

Prime US REIT and its subsidiaries
(Constituted under a trust deed dated 7 September 2018
in the Republic of Singapore)

Condensed Interim Consolidated Financial Statements
For the six months ended 30 June 2022

Prime US REIT and its subsidiaries

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Prime US REIT and its subsidiaries

Introduction

For the 6 months ended 30 June 2022

Overview

Prime US REIT (“PRIME” or the “Group”) is a Singapore real estate investment trust constituted by the Trust Deed dated 7 September 2018 (as amended) between KBS US Prime Property Management Pte. Ltd., as the Manager of PRIME (the “Manager”) and DBS Trustee Limited, as the Trustee of PRIME (the “Trustee”).

PRIME was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 19 July 2019 (the “Listing Date”). PRIME’s principal investment strategy is to invest, directly or indirectly, in stabilised income-producing office assets, and real estate related assets, in the United States of America (“U.S.”). PRIME’s key objectives are to provide Unitholders with regular and stable distributions and to achieve long-term growth in Distribution Per Unit (“DPU”) and net asset value (“NAV”) per Unit, while maintaining an appropriate capital structure.

As at 30 June 2022, the portfolio of PRIME comprises of 14 office properties (“the Properties”) in the United States, with an aggregate NLA of 4.4 million sq. ft with approximately US\$1.7 billion in value, as follows:

1. Tower I at Emeryville
2. 222 Main
3. Village Center Station I
4. Village Center Station II
5. 101 South Hanley
6. Tower 909
7. Promenade I & II
8. CrossPoint
9. One Washingtonian Center
10. Reston Square
11. 171 17th Street
12. Park Tower
13. One Town Center
14. Sorrento Towers

Summary of Results

	Group		
	6 months ended 30 June 2022	6 months ended 30 June 2021	+/-
Gross revenue (US\$'000)	81,804	72,069	13.5
Net property income (US\$'000)	50,820	46,340	9.7
Income available for distribution to Unitholders (US\$'000)	41,327	35,425	16.7
DPU (US cents)	3.52	3.33	5.7

Prime US REIT and its subsidiaries

Condensed Interim Statements of Financial Position
As at 30 June 2022

	Note	Group			Trust		
		30 June 2022	31 December 2021	+/-	30 June 2022	31 December 2021	+/-
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Current assets							
Cash and cash equivalents		12,949	13,873	(6.7)	1,987	1,571	26.5 (i)
Trade and other receivables		2,139	1,825	17.2 (ii)	310	563	(44.9) (ii)
Prepaid expenses		2,860	2,654	7.8	1	1	-
		17,948	18,352	(2.2)	2,298	2,135	7.6
Non-current assets							
Investment properties	5	1,663,776	1,653,000	0.7	-	-	N.M.
Derivative assets		19,112	1,580	N.M.	-	-	N.M. (iii)
Investment in subsidiaries		-	-	N.M.	950,432	961,368	(1.1)
		1,682,888	1,654,580	1.7	950,432	961,368	(1.1)
Total assets		1,700,836	1,672,932	1.7	952,730	963,503	(1.1)
Current liabilities							
Trade and other payables		18,141	15,903	14.1 (iv)	1,065	868	22.7 (iv)
Amounts due to related parties		367	361	1.7	367	361	1.7
Rental security deposits		788	892	(11.7) (v)	-	-	N.M.
Rent received in advance		6,257	9,329	(32.9) (vi)	-	-	N.M.
		25,553	26,485	(3.5) (vii)	1,432	1,229	16.5

n.m: not meaningful

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Condensed Interim Statements of Financial Position
As at 30 June 2022

	Note	30 June 2022 US\$'000	Group 31 December 2021 US\$'000	+/- %	30 June 2022 US\$'000	Trust 31 December 2021 US\$'000	+/- %
Non-current liabilities							
Loans and borrowings	6	638,486	628,973	1.5	–	–	N.M.
Rental security deposits		3,465	3,428	1.1	–	–	N.M.
Derivative liabilities		–	8,908	(100.0) (iii)	–	–	N.M.
Preferred shares		125	125	–	–	–	N.M.
Deferred tax liabilities – net	7	18,345	13,929	31.7 (viii)	–	–	N.M.
		660,421	655,363	0.8	–	–	–
Total liabilities		685,974	681,848	0.6	1,432	1,229	16.5
Net assets attributable to Unitholders		1,014,862	991,084	2.4	951,298	962,274	(1.1)
Represented by:							
Unitholders' funds		1,014,862	991,084	2.4	951,298	962,274	(1.1)
Units in issue and to be issued ('000)	8	1,178,218	1,170,191	0.7	1,178,218	1,170,191	0.7
Net asset value per Unit (US\$) attributable to Unitholders	9	0.86	0.85	1.7	0.81	0.82	(2.1)

Prime US REIT and its subsidiaries

Condensed Interim Statements of Financial Position As at 30 June 2022

Explanatory Notes

- (i) Cash and cash equivalents – Increase due to timing of receipts and payments in the ordinary operations of the trust.
- (ii) Trade and other receivables – Increase primarily due to difference in timing of receipts.
- (iii) Derivative assets/Derivative liabilities – Increase in derivative assets due to a mark to market gain of US\$17.5 million on interest rate swaps. This is primarily due to the increase in projected interest rates as at 30 June 2022 compared to projected interest rates as at 31 December 2021, resulting in a gain from the mark-to-market of these swaps. Correspondingly, derivative liabilities have been reversed during the period.
- (iv) Trade and other payables – Increase primarily due to difference in timing of payments.
- (v) Rental security deposits – Decrease in rental deposit (current) is due to expiry of certain leases during the period.
- (vi) Rent received in advance – Decrease largely due to difference in timing of advance receipts arising from two properties One Town Center and Sorrento Towers, which were acquired in July 2021.
- (vii) Current liabilities – Notwithstanding the net current liabilities position, based on the Group's existing financial resources and available undrawn credit facilities, the Group believes it is able to meet its current obligations as and when they fall due.
- (viii) Deferred tax liabilities – Increase due to tax depreciation claimed on investment properties during the six months ended 30 June 2022.

