apply only as of the effective date indicated. The valuer makes no representation as to the effect on the investment properties of any event subsequent to the effective date of the appraisal.

22. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(e) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurement (cont'd)

Investment properties (cont'd)

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:

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 price would result in a lower fair value.

The table below presents the sensitivity analysis of the valuation to changes in the most significant assumptions underlying the valuation of investment properties. Figures in brackets indicated a lower fair value:

	Group	
	2023 US$'000	2022 US$'000
Fair value of investment properties as at 31 December		
Increase in discount and terminal capitalisation rate of 25 basis points	(74,800)	(65,000)
Decrease in discount and terminal capitalisation rate of 25 basis points	47,600	68,100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

22. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(e) Level 3 fair value measurements (cont'd)

(ii) Valuation policies and procedures

The Group's Chief Executive Officer (CEO), who is assisted by the Chief Financial Officer (CFO) and US Asset Manager, oversees the Group's valuation process and is responsible for setting the Group's valuation policies and procedures.

For all significant valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and IFRS 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and quality of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use up to two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

23. COMMITMENTS

Operating lease commitments – as lessor

The Group has entered into office space leases on its investment properties. These non-cancellable leases have remaining lease terms of up to 12.4 years (2022: 13.3 years).

Future minimum payments receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2023 US$'000	2022 US$'000
Not later than one year	110,442	119,505
Later than one year but not later than five years	308,466	326,870
Later than five years	121,137	122,577
	540,045	568,952

The above operating lease receivable are based on the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

24. SUBSEQUENT EVENTS

(a) 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 was paid on 28 March 2024.

(b) Bonus issue

On 21 February 2024, the Manager announced a bonus issue of new Units on the basis of 1 bonus unit to be credited as fully paid for every 10 existing Units held. Consequently, 118,932,077 new Units were issued on 28 March 2024 and the total Units in issue is 1,308,259,171.

25. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements were authorised for issue by the Manager and the Trustee on 10 April 2024.

STATISTICS OF UNITHOLDINGS

As at 15 March 2024

ISSUED AND FULLY PAID UNITS

There were 1,189,327,094 Units issued by PRIME as at 15 March 2024 (voting rights: one vote per Unit).

There is only one class of Units in PRIME.

There are no treasury units and no subsidiary holdings held.

Market Capitalisation: US$285,438,503 based on market closing price of US$0.240 per Unit on 15 March 2024.

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 – 99	33	0.71	1,433	0.00
100 – 1,000	277	5.93	217,227	0.02
1,001 – 10,000	2,116	45.32	11,854,869	0.99
10,001 – 1,000,000	2,200	47.12	143,168,193	12.04
1,000,001 AND ABOVE	43	0.92	1,034,085,372	86.95
TOTAL	4,669	100.00	1,189,327,094	100.00

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	DBS NOMINEES (PRIVATE) LIMITED	402,200,015	33.82
2	RAFFLES NOMINEES (PTE.) LIMITED	130,138,024	10.94
3	CITIBANK NOMINEES SPORE PTE LTD	106,191,225	8.93
4	KEPPEL CAPITAL INVESTMENT HOLDINGS PTE LTD	62,500,000	5.26
5	DBSN SERVICES PTE. LTD.	45,740,073	3.85
6	MAYBANK SECURITIES PTE. LTD.	38,362,395	3.23
7	TIMES PROPERTIES PRIVATE LIMITED	30,181,000	2.54
8	HSBC (SINGAPORE) NOMINEES PTE LTD	27,368,369	2.30
9	PHILLIP SECURITIES PTE LTD	27,061,917	2.28
10	ABN AMRO CLEARING BANK N.V.	19,692,095	1.66
11	DB NOMINEES (SINGAPORE) PTE LTD	19,668,396	1.65
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	13,873,420	1.17
13	OCBC SECURITIES PRIVATE LIMITED	9,961,784	0.84
14	IFAST FINANCIAL PTE. LTD.	9,350,648	0.79
15	UOB KAY HIAN PRIVATE LIMITED	8,803,173	0.74
16	TIGER BROKERS (SINGAPORE) PTE. LTD.	7,048,113	0.59
17	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	6,669,448	0.56
18	LEE YIAN PING (LI YANBIN)	6,112,700	0.51
19	LIM AND TAN SECURITIES PTE LTD	5,899,639	0.50
20	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	5,724,846	0.48
	TOTAL	982,547,280	82.64

STATISTICS OF UNITHOLDINGS

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS

(As recorded in the Register of Substantial Unitholdings as at 15 March 2024)

