

PRIME US REIT AGM 2021
28 APRIL 2021, 9AM (WEDNESDAY)

A. LIST OF QUESTIONS RECEIVED FROM UNITHOLDERS

No	Questions
1	Any plan to invest in distressed office asset or other supposedly more resilient asset classes like business park?
2	Any DPU impact with the proposed tax hike by Biden administration?
3	What's management assessment of impact of WFH/hybrid work model to the rental, occupancy and valuation of Prime properties?
4	Please refer to your financial statement (fully yearly result) dated 17 February 2021 on page 16, the DPU is calculated as 6.94 cents. However when I use Net income 72.078 million divide the total no of units -1,057,790,830, it work out the DPU is 6.81 cents. Please clarify.
5	The occupancy rate of Village Center Station I is only 65.1%. May I know why the occupancy rate is so low. And what are the measures that Management is taken to improve the occupancy?
6	Will there be any new acquisition done this year?
7	How many tenants are considering reducing their space usage in view of the work from home?
8	How much space is currently sublet?
9	Do we see more transactions in the office space in the US and what is the trend for caprates?

B. LIST OF QUESTIONS RECEIVED FROM SIAS

Q1. As shown on page 2 of the annual report, the REIT made its maiden acquisition of Park Tower in February 2020 for US\$165.5 million before the coronavirus sent the global economy into a tailspin. Further on page 3 (financial highlights), the manager reported that the REIT's FY2020 DPU of 6.94 US cents was ahead of the IPO forecast (reproduced below).



(Source: annual report)

In the letter to unitholders, the chairman & CEO highlighted the manager's focus to maximise value for unitholders via:

- Successful leasing strategies,
- access to on-the-ground market intelligence,
- strong tenant and asset management capabilities, and
- robust capital structure.

The manager has the "ultimate objective" of achieving inclusion into the FTSE EPRA NAREIT Index.

- (i) Given that MAS has increased the aggregate limit to 50%, can the manager clarify the pace of its growth going forward, considering the uncertainty of the economic recovery and also the opportunities in the market?** The REIT's gearing was 33.5% as at 31 December 2020. It also has US\$90.4 million in undrawn bank lines and debt headroom of US\$303 million (based on 45% leverage) available to support any acquisitions.
- (ii) Has the manager set an internal aggregate leverage?**
- (iii) What safeguards are there to ensure that the REIT manager does not chase growth to meet the "ultimate objective" of being included in the FTSE EPRA NAREIT Index?**

Q2. As seen in the section titled “Properties profile” (page 18), the REIT now owns 12 freehold Class A office properties with an occupancy rate of 92.4% as at 31 December 2020.



(Source: annual report)

- (i)** Can the manager elaborate further on the investment criteria, for instance, asset type and size, tenant profile, location, etc?
- (ii)** In addition, can the manager elaborate further on the REIT’s geographical diversification? Which are the most attractive cities/states? The current geographical spread of the REIT’s assets is shown on page 18 (reproduced above).
- (iii)** With more and more companies implementing work-from-home arrangement, has the manager experienced significant requests or enquires by tenants to restructure their leases?
- (iv)** In particular, the occupancy rates at Village Center Station I, 171 17th Street and Tower 909 were 65.1%, 86.3% and 89.5% as at 31 December 2020 respectively. Are there particular challenges in leasing out the unused space in these assets?

Q3. The REIT's offers Singapore investors exposure to a portfolio of stabilised, income-producing prime office assets in the United States. All the income is denominated in US dollar and the REIT achieves a natural hedge by borrowing onshore in US denominated loans.

Distributions are declared in US dollars as well.

(i) For an investor in Singapore, does it mean that the investor would be fully exposed to the USD:SGD currency fluctuation as the REIT does not hedge its income to SGD?