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

Prime US REIT and its subsidiaries

**Condensed Interim Consolidated Statement of Comprehensive Income
For the 6 months ended 30 June 2022**

		Group			
	Note	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000	+/(-) %	
Gross revenue	10	81,804	72,069	13.5	(i)
Property operating expenses	11	(30,984)	(25,729)	20.4	(ii)
Net property income		50,820	46,340	9.7	(iii)
Manager's base fee		(4,217)	(3,615)	16.7	(iv)
Trustee's fee		(100)	(88)	13.6	
Other trust expenses	13	(1,207)	(835)	44.6	
Net fair value change in derivatives		26,440	8,510	N.M.	(v)
Finance expenses	12	(10,104)	(7,535)	34.1	
Finance income		1	–	N.M.	
Net income for the period before tax		61,633	42,777	44.1	
Tax expense	14	(4,449)	(3,925)	13.4	
Net income for the period attributable to Unitholders		57,184	38,852	47.2	
Earnings per Unit (US cents)					
Basic and diluted	15	4.88	3.67	33.0	

Explanatory Notes

- (i) Gross revenue – Higher by 13.5% largely due to contributions from One Town Center and Sorrento Towers which were acquired in July 2021.
- (ii) Property operating expenses – Higher by 20.4% largely due to One Town Center and Sorrento Towers.
- (iii) Net property income – Higher by 9.7% largely due to increase in gross revenue from the acquisition of One Town Center and Sorrento Tower, partially offset by higher property operating expenses.
- (iv) Manager's base fee – Higher by 16.7% in line with higher income available for distribution to Unitholders. The Manager's base fee is 10.0% of income available for distribution to Unitholders (calculated before accounting for the Manager's base fee).
- (v) Net fair value change in derivatives - A gain of US\$26.4 million primarily due to the increase in projected interest rates as at 30 June 2022 compared to projected interest rates as at 31 December 2021, resulting in a gain from the mark-to-market of the interest rate swaps.

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

Prime US REIT and its subsidiaries

**Distribution Statement
For the 6 months ended 30 June 2022**

	Group	
	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
Income available for distribution to Unitholders at the beginning of period	39,348	36,250
Net income for the period	57,184	38,852
Distribution adjustments (Note A)	(15,857)	(3,427)
Income available for distribution to Unitholders for the period	41,327	35,425
Distribution to Unitholders		
- Distribution of US 3.42 cents per unit for the period from 1 July 2020 to 31 December 2020	–	(36,177)
- Distribution of US 3.36 cents per unit for the period from 6 July 2021 to 31 December 2021	(39,252)	–
Total Distribution to Unitholders	(39,252)	(36,177)
Income available for distribution to Unitholders at the end of the period	41,423	35,498

Note A - Distribution adjustments comprise:

	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
Property related non-cash items ⁽¹⁾	(1,309)	(1,859)
Manager's base fee paid/payable in Units	3,374	2,892
Trustee's fee	100	88
Amortisation of upfront debt-related transaction costs ⁽²⁾	1,013	580
Net change in fair value of derivatives	(26,440)	(8,510)
Deferred tax expense	4,416	3,899
Others ⁽³⁾	2,989	(517)
Net distribution adjustments	(15,857)	(3,427)

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

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

⁽²⁾ Upfront debt-related transaction cost are amortised over the life of the borrowings.

⁽³⁾ This includes free rent reimbursements and other adjustments. The free rent reimbursements were related to free rent periods granted to certain tenants at One Town Center and Sorrento Towers. As part of the acquisition of these properties, the seller reimbursed the Group for free rent under existing lease arrangements and free rent reimbursements are applied towards distributable income during these free rent periods.

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

Prime US REIT and its subsidiaries

Condensed Interim Statements of Changes in Unitholders' Funds
For the financial period ended 30 June 2022

	Attributable to Unitholders		
	Units in issue and to be issued US\$'000	Retained earnings US\$'000	Total US\$'000
Group			
At 1 January 2022	955,481	35,603	991,084
Net income for the period	–	57,184	57,184
Net increase in net assets resulting from operations	955,481	92,787	1,048,268
Unitholders' transactions			
Issue of new Units:			
- Manager's base fee paid/payable in Units	3,374	–	3,374
- Distribution Reinvestment Plan	2,472	–	2,472
Distribution to Unitholders	(15,070)	(24,182)	(39,252)
Net decrease in net assets resulting from Unitholders' transactions	(9,224)	(24,182)	(33,406)
At 30 June 2022	946,257	68,605	1,014,862
At 1 January 2021	891,622	16,170	907,792
Net income for the period	–	38,852	38,852
Net increase in net assets resulting from operations	891,622	55,022	946,644
Unitholders' transactions			
Issue of new Units:			
- Manager's base fee paid/payable in Units	2,892	–	2,892
Distribution to Unitholders	(10,895)	(25,282)	(36,177)
Net decrease in net assets resulting from Unitholders' transactions	(8,003)	(25,282)	(33,285)
At 30 June 2021	883,619	29,740	913,359

Prime US REIT and its subsidiaries

Condensed Interim Statements of Changes in Unitholders' Funds
For the financial period ended 30 June 2022

