



(a real estate investment trust constituted on 7 September 2018 under the laws of the Republic of Singapore)
(Managed by Prime US REIT Management Pte. Ltd.)

DIVESTMENT OF ONE TOWN CENTER IN BOCA RATON, FLORIDA

1. INTRODUCTION

1.1 Divestment of One Town Center

Prime US REIT Management Pte. Ltd., as manager of Prime US REIT (the “**Manager**”), is pleased to announce that Prime US REIT, through its indirect wholly-owned subsidiary, Prime US-One Town Center, LLC (the “**Vendor**”), has today entered into a purchase and sale agreement and escrow instructions and first amendment to the purchase and sale agreement and escrow instructions collectively, (the “**Sale Agreement**”) with Miles Capital, LLC (the “**Purchaser**”), an unrelated third party company incorporated in the State of Delaware, to divest (the “**Divestment**”) the property known as One Town Center located at One Town Center, Boca Raton, Florida for a sale price of US\$82.0 million.

1.2 Information on the Property

One Town Center is a 10-storey Class A office tower and a five-storey attached parking garage located in Boca Raton submarket, with a net lettable area of 191,294 square feet. One Town Center was last refurbished in 2020.

2. PRINCIPAL TERMS OF THE DIVESTMENT

2.1 Consideration and Valuation of the Property

DBS Trustee Limited (in its capacity as trustee of Prime US REIT) had commissioned an independent valuer, Kroll, LLC (the “**Valuer**”), to value the Property as part of the annual valuation of Prime US REIT’s portfolio. The Valuer concluded a market value for the Property of US\$84.8 million as at 31 December 2023. The sale price of US\$82.0 million, less the seller’s credit of US\$4.0 million for outstanding capital and rollover reserves, was negotiated on a willing-buyer and willing-seller basis after taking into account the independent valuation and the expected capital requirements of the Property.

In accordance with the trust deed dated 7 September 2018 constituting Prime US REIT, as amended, supplemented and/or restated from time to time (the “**Trust Deed**”), the Manager is entitled to a divestment fee of approximately US\$0.4 million, being 0.5% of the net sale price of US\$78.0 million.

2.2 Principal Terms of the Sale Agreement

The Sale Agreement contains customary provisions, including representations and warranties, indemnities, pre-completion covenants and other commercial terms.

The Purchaser will deposit in escrow a sum of US\$5.0 million within five business days after the date of execution of the Sale Agreement. The remaining sale price shall be paid upon completion of the Divestment.

The conditions precedent to the Purchaser's obligation to proceed with the closing include the following:

- (i) the seller shall have delivered to the Purchaser executed estoppels from tenants comprising at least 80% of the total area in the property leased to tenants; and
- (ii) there being no substantial damage of the Property on or before completion of the Divestment.

The Property was sold subject to, among others, existing licences, leases, service, maintenance or supply contracts and the Permitted Exceptions (as defined in the Sale Agreement) for the Property, and with the Property in its "as-is, where is" condition.

To the extent that the seller's obligations under the Sale Agreement survive the closing, they will survive for nine (9) months following the closing date, subject to a cap of approximately 2.0% of the sale price.

Completion of the Divestment is expected to take place in July 2024.

3. RATIONALE FOR THE DIVESTMENT

The Divestment is a strategic sale, in line with Prime US REIT's deleveraging strategy. The Manager is seeking to bring down the aggregate leverage and maximise liquidity to fund capital expenditures which are necessary in driving new leasing activities.

Even though the Property is being divested slightly below its valuation, it is nonetheless expected to benefit the unitholders of Prime US REIT ("**Unitholders**"). The completion of the Divestment will not only bring down the aggregate leverage of Prime US REIT, but also provide immediate additional liquidity that can allow the Manager to operate the portfolio with greater financial flexibility as it seeks to pare down existing debt, manage interest cost and provide for capital expenditures which are essential to enhance Prime US REIT's income resilience and deliver sustainable total return to Unitholders.

4. USE OF DIVESTMENT PROCEEDS AND FINANCIAL EFFECTS

4.1 Use of Divestment Proceeds

The Manager intends to use the proceeds from the Divestment to repay existing debt to enhance capital efficiency and manage borrowing costs, as well as for payment of the divestment fee and all other divestment-related costs.

Assuming the entire net proceeds from the Divestment is used to repay existing debt, Prime US REIT's aggregate leverage is expected to reduce from 48.4% as at 31 December 2023 to 45.8% on a *pro forma* basis post completion of the Divestment.