	Direct Interest		Deemed Interest		Total Interest	
Name of Substantial Unitholders	No. of Units	%[1]	No. of Units	%[1]	No. of Units	%[1]
KBS Real Estate Investment Trust III, Inc.[2]	Nil	Nil	215,841,899	18.15	215,841,899	18.15
KBS REIT Holdings III, LLC[3]	Nil	Nil	215,841,899	18.15	215,841,899	18.15
KBS Limited Partnership III[4]	Nil	Nil	215,841,899	18.15	215,841,899	18.15
KBS REIT Properties III, LLC	215,841,899	18.15	Nil	Nil	215,841,899	18.15
Temasek Holdings (Private) Limited[5]	Nil	Nil	105,953,207	8.91	105,953,207	8.91
Keppel Corporation Limited[6]	Nil	Nil	73,236,307	6.16	73,236,307	6.16
Keppel Capital Holdings Pte. Ltd.[7]	Nil	Nil	73,236,307	6.16	73,236,307	6.16
Keppel Capital Investment Holdings Pte. Ltd.	62,500,000	5.26	Nil	Nil	62,500,000	5.26
Steppe Investments Pte. Ltd.	62,182,000	5.23	Nil	Nil	62,182,000	5.23

Notes:

(1) The percentage of unitholding is calculated based on the total number of 1,189,327,094 Units in issue as at 15 March 2024.

(2) KBS Real Estate Investment Trust III, Inc's deemed interest arises from its shareholdings in KBS REIT Holdings III, LLC, which in turn holds 99.9% interest in KBS Limited Partnership III.

(3) KBS REIT Holdings III, LLC's deemed interest arises from its shareholdings in KBS Limited Partnership III.

(4) KBS Limited Partnership III's deemed interest arises from its shareholding in KBS REIT Properties III, a wholly-owned subsidiary of KBS Limited Partnership III.

(5) Temasek Holdings (Private) Limited's deemed interest arises through Keppel Corporation Limited ("KCL"), and Cuscaden Peak Investments Pte Ltd ("Cuscaden"). Keppel and Cuscaden are independently-managed Temasek portfolio companies. Temasek is not involved in their business or operating decisions, including those regarding their positions in Units.

(6) Keppel Corporation Limited's ("KCL") deemed interest arises from its shareholdings in (i) Keppel Capital Investment Holdings Pte. Ltd., an indirect wholly-owned subsidiary of KCL held through KCH and (ii) KC2, which holds 30% of the voting shares in the Manager and is an indirect wholly-owned subsidiary of KCL held through KCM and KCH.

(7) Keppel Capital Holdings Pte. Ltd.'s deemed interest arises from its shareholdings in (i) Keppel Capital Investment Holdings Pte. Ltd., a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd. ("KCH") and (ii) Keppel Capital Two Pte. Ltd. ("KC2") which holds 30% of the voting shares in the Manager and is an indirect wholly-owned subsidiary of KCH, held through Keppel Capital Management Pte. Ltd. ("KCM").

UNITHOLDINGS OF THE DIRECTORS OF THE MANAGER

(As recorded in the Register of Directors' Unitholdings as at 21 January 2024)

	Direct Interest		Deemed Interest		Total Interest	
Name	No. of Units	%[1]	No. of Units	%[1]	No. of Units	%[1]
Professor Annie Koh	–	–	–	–	–	–
Mr John R. French	–	–	–	–	–	–
Mr Kevin John Eric Adolphe	–	–	–	–	–	–
Professor Stephen Phua Lye Huat	–	–	–	–	–	–
Mr Richard Peter Bren	1,523,784	0.13	18,639,318[2]	1.57	20,163,102	1.70
Mr Chua Hsien Yang	–	–	–	–	–	–
Ms Janice Wu	50,000	N.M.[3]	–	–	50,000	N.M.[3]

Notes:

(1) The percentage of unitholding is calculated based on the total number of 1,189,327,094 Units in issue as at 21 January 2024.

(2) Mr Bren is deemed interested in the 18,639,318 units in PRIME held by the Linda Bren 2017 Trust, of which he is a trustee.

(3) Not meaningful.

FREE FLOAT

Based on information available to the Manager as at 15 March 2024, 64.90% of the Units in PRIME are held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST is complied with.

CORPORATE INFORMATION

THE MANAGER

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BOARD OF DIRECTORS

Professor Annie Koh
Chairperson, Independent
Non-Executive Director

Mr John R. French
Independent Non-Executive Director

Mr Kevin J. E. Adolphe
Independent Non-Executive Director

Professor Stephen Phua Lye Huat
Independent Non-Executive Director

Mr Richard Peter Bren
Non-Executive Director

Mr Chua Hsien Yang
Non-Executive Director

Ms Janice Wu
Non-Executive Director

AUDIT AND RISK COMMITTEE

Mr John R. French
Chairperson
Professor Annie Koh
Mr Kevin J. E. Adolphe
Professor Stephen Phua Lye Huat

NOMINATING AND REMUNERATION COMMITTEE

Mr Kevin J. E. Adolphe
Chairperson
Professor Annie Koh
Professor Stephen Phua Lye Huat
Mr Richard Peter Bren

COMPANY SECRETARY

Mr Lun Chee Leong
Appointment date: 22 July 2022

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Partner-in-charge: **Mr Lee Wei Hock**
Appointment Date: 21 May 2019

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