	Note	Attributable to Unitholders Units in issue and to be issued US\$'000	Retained earnings US\$'000	Total US\$'000
Trust				
At 1 January 2022		955,481	6,793	962,274
Net income for the period		–	22,430	22,430
Net increase in net assets resulting from operations		955,481	29,223	984,704
Unitholders' transactions				
Issue of new Units:				
- Manager's base fee paid/payable in Units		3,374	–	3,374
- Distribution Reinvestment Plan		2,472	–	2,472
Distribution to Unitholders		(15,070)	(24,182)	(39,252)
Net decrease in net assets resulting from Unitholders' transactions		(9,224)	(24,182)	(33,406)
At 30 June 2022		946,257	5,041	951,298
At 1 January 2021				
At 1 January 2021		891,622	14,953	906,575
Net income for the period		–	22,877	22,877
Net increase in net assets resulting from operations		891,622	37,830	929,452
Unitholders' transactions				
Issue of new Units:				
- Manager's base fee paid/payable in Units		2,892	–	2,892
Distribution to Unitholders		(10,895)	(25,282)	(36,177)
Net decrease in net assets resulting from Unitholders' transactions		(8,003)	(25,282)	(33,285)
At 30 June 2021		883,619	12,548	896,167

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

Prime US REIT and its subsidiaries

Condensed Interim Consolidated Statement of Cash Flows
For the 6 months ended 30 June 2022

Note	Group	
	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
Operating activities		
Net income before tax	61,633	42,777
Adjustments for:		
Property related non-cash items	(1,309)	(1,859)
Manager's fee paid/payable in Units	3,374	2,892
Impairment loss on trade receivables	162	233
Net fair value change in derivatives	(26,440)	(8,510)
Foreign exchange losses	34	27
Finance expenses	10,104	7,535
Finance income	(1)	–
Operating cash flow before working capital changes	47,557	43,095
Changes in working capital		
Trade and other receivables	(476)	36
Prepaid expenses	(206)	33
Trade and other payables	1,872	1,748
Amount due to related parties	6	(138)
Rental security deposits	(67)	(22)
Rent received in advance	(3,073)	135
Cash flow from operations	45,613	44,887
Taxes paid	(39)	(26)
Net cash generated from operating activities	45,574	44,861
Cash flows from investing activities		
Deposits paid for future acquisitions of investment properties	–	(7,000)
Settlement of liabilities in relation to the acquisition of investment properties	(626)	(45)
Payment for capital expenditure relating to investment properties	(8,588)	(8,301)
Interest received	1	–
Net cash used in investing activities	(9,213)	(15,346)

Prime US REIT and its subsidiaries

**Condensed Interim Consolidated Statement of Cash Flows (cont'd)
For the 6 months ended 30 June 2022**

Note	Group	
	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
Cash flows from financing activities		
Distribution to Unitholders	(36,780)	(36,177)
Dividends on preferred shares	(8)	(8)
Proceeds from loans and borrowings	56,500	134,000
Payment of transaction costs related to loans and borrowings	–	(430)
Repayment of loans and borrowings	(48,000)	(113,596)
Interest paid on loans and borrowings	(8,963)	(6,859)
Net cash used in financing activities	(37,251)	(23,070)
Net (decrease)/increase in cash and cash equivalents	(890)	6,445
Cash and cash equivalents at beginning of the period	13,873	37,442
Effect of exchange rate fluctuations on cash held in foreign currency	(34)	(27)
Cash and cash equivalents at end of the period	12,949	43,860

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

Prime US REIT and its subsidiaries

Interim Consolidated Portfolio Statement
As at 30 June 2022

Description of property	Location	Tenure of land	Fair value as at 30 June 2022 US\$'000	Percentage of total net assets as at 30 June 2022 %	Fair value as at 31 December 2021	Percentage of total net assets as at 31 December 2021
Tower 1 at Emeryville	San Francisco Bay Area (Oakland)	Freehold	115,125	11.3	115,000	11.6
222 Main	Salt Lake City	Freehold	228,983	22.6	228,000	23.0
Village Center Station I	Denver	Freehold	81,045	8.0	81,000	8.0
Village Center Station II	Denver	Freehold	156,170	15.4	156,000	15.7
101 South Hanley	St. Louis	Freehold	80,014	7.9	79,300	8.0
Tower 909	Dallas	Freehold	83,172	8.2	81,600	8.2
Promenade I & II	San Antonio	Freehold	75,003	7.4	74,900	7.6
CrossPoint	Philadelphia	Freehold	102,823	10.1	102,000	10.3
One Washingtonian Center	Washington D.C. Area (Suburban Maryland)	Freehold	93,358	9.2	92,500	9.3
Reston Square	Washington D.C. Area (Suburban Virginia)	Freehold	35,032	3.5	35,100	3.5
171 17th Street	Atlanta	Freehold	202,371	19.9	200,000	20.2
Park Tower	Sacramento	Freehold	158,207	15.6	157,600	15.9
One Town Center	Boca Raton	Freehold	102,647	10.1	101,000	10.2
Sorrento Towers	San Diego	Freehold	149,826	14.8	149,000	15.0
Total investment properties			1,663,776	163.9	1,653,000	166.5
Other assets and liabilities (net)			(648,914)	(63.9)	(661,916)	(66.5)
Net assets			1,014,862	100.0	991,084	100.0

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

Prime US REIT and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements For the financial period ended 30 June 2022

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 KBS US Prime Property 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 inactive from the date of its constitution to 19 July 2019 (the “Listing Date”). 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 sustainable distribution and strong total returns for Unitholders.

2. Basis of preparation

2.1 Statement of compliance

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 – *Interim Financial Reporting* 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.