Prime US REIT is expected to recognise an estimated net loss on disposal of approximately US\$9.0 million¹ from the Divestment after deducting all divestment-related cost.

4.2 Pro Forma Financial Effects

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Divestment on the net asset value (“NAV”) per unit in Prime US REIT (“Unit”) and the distributable income (“DI”) per Unit presented below were prepared based on the audited financial statements of Prime US REIT for the financial year ended 31 December 2023.

4.2.1 Pro Forma NAV per Unit of the Divestment

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Divestment on the NAV per Unit as at 31 December 2023, as if the Divestment was completed on 31 December 2023, are as follows:

	Effects of the Divestment	
	Before the Divestment	After the Divestment
NAV per Unit ⁽¹⁾ (US\$)	0.60 ⁽²⁾	0.59

Notes:

- (1) Based on 1,189,327,094 units in issue as at 31 December 2023 and had not account for the bonus units issued on 28 March 2024 subsequent to year end.
(2) Audited NAV per Unit as at 31 December 2023.

4.2.2 Pro Forma DI per Unit of the Divestment

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Divestment on Prime US REIT’s DI per Unit for the financial year ended 31 December 2023, as if Prime US REIT had completed the Divestment on 1 January 2023, are as follows:

	Effects of the Divestment	
	Before the Divestment	After the Divestment
DI per Unit (US cents)	4.86 ⁽¹⁾	4.74 ⁽²⁾

Notes:

- (1) Based on audited distributable income for the year ended 31 December 2023
(2) Based on the assumption that the entire net proceeds after paying all divestment-related cost from the Divestment are used to repay existing debt of Prime US REIT.

5. REQUIREMENTS UNDER CHAPTER 10 OF THE LISTING MANUAL

5.1 Disclosure under Rule 1010(13) of the Listing Manual

Chapter 10 of the listing manual (the “Listing Manual”) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) classifies transactions by Prime US REIT into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative

¹ The estimated net loss on disposal is calculated by subtracting the net proceeds from the Divestment (after deducting the estimated divestment and related costs) from the book value of the Property of US\$84.8 million as at 31 December 2023.

figures computed on, *inter alia*, the following bases:

- (i) the NAV of the assets to be disposed of, compared with Prime US REIT's NAV;
- (ii) the net profits attributable to the assets acquired or disposed of, compared with Prime US REIT's net profits; and
- (iii) the aggregate value of the consideration given or received, compared with Prime US REIT's market capitalisation.

The relative figures for the Divestment using the applicable bases of comparison described above are set out in the table below.

Comparison of:	Divestment (US\$ million)	Prime US REIT (US\$ million) ⁽¹⁾	Relative Figure
Rule 1006(a) NAV of the Property compared to Prime US REIT's NAV	39.3 ⁽²⁾	713.7	5.5%
Rule 1006(b) Net profit/(loss) of the Property compared to Prime US REIT's net profit/(loss)	(4.1)	(115.8)	3.5% ⁽³⁾
Rule 1006(c) Aggregate value of consideration to be received compared with Prime US REIT's market capitalisation	78.0 ⁽⁴⁾	143.9 ⁽⁵⁾	54.2%

Notes:

- (1) Based on Prime US REIT's audited financial statements for the year ended 31 December 2023.
- (2) The net asset value of the Property as at 31 December 2023 is computed based on the book value of the property less outstanding borrowings that are secured on the Property; security deposits; and advanced rent received in relation to the Property.
- (3) In relation to paragraph 4.4(e) of Practice Note 10.1 of the Listing Manual, which relates to a disposal of a loss-making asset by an issuer (which is loss-making), the loss on disposal as described in paragraph 4.1 of this announcement does not exceed 10% of the consolidated net loss of Prime US REIT for the financial year ended 31 December 2023.
- (4) Sale price of US\$82.0 million less seller's credit of US\$4.0 million.
- (5) Based on the 1,308,259,171 Units in issue and the weighted average price of US\$0.1100 per Unit on the SGX-ST as at 14 May 2024, being the trading day immediately prior to the date of entry of the Sale Agreement.

Under Rule 1010 of the Listing Manual, where any of the relative figures computed on the bases set out above exceeds 5% but does not exceed 20%, the Sale is regarded as being a discloseable transaction. Under Rule 1014(1) of the Listing Manual, where any of the relative figures computed on the basis of the above exceeds 20%, the transaction is classified as a "major transaction" which would be subject to the approval of Unitholders. Under Rule 1014(3) of the Listing Manual, a disposal of properties is considered to be in the ordinary course of business of Prime US REIT, provided that the relative figures as computed on the bases set out in Rule 1006 do not exceed 50% based on the aggregate value of all disposals in the last twelve months.

