



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

**RESPONSE TO SGX-ST QUERIES ON PRIME US REIT'S ANNUAL REPORT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 ("FY2021 ANNUAL REPORT")**

KBS US Prime Property Management Pte. Ltd. (the "**Manager**"), as manager of Prime US REIT ("**PRIME**"), sets out its response to the query raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 22 April 2022 in relation to PRIME's FY2021 Annual Report announced on 12 April 2022, as follows:

**Query:**

Please disclose the size, relevant experience and track record of the outsourced internal audit firms (KBS Realty Advisors LLC and Keppel Corporation Limited) of the REIT and the Manager, as well as the experience and qualifications of the respective engagement teams

**Response:**

The internal audit function of the Manager is outsourced to Keppel Corporation Limited's Group Internal Audit ("Keppel GIA") and KBS Realty Advisors LLC ("KBSRA") internal audit. The role of the internal auditor 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, and undertakes investigations as directed by the ARC. Internal Audit has unrestricted access to the ARC and to all of the Manager's documents, records and personnel. PRIME's IA requirements are met via a comprehensive IA plan that is executed between Keppel and KBS IA under the direction of the ARC. The Internal Audit teams' primary line of reporting is to the Chairman of the ARC in relation to matters concerning PRIME.

Keppel GIA is staffed by suitably qualified executives. As of 31 Dec 2021 and 22 April 2022, the function has a headcount of 31 auditors with 7 to 27 years of experience in reviewing financial, operational, compliance and information technology risks.

As at 31 Dec 2021 and 22 April 2022, Keppel GIA's engagement team for PRIME comprises members with 7-16 years of experience in reviewing financial, operational, compliance, information technology risks. Qualifications/certifications of engagement team members include Certified Internal Auditor, Chartered Accountant, Certified Information Systems Auditor, Information Security Management System (ISMS) Auditor/Lead Auditor, ISO IEC 27001:2013, Risk and Information Systems Control Cloud Security Professional.

As a member of the Institute of Internal Auditors (IIA), Keppel GIA is guided by the International Standards for the Professional Practice of Internal Auditing set by the IIA. External quality assurance reviews are carried out at least once every five years, with the last assessment conducted in 2021. The results affirmed that the internal audit activity conforms to the International Standards for the Professional Practice of Internal Auditing. The professional competence of Keppel GIA is maintained through its continuing professional development programme for its staff which includes sending auditors to attend professional courses conducted by external accredited organisations to enhance their knowledge on auditing techniques, as well as relevant subject matter.

The internal audit team at KBSRA, which is also the engagement team for PRIME, consists of experienced internal auditors with 16 to 34 years of experience in accounting, Sarbanes Oxley compliance, and experience in reviewing operations, reporting processes, and information technology risks.

The team consisted of five and four individuals, respectively, as of 31 Dec 2021 and 22 April 2022. The team carries out internal audits on REITs managed by KBS Capital Advisors and KBSRA, and for PRIME. The engagement team for PRIME are all members of the Institute of Internal Auditors (IIA) and each of them is a Certified Internal Auditor. Following the recent departure of their IA team lead earlier this year, KBSRA is finalizing its strategy to restructure the team to ensure that the internal audit team continues to meet the highest standards of service to support PRIME's business and operations.

As a member of the Institute of Internal Auditors (IIA), KBSRA's internal audit team is guided by the Standards for the Professional Practice of Internal Auditing set by the IIA. The professional competence of KBSRA's internal audit is maintained through continuing to develop its staff by sending auditors to attend professional courses conducted by external accredited organisations to enhance their knowledge on auditing techniques, as well as relevant subject matter.

The internal audit teams adopt a risk-based approach to audit planning and execution that focused on key risks, including financial, operational, compliance and information technology risks. An annual audit plan is developed using a structured risk and control assessment framework. Internal audit reports are submitted to the ARC for deliberation with copies of these reports extended to the relevant senior management personnel. A summary of findings and recommendations are discussed at the ARC meetings. To ensure timely and proper closure of audit findings, the status of the implementation of the actions agreed by Management is tracked and discussed with the ARC.

BY ORDER OF THE BOARD

Barbara Cambon  
Chief Executive Officer

**KBS US Prime Property Management Pte. Ltd.**  
(Company Registration No. 201825461R)  
As manager of Prime US REIT  
26 April 2022

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

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

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The past performance of Prime US REIT is not necessarily indicative of its future performance.