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with International Financial Reporting Standards (“IFRS”), except for the adoption of new and amended standards as set out in Note 2.3 which are not expected to have a material impact on the interim financial statements.

The condensed interim 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. Basis of preparation (cont'd)

2.2 Significant accounting judgements and estimates

The preparation of the Group's condensed interim consolidated financial statements requires management 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.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Judgements made in applying accounting policies

There are no critical judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the condensed interim consolidated 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 as follows:

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 based on assumptions and estimates on parameters including inputs from independent real estate valuation experts where available 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 5.

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.

Prime US REIT and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements For the financial period ended 30 June 2022

2. Basis of preparation (cont'd)

2.3 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The adoption of those standards does not have any material impact on the Group's financial statements.

New standards issued but not yet effective

The Group has not adopted the following standards which are applicable to the Group that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to IAS 1: <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The adoption of the standards above will have no material impact on the financial statements in the year of initial application.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. 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 condensed interim consolidated financial statements.

Prime US REIT and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the financial period ended 30 June 2022

5. Investment properties

	Group 30 June 2022 US\$'000	31 December 2021 US\$'000
Consolidated Statement of Financial Position		
At 1 January	1,653,000	1,405,200
Acquisitions (including acquisition costs)	–	246,020
Capital expenditure (including leasing commissions and incentives) and straight-line rent capitalised ⁽¹⁾	10,776	14,330
Fair value changes in investment properties	–	(12,550)
As at period end	<u>1,663,776</u>	<u>1,653,000</u>

⁽¹⁾ Includes net lease commissions and lease incentives of US\$1,945,000 (2021: US\$4,482,000).

Valuation of investment properties

The Group has performed an internal assessment of the fair value of the investment properties as at 30 June 2022, having taken into consideration occupancy rate, cash flows, capitalisation rate and discount rate. For the purpose of its financial statements, the Group's practice is to assess the fair value of investment properties for material changes during interim periods and engage external valuers to perform a full valuation of its investment properties at year-end.

The 31 December 2021 valuations were performed by JLL Valuation & Advisory Services, LLC, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

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 as at 31 December 2021:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Discounted cash flow method	<ul style="list-style-type: none"> Discount rate of 6.50% to 8.50% Terminal capitalisation rate of 5.75% to 8.00% 	Higher discount rate or terminal yield would result in a lower fair value, while lower rate would result in a higher fair value.
Income capitalisation method	<ul style="list-style-type: none"> Capitalisation rate of 5.25% to 7.50% 	Higher capitalisation rate would result in a lower fair value, while lower rate would result in a higher fair value.
Direct comparison method	<ul style="list-style-type: none"> Price per square foot of US\$208 to US\$533 	Higher price per square foot would result in a higher fair value, while lower rate would result in a lower fair value.

5. Investment properties (cont'd)

The carrying value of investment properties as at 30 June 2022 comprises the last appraised value adjusted for capital costs, including building capital expenditures, leasing commissions and incentives, recognized subsequent to the last independent appraisal.

Management has assessed and concluded that the carrying value of the investment properties as at 30 June 2022 approximate their fair values based on the key inputs and parameters as at 31 December 2021 as there have been no circumstances surrounding the property portfolio that would materially change the fair value of the properties since the last independent appraisal other than the subsequent capital expenditures incurred.

The fair value of the Group's investment properties is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy based on the inputs to the valuation techniques used.

Due to the COVID-19 pandemic, it is possible that values and incomes are likely to change more rapidly and significantly than during standard market conditions. Management will continue to monitor the ongoing developments and update the assumptions and inputs when material.

Properties pledged as security

Three of the investment properties with carrying value of US\$481,456,000 (2021: US\$478,000,000) are mortgaged to secure loans (Note 6).

Prime US REIT and its subsidiaries

**Notes to the Condensed Interim Consolidated Financial Statements
For the financial period ended 30 June 2022**

5. Investment properties (cont'd)

Fair value of the investment properties held by the Group:

Property	Description and Location	Tenure	30 June 2022 US\$'000	31 December 2021 US\$'000
Tower I at Emeryville	12-storey Class A office building located in Emeryville, California	Freehold	115,125	115,000
222 Main	21-storey Class A office building located in Salt Lake City, Utah	Freehold	228,983	228,000
Village Center Station I	9-storey Class A office building located in Greenwood Village, Colorado	Freehold	81,045	81,000
Village Center Station II	12-storey Class A office building located in Greenwood Village, Colorado	Freehold	156,170	156,000
101 South Hanley	19-storey Class A office building located in St. Louis, Missouri	Freehold	80,014	79,300
Tower 909	19-storey Class A office building located in Irving, Texas	Freehold	83,172	81,600
Promenade I & II	Two 4-storey Class A office buildings located in San Antonio, Texas	Freehold	75,003	74,900
CrossPoint	4-storey Class A office building located in Wayne, Pennsylvania	Freehold	102,823	102,000
One Washingtonian Center	14-storey Class A office building located in Gaithersburg, Maryland	Freehold	93,358	92,500
Reston Square	7-storey Class A office building located in Reston, Virginia	Freehold	35,032	35,100
171 17th Street	21-storey Class A office building located in Atlanta, Georgia	Freehold	202,371	200,000
Park Tower	24-storey Class A office building located in Sacramento, California.	Freehold	158,207	157,600
One Town Center	10-storey Class A office building located in Boca Raton, Florida.	Freehold	102,647	101,000
Sorrento Towers	7-storey Class A office building located in San Diego, California.	Freehold	149,826	149,000
			1,663,776	1,653,000

Prime US REIT and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements For the financial period ended 30 June 2022