Notwithstanding that the relative figure for the Divestment computed using the base of comparison set out in Rule 1006(c) of the Listing Manual exceeds 50%, the Manager has

made an application to the SGX-ST for a waiver of Rule 1014(3) of the Listing Manual such that the Divestment would not require Unitholders' approval (the "**Waiver**").

5.2 Receipt of Waiver from Rule 1014(3) of the Listing Manual

The SGX-ST has informed the Manager that the SGX-ST has no objection to the Waiver, subject to the following conditions:

- (i) the Manager announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 107 of the Listing Manual and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Manager must make an update announcement when the conditions have all been met;
- (ii) submission of a written confirmation from the Manager that it is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Manager;
- (iii) the Waiver is/will not be in contravention of any laws and regulations governing the issuer and its constitution (or the equivalent in the issuer's country of incorporation);
- (iv) details of the transaction remaining substantially the same as those submitted to the SGX-ST, other than Prime US REIT's market capitalisation due to market conditions;
- (v) the Manager complying with Rule 1010 of the Listing Manual for the Divestment of the Property; and
- (vi) the Manager utilising the net proceeds from the Divestment of the Property mainly to pare down Prime US REIT's existing borrowings and reduce its aggregate leverage.

In addition to above, the Waiver will need to be announced together with Prime US REIT's announcement of the Divestment of the Property and will not be effective if any of the conditions to the Waiver have not been fulfilled.

As at the date of this announcement, all the conditions of the Waiver as set out above have been satisfied.

5.3 Reasons for Seeking the Waiver

The reasons for seeking the Waiver are as follows:

- (i) **Size of the Property relatively small compared to Prime US REIT's portfolio**

The market capitalisation of Prime US REIT has dropped significantly, and the trading price of Prime US REIT has been subject to high volatility in recent months, such that the relative figure calculated under Rule 1006(c) comparing the sale consideration (net of seller's credit) to Prime US REIT's market capitalisation have been less than 50% on certain trading days and exceeding 50% on other trading days.

Despite the above, the relative figures for the Divestment computed under Rules 1006(a) and 1006(b) are relatively small. Additionally, the value of the Property of US\$84.8 million as at 31 December 2023 compared to the aggregate value of all properties of Prime US REIT of US\$1,408.0 million amounts to approximately 6.0%. Accordingly, as seen from these figures, the Property is relatively small compared

to Prime US REIT's portfolio.

(ii) **Interest of Prime US REIT to be expeditious**

The Manager believes that subjecting the Divestment to Unitholders' approval may adversely affect the sale of the Property given the current buyer's market in the US office market, and there may be concern from buyers regarding longer closing time and potential uncertainty. Furthermore, it is in the interest of Prime US REIT for this Divestment to occur expeditiously to help reduce the aggregate leverage of Prime US REIT and have the additional liquidity to fund its ongoing business needs. Additionally, the sale consideration (net of seller's credit) is in line with the definition of "reasonable price" under the Property Funds Appendix for sales to third parties, being a price not less than 90% of the assessed value.

6. OTHER INFORMATION

6.1 Interests of Directors and Controlling Unitholders

Save for the unitholding interests in Prime US REIT held by certain directors of the Manager and the controlling Unitholders, and based on information available to the Manager as at the date of this announcement, none of the directors of the Manager or the controlling Unitholders has an interest, direct or indirect, in the Divestment.

6.2 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Divestment or any other transactions contemplated in relation to the Divestment.

6.3 Documents Available for Inspection

A copy of the following is available for inspection during normal business hours at the office of the Manager located at 1 Raffles Place, #40-01, One Raffles Place, Singapore 048616 for a period of three months commencing from the date of this announcement, prior appointment would be appreciated:

- (i) a copy of the Sale Agreement; and
- (ii) a copy of the independent valuation report by the Valuer.

BY ORDER OF THE BOARD

Rahul Rana
Chief Executive Officer

Prime US REIT Management Pte. Ltd.
(Company registration no. 201825461R)
(as manager of Prime US REIT)

15 May 2024

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The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, DBS Trustee Limited (as trustee of Prime US REIT) or any of their affiliates.

An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Unitholders have no right to request the Manager to redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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