6. Loans and borrowings

	Nominal interest rate % per annum	Maturity	Group 30 June 2022 US\$'000	31 December 2021 US\$'000
Non-current				
Revolving credit facility ⁽¹⁾	LIBOR + 1.30%	July 2023 ⁽⁵⁾	22,500	14,000
Four-year term loan facility ⁽²⁾	LIBOR + 1.15%	July 2023 ⁽⁴⁾	200,000	200,000
Five-year term loan facility ⁽²⁾	LIBOR + 1.15%	July 2024	200,000	200,000
Three-year term loan facility ⁽³⁾⁽⁶⁾	LIBOR + 1.65%	July 2024	44,675	44,675
Three-year term loan facility ⁽³⁾⁽⁷⁾	LIBOR + 1.65%	July 2024	69,900	69,900
Ten-year term loan facility ⁽⁸⁾	4.11%	August 2029	105,000	105,000
			642,075	633,575
Less: Unamortised transaction costs			(3,589)	(4,602)
Total loans and borrowings			638,486	628,973

(1) The total facility amount as of 30 June 2022 is US\$200.0 million (31 December 2021: US\$200.0 million).

(2) The borrower is Prime US-Lower Tier, LLC, which has pledged its equity interest in each of the property-owning entities (apart from the entity owning the 222 Main property).

(3) The facility has two one-year extension options.

(4) The facility has a one-year extension option.

(5) The Group has exercised a one-year extension option in July 2022. Please refer to Note 20 Subsequent event for the details of the extension. The facility has one remaining one-year extension option.

(6) The borrower is Prime US-One Town Center, LLC, and the facility is secured by the One Town Center property.

(7) The borrower is Prime US-Sorrento Tower, LLC, and the facility is secured by the Sorrento Towers property.

(8) The borrower is Prime US-222 Main, LLC, and the facility is secured by the 222 Main property.

As at 30 June 2022, the Group had total gross loans and borrowings of US\$642.1 million (2021: US\$633.6 million) and US\$222.5 million (2021: US\$231.0 million) unutilised under the revolving credit facilities to meet its future obligations.

The interest rate on the four and five-year term loans aggregating US\$330 million in total have been hedged using floating-for-fixed interest rate swaps and the ten-year term loan has a fixed interest rate. Furthermore, term loans aggregating US\$114.6 million have been hedged using floating for fixed interest rates swaps to cover the aggregate outstanding amounts under the One Town Center and Sorrento Towers term loan facilities.

The weighted average interest rate (including amortisation of upfront debt-related transaction costs and commitment fees) on loans and borrowings from 1 January 2022 to 30 June 2022 was 3.08% (2021: 3.17%) per annum (taking into account the interest rate swaps). Aggregate leverage, as defined in the Property Funds Appendix, as at 30 June 2022 was 37.8% (2021: 37.9%). Interest coverage ratio as at 30 June 2022 was 4.9 times (2021: 5.4 times).

Prime US REIT and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the financial period ended 30 June 2022

7. Deferred tax liabilities – net

Deferred tax liabilities are attributable to the following:

	Group 30 June 2022 US\$'000	31 December 2021 US\$'000
Investment properties	18,345	13,929
Revaluation differences on derivatives	4,014	–
Unutilised tax losses	(4,014)	–
	18,345	13,929

Movements in deferred tax liabilities of the Group during the period/year are as follows:

	At 1 January 2022 US\$'000	Recognized in Statement of Comprehensive Income US\$'000	At 30 June 2022 US\$'000
Deferred tax assets			
Unutilised tax losses	–	4,014	4,014
Deferred tax liabilities			
Investment properties			
- Change in fair value of investment properties including net effect of straight-lining ⁽¹⁾	2,735	(517)	2,218
- Depreciation claimed for income tax purpose in United States	(16,664)	(3,899)	(20,563)
Revaluation difference on derivatives	–	(4,014)	(4,014)
	(13,929)	(8,430)	(22,359)
Deferred tax liabilities – net	(13,929)	(4,416)	(18,345)

Prime US REIT and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the financial period ended 30 June 2022

7. Deferred tax liabilities – net (cont'd)

	At 1 January 2021 US\$'000	Recognized in Statement of Comprehensive Income US\$'000	At 31 December 2021 US\$'000
Deferred tax liabilities			
Investment properties			
- Change in fair value of investment properties including net effect of straight-lining ⁽¹⁾	99	2,636	2,735
- Depreciation claimed for income tax purpose in United States	(9,358)	(7,306)	(16,664)
Deferred tax liabilities – net	(9,259)	(4,670)	(13,929)

⁽¹⁾ Due to accounting for rental income on a straight-line basis, the difference between revenue recognized and the contractual cash flow is included in the carrying value of the investment properties.

8. Units in issue and to be issued

	Group and Trust			
	6 months ended 30 June 2022		12 months ended 31 December 2021	
	No. of Units '000	US\$'000	No. of Units '000	US\$'000
Units in issue				
As at beginning of period/year	1,168,192	953,836	1,057,791	889,513
Issue of new Units:				
- Private placement	–	–	98,766	80,000
- Distribution Reinvestment Plan	3,256	2,472	3,680	3,062
- Management fees paid in Units	4,270	3,352	7,175	6,015
- Performance fees paid in Units	–	–	780	622
- Issue costs	–	–	–	(1,628)
- Distribution to Unitholders	–	(15,070)	–	(23,748)
As at the end of the period/year	1,175,718	944,590	1,168,192	953,836
Units to be issued				
Management fee payable in Units	2,500	1,667	1,999	1,645
Total Units in issue and to be issued as at the end of the period/year	1,178,218	946,257	1,170,191	955,481

The Trust does not hold any Units in treasury since its constitution.

The Trust's subsidiaries do not hold any Units in the Trust as at 30 June 2022 and 31 December 2021.

Prime US REIT and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements For the financial period ended 30 June 2022

8. Units in issue and to be issued (cont'd)

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 80.0% (2021: 80.0%) of its base fee in the form of Units for the period ended 30 June 2022.

9. Net asset value per Unit

	Group		Trust	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Net asset value per Unit	0.86	0.85	0.81	0.82
Net asset value per Unit is based on:				
- Net assets (US\$'000)	1,014,862	991,084	951,298	962,274
- Total Units in issue and to be issued at period/year end ('000)	1,178,218	1,170,191	1,178,218	1,170,191

10. Gross revenue

	Group	
	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
Rental income	64,849	59,364
Recoveries income	12,837	9,505
Other operating income	4,118	3,200
	81,804	72,069

Recoveries income includes, amongst others, charges to tenants for recovery of certain operating costs and real estate taxes and is estimated in accordance with the individual tenant leases.

Prime US REIT and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements For the financial period ended 30 June 2022

11. Property operating expenses

	Group	
	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
Property taxes	11,799	9,796
Utilities	3,917	2,993
Repair and maintenance expenses	3,762	3,451
Property management fees	2,980	2,803
Other property operating expenses	8,526	6,686
	30,984	25,729

Other property operating expenses comprise mainly of janitorial, security, insurance, and lot and landscaping costs.

12. Finance expenses

	Group	
	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
Interest expense on borrowings	8,902	6,803
Amortisation of upfront debt-related transaction costs	1,013	580
Commitment fees	171	134
Dividends on preferred shares	18	18
	10,104	7,535

Upfront debt-related transaction costs are amortised over the tenure of the borrowing.

13. Other trust expenses

Included in other trust expenses are the following:

	Group	
	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
Audit and related fees paid/payable to auditors of the Group	287	283
Tax compliance fees	288	192
Other expenses	632	360
	1,207	835

Prime US REIT and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the financial period ended 30 June 2022

14. Tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	Group	
	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
Current tax expense		
- Current year	33	26
Deferred tax expense		
Movement in temporary differences	4,416	3,899
	4,449	3,925
	4,449	3,925

15. Consolidated Earnings per Unit ("EPU") and Distribution per Unit ("DPU")

	Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
<u>EPU</u>		
Net income for the period (US\$'000)	57,184	38,852
Weighted average number of Units in issue and to be issued ('000) ⁽¹⁾	1,171,661	1,059,904
Basic and diluted EPU (US cents) ⁽²⁾	4.88	3.67
<u>DPU</u>		
Income available for distribution to Unitholders (US\$'000)	41,327	35,425
Number of Units in issue at the end of the period ('000)	1,175,718	1,062,150
DPU (US cents)	3.52	3.33
	3.52	3.33

(1) Based on the weighted average number of units in issue during the period and the units to be issued as part payment of the Manager's base fee incurred for the period from 1 January 2022 to 30 June 2022.

(2) Diluted EPU is equivalent to basic EPU as there were no dilutive instruments in issue during the period.

Prime US REIT and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements For the financial period ended 30 June 2022

16. Significant related party transactions

In the normal course of its business, the Group carried out transactions with related parties on terms agreed between the parties. During the period, in addition to those disclosed elsewhere in the condensed interim consolidated financial statements, the following significant related party transactions took place at terms agreed between the parties:

	Group	
	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
Manager's base fees paid/payable	4,217	3,615
Reimbursement to the Manager	121	84
Reimbursement to a related party	6	5
Trustee fees paid/payable	100	88

17. 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.

(b) 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:

Prime US REIT and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the financial period ended 30 June 2022

17. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

	Group 30 June 2022 US\$'000			Total
	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)	
Assets measured at fair value				
– recurring				
Non-financial assets				
Investment properties				
- <i>Commercial</i>	–	–	1,663,776	1,663,776
Total non-financial assets	–	–	1,663,776	1,663,776
Financial assets				
Derivative assets				
- <i>Interest rate swaps</i>	–	19,112	–	19,112
Total financial assets	–	19,112	–	19,112

Prime US REIT and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the financial period ended 30 June 2022

17. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

	Group 31 December 2021 US\$'000			Total
	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)	
Assets measured at fair value				
– recurring				
Non-financial assets				
Investment properties				
- <i>Commercial</i>	–	–	1,653,000	1,653,000
Total non-financial assets	–	–	1,653,000	1,653,000
Financial assets				
Derivative assets				
- <i>Interest rate swaps</i>	–	1,580	–	1,580
Total financial assets	–	1,580	–	1,580
Liabilities measured at fair value - recurring				
Financial liabilities				
Derivative liabilities				
- <i>Interest rate swaps</i>	–	8,908	–	8,908
Total financial liabilities	–	8,908	–	8,908

Prime US REIT and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the financial period ended 30 June 2022

18. Financial assets and financial liabilities

(a) Classification and fair value

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

Group	Carrying amount			Total carrying amount US\$'000
	Financial assets at amortised cost US\$'000	Financial liabilities carried at amortised cost US\$'000	Fair value – Economic hedging instruments US\$'000	
30 June 2022				
Financial assets not measured at fair value				
Cash and cash equivalents	12,949	–	–	12,949
Trade and other receivables ⁽¹⁾	1,785	–	–	1,785
	14,734	–	–	14,734
Financial assets measured at fair value				
Derivative assets	–	–	19,112	19,112
	–	–	19,112	19,112
Financial liabilities not measured at fair value				
Trade and other payables	–	18,141	–	18,141
Amounts due to related parties	–	367	–	367
Rental security deposits	–	4,253	–	4,253
Loans and borrowings	–	638,486	–	638,486
Preferred shares	–	125	–	125
	–	661,372	–	661,372

⁽¹⁾ Excludes GST receivables

Prime US REIT and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the financial period ended 30 June 2022

18. Financial assets and financial liabilities (cont'd)

(a) Classification and fair value (cont'd)

Group	Carrying amount			Total carrying amount US\$'000
	Financial assets at amortised cost US\$'000	Financial liabilities carried at amortised cost US\$'000	Fair value – Economic hedging instruments US\$'000	
31 December 2021				
Financial assets not measured at fair value				
Cash and cash equivalents	13,873	–	–	13,873
Trade and other receivables ⁽¹⁾	1,257	–	–	1,257
	15,130	–	–	15,130
Financial assets measured at fair value				
Derivative assets	–	–	1,580	1,580
	–	–	1,580	1,580
Financial liabilities not measured at fair value				
Trade and other payables	–	15,903	–	15,903
Amounts due to related parties	–	361	–	361
Rental security deposits	–	4,320	–	4,320
Loans and borrowings	–	628,973	–	628,973
Preferred shares	–	125	–	125
	–	649,682	–	649,682
Financial liabilities measured at fair value				
Derivative liabilities	–	–	8,908	8,908
	–	–	8,908	8,908

⁽¹⁾ Excludes GST receivables

Prime US REIT and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements
For the financial period ended 30 June 2022

18. Financial assets and financial liabilities (cont'd)

(a) Classification and fair values (cont'd)

Set out below is an overview of the financial assets and financial liabilities of the Trust as at 30 June 2022 and 31 December 2021:

Trust	Carrying amount			Total carrying amount US\$'000
	Financial assets at amortised cost US\$'000	Financial liabilities carried at amortised cost US\$'000	Fair value – Economic hedging instruments US\$'000	
30 June 2022				
Financial assets not measured at fair value				
Cash and cash equivalents	1,987	–	–	1,987
	1,987	–	–	1,987
Financial liabilities not measured at fair value				
Trade and other payables	–	1,065	–	1,065
Amounts due to related parties	–	367	–	367
	–	1,432	–	1,432
31 December 2021				
Financial assets not measured at fair value				
Cash and cash equivalents	1,571	–	–	1,571
	1,571	–	–	1,571
Financial liabilities not measured at fair value				
Trade and other payables	–	868	–	868
Amounts due to related parties	–	361	–	361
	–	1,229	–	1,229

Prime US REIT and its subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements For the financial period ended 30 June 2022

19. Financial ratios

	Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	%	%
Ratio of expenses to weighted average net assets ⁽¹⁾		
- Including performance component of the Manager's management fees	1.10	1.01
- Excluding performance component of the Manager's management fees	1.10	1.01
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 in both periods.

(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. There were no sales of properties for both periods.

20. Subsequent events

(a) Distribution

On 3 August 2022, the Manager announced a cumulative distribution per Unit of 3.52 US cents (comprising a tax-exempt income component of 2.00 US cents, and a capital component of 1.52 US cents) for the period from 1 January 2022 to 30 June 2022. This distribution will be paid out on 26 September 2022.

(b) Exercise renewal option

In July 2022, the Group exercised a one-year extension option on a revolving credit facility (Note 6). Accordingly, the maturity date for the revolving credit facility has been extended from July 2022 to July 2023.

Prime US REIT and its subsidiaries

Other Information required by Listing Rule Appendix 7.2

1. **Review**

The condensed interim consolidated statement of financial position of Prime US REIT and its subsidiaries as at 30 June 2022 and the related condensed interim consolidated statement of comprehensive income, distribution statement, condensed interim statement of changes in Unitholders' funds and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. **Review of performance of the Group**

Gross revenue of US\$81.8 million was 13.5% or US\$9.7 million higher in 1H2022 largely due to contributions from One Town Center and Sorrento Towers which were acquired in July 2021.

Property operating expenses of US\$31.0 million was 20.4% or US\$5.3 million higher in 1H2022 largely due to One Town Center and Sorrento Towers.

Net property income of US\$50.8 million was 9.7% or US\$4.5 million higher in 1H2022 largely due to increase in gross revenue from the acquisition of One Town Center and Sorrento Tower, partially offset by higher property operating expenses.

Manager's base fee of US\$4.2 million was 16.7% or US\$0.6 million higher in 1H2022 is in line with higher income available for distribution to Unitholders. The Manager's base fee is 10.0% of income available for distribution to Unitholders (calculated before accounting for the Manager's base fee).

Net fair value change in derivatives resulted in a gain of US\$26.4 million in 1H2022 primarily due to the increase in projected interest rates as at 30 June 2022 compared to projected interest rates as at 31 December 2021, resulting in a gain from the mark-to-market of these swaps.

Tax expense of US\$4.4 million was 13.4% or US\$0.5 million higher in 1H2022. This was due to a higher deferred tax expenses arising from an increase in carrying value of investment properties.

Overall, income available for distribution to Unitholders of US\$41.3 million was 16.7% or US\$5.9 million higher in 1H2022.

3. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The Manager has not disclosed any financial forecast.

Other Information required by Listing Rule Appendix 7.2

4. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months**

The office market continued to face an ever-evolving series of headwinds during the second quarter, shifting from questions over return to office earlier in the year to the effects of the highest rate of inflation in decades. Policy makers' decisions to combat inflationary pressure through increased interest rates were in part responsible for a slowdown in capital-focused expansion, primarily but not exclusively in tech and related industries. As a result, leasing activity across the US was effectively flat during Q2, while other fundamentals showed little change over the Q2. Continued reassessments of space needs as a result of delayed return-to-office plans pushed sublease availability upward modestly, even as the rate of take-backs and backfilling of sublease blocks was consistent with earlier quarters, just as flight to quality led to widening divergence in absorption and rent growth based on building age and amenitization. On the other hand, innovation-heavy submarkets and micro markets remained bright spots in a heavily patchy real estate environment, witnessing buoyant inbound migration from both traditional and emerging industry tenants.

As flight to quality accelerated in the second quarter, new supply and high-quality office has registered net occupancy growth of 86.8 million square feet, compared to the 246.5 million square feet of outflows in the rest of the market.¹ As a result, pricing for high-quality and premium office space has maintained its resilience, although concessions are elevated compared to historic averages. It is expected that leasing momentum will continue to build throughout the year although not uniformly, while other metrics such as occupancy and sublease availability will show further signs of recovery. Office re-entry will also carry on rising through the year, but not reaching pre-pandemic levels in most markets. In the long term, tenants will begin to make meaningful assessments over new hybrid working arrangements, which will inform longer-term real estate decision-making and space planning, while additional capital investment to meet evolving occupier needs and amenitization may be required.²

As of 30 June 2022, the portfolio occupancy of PRIME remained resilient at 90% with WALE of 4.0 years, and approximately 99.6% of leases have rental escalations. PRIME's diversified portfolio is supported by its favourable tenant exposure in the STEM/TAMI sectors. While non-gateway markets continue to provide a superior risk-adjusted return, this should bode well for PRIME's portfolio and continued success. The Manager maintains a proactive and prudent approach in its leasing and active asset management activities to maximize returns to Unitholders.

¹ JLL Office Outlook Q2 2022

² CoStar United States National Report 2022

Prime US REIT and its subsidiaries

Other Information required by Listing Rule Appendix 7.2

5. Distributions

(a) Current Financial Period reported on

Any distribution recommended for the current financial period reported on? Yes

(i) 6th distribution of US 3.52 cents for the period from 1 January 2022 to 30 June 2022

Distribution period : 6th Distribution for the period from 1 January 2022 to 30 June 2022

Distribution type/rate : Distribution of US 3.52 cents per Unit comprising of:
a. Tax-exempt income: US 2.00 cents per Unit
b. Capital: US 1.52 cents per Unit

Tax rate : Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders.

Capital distribution represents a return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of PRIME Units, the amount of capital distribution will be applied to reduce the cost base of PRIME Units for Singapore income tax purpose.

Unitholders who do not submit required U.S. tax forms completely and accurately by Tuesday, 30 August 2022 will be subject to 30% withholding taxes on the distribution.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any distribution declared for the corresponding period of the immediately preceding financial year?

Yes.

(ii) 4th distribution of US 3.33 cents for the period from 1 January 2021 to 30 June 2021

Distribution period : 4th Distribution for the period from 1 January 2021 to 30 June 2021

Distribution type/rate : Distribution of US 3.33 cents per Unit comprising of:
a. Tax-exempt income: US 2.21 cents per Unit
b. Capital: US 1.12 cents per Unit

Tax rate : Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders.

Capital distribution represents a return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of PRIME Units, the amount of capital distribution will be applied to reduce the cost base of PRIME Units for Singapore income tax purpose.

Prime US REIT and its subsidiaries

Other Information required by Listing Rule Appendix 7.2

5. Distributions (cont'd)

Note:

In connection with the Private Placement launched on 24 June 2021, the Manager had declared an advanced distribution of US 0.09 cents per Unit for the period from 1 July 2021 to 5 July 2021, being the day immediately prior to the date on which the new units were issued. This was to ensure that the total amount available for distribution, accrued by PRIME up to the day immediately prior to the date on which the new Units were issued, was only distributed to the Existing Unitholders, as a mean to ensure fairness to these Unitholders.

(iii) 2nd Advanced distribution of US 0.09 cents for the period from 1 July 2021 to 5 July 2021

Distribution period : 2nd Advanced Distribution for the period from 1 July 2021 to 5 July 2021

Distribution type/rate : Distribution of US 0.09 cents per Unit comprising of:
a. Capital: US 0.09 cents per Unit

Tax rate : Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders.

Capital distribution represents a return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of PRIME Units, the amount of capital distribution will be applied to reduce the cost base of PRIME Units for Singapore income tax purpose.

(c) Book closure date

6th Distribution – 12 August 2022

(d) Date paid/payable

6th Distribution – 26 September 2022

6. General Mandate relating to Interested person transactions

The Group has not obtained a general mandate from Unitholders for Interested Person Transactions.

7. Negative confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of KBS US Prime Property Management Pte. Ltd., as the Manager of PRIME (the "Manager"), hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the unaudited financial statements of PRIME for the period from 1 January 2022 to 30 June 2022 to be false or misleading in any material aspect.

Prime US REIT and its subsidiaries

Other Information required by Listing Rule Appendix 7.2

8. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**On behalf of the Board
KBS US Prime Property Management Pte. Ltd.
(Company Registration Number: 201825461R)
As Manager of Prime US REIT**

**Professor Annie Koh
Chairperson**

**Cheng Ai Phing
Director**

3 August 2022

Prime US REIT and its subsidiaries

Other Information required by Listing Rule Appendix 7.2

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events. 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 (the "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 (the "SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement is not to be distributed or circulated outside of Singapore. Any failure to comply with this restriction may constitute a violation of United State securities laws or the laws of any other jurisdiction.

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

**By Order of the Board
KBS US Prime Property Management Pte. Ltd.
(Company Registration Number: 201825461R)
As Manager of Prime US REIT**

**Lun Chee Leong
Company Secretary
3 August 2022**