



PRIME US REIT

UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2020

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DBS Bank Ltd. was the sole financial adviser and issue manager for the initial public offering ("IPO") of Prime US REIT.

INTRODUCTION

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 31 December 2020, the portfolio of PRIME comprises of 12 office properties (“the Properties”) in the United States, with an aggregate NLA of 3.9 million sq. ft with approximately US\$1.4 billion in value, as follows:

Tower I at Emeryville

222 Main

Village Center Station I

Village Center Station II

101 South Hanley

Tower 909

Promenade I & II

CrossPoint

One Washingtonian Center

Reston Square

171 17th Street

Park Tower (as announced on 24 February 2020, the Group completed the acquisition of Park Tower located at 980 9th St and 1010 8th St Sacramento, California.)

Financial Statements Presentation

PRIME is announcing its financial results for the half year (“2H 2020”) and full year (“FY 2020”) ended 31 December 2020.

Any differences in the tables included in this announcement between the listed amounts and the totals thereof are due to rounding.

Distribution Policy

PRIME makes distributions to Unitholders on a semi-annual basis. The current distribution will be for the period from 1 July 2020 to 31 December 2020 and will be paid on 30 March 2021.

PRIME’s distribution policy is to distribute 100.0% of distributable income for the period from the Listing Date to 31 December 2019 and for the financial year from 1 January 2020 to 31 December 2020. Thereafter, PRIME will distribute at least 90% of its annual distributable income for each financial year. The actual level of distribution will be determined at the Manager’s discretion.

SUMMARY OF PRIME'S RESULTS

	Group					
	1 Jul 2020 to 31 Dec 2020	1 Jul 2020 to 31 Dec 2020	+ / (-)⁽²⁾	1 Jan 2020 to 31 Dec 2020	1 Jan 2020 to 31 Dec 2020	+ / (-)⁽²⁾
	Actual	Forecast⁽¹⁾		Actual	Forecast	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue	72,360	67,362	7.4	143,557	134,724	6.6
Net Property Income	47,539	44,089	7.8	94,989	88,178	7.7
Income available for distribution to Unitholders	36,200	31,185	16.1	72,078	62,369	15.6
Available DPU (US cents)	3.42	3.35	2.1	6.94	6.70	3.6

(1) The forecast figures were derived from the apportionment of Forecast for Projection Year 2020's financials as disclosed in the Prospectus.

(2) Refer to the section "Variance Between Actual and Forecast Results" for the reasons behind the variance.

	Group					
	1 Jul 2020 to 31 Dec 2020	19 Jul 2019 to 31 Dec 2019	+ / (-)	1 Jan 2020 to 31 Dec 2020	19 Jul 2019 to 31 Dec 2019	+ / (-)
	Actual	Actual		Actual	Actual	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue	72,360	60,657	19.3	143,557	60,657	136.7
Net Property Income	47,539	40,170	18.3	94,989	40,170	136.5
Income available for distribution to Unitholders	36,200	29,176	24.1	72,078	29,176	147.0
Adjusted DPU (US cents)	3.42	3.15	8.4	6.94	3.15	120.0

1(A)(i)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND DISTRIBUTION STATEMENT

		Group						
Note	1 Jul 2020 to 31 Dec 2020		19 Jul 2019 to 31 Dec 2019		1 Jan 2020 to 31 Dec 2020		19 Jul 2019 to 31 Dec 2019	
	Actual	Actual	+ / (-)	Actual	Actual	+ / (-)	Actual	Actual
	US\$'000	US\$'000	%	US\$'000	US\$'000	%	US\$'000	US\$'000
<u>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</u>								
	Gross revenue	72,360	60,657	19.3	143,557	60,657	136.7	
	Property operating expenses	(24,821)	(20,486)	21.2	(48,568)	(20,486)	137.1	
	Net property income	47,539	40,171	18.3	94,989	40,171	136.5	
	Manager's base fee	(3,694)	(2,977)	24.1	(7,355)	(2,977)	147.1	
	Manager's performance fee	(622)	-	N.M.	(622)	-	N.M.	
	Trustee's fee	(98)	(76)	28.9	(188)	(76)	147.4	
	Other trust expenses	(527)	(1,008)	(47.7)	(1,426)	(1,008)	41.5	
	Net change in fair value of derivatives	2,681	(6,895)	N.M.	(16,356)	(6,895)	137.2	
	Finance expenses	(7,165)	(7,078)	1.2	(14,871)	(7,078)	110.1	
	Finance income	-	40	(100.0)	3	40	(92.5)	
	Net income before tax and fair value change in investment properties	38,114	22,177	71.9	54,174	22,177	144.3	
	Net fair value change in investment properties	(28,935)	18,795	N.M.	(28,935)	18,795	N.M.	
	Net income before tax	9,179	40,972	(77.6)	25,239	40,972	(38.4)	
	Tax credit/(expense)	1,982	(7,268)	N.M.	(2,030)	(7,268)	(72.1)	
	Net income attributable to Unitholders	11,161	33,704	(66.9)	23,209	33,704	(31.1)	
<u>DISTRIBUTION STATEMENT</u>								
	Net Income attributable to Unitholders	11,161	33,704	(66.9)	23,209	33,704	(31.1)	
	Distribution adjustments	25,039	(4,528)	N.M.	48,869	(4,528)	N.M.	
	Income available for distribution to Unitholders	36,200	29,176	24.1	72,078	29,176	147.0	

n.m – not meaningful

Notes to the Consolidated Statement of Comprehensive Income and Distribution Statement

a) Gross revenue

	Group					
	1 Jul 2020 to 31 Dec 2020	19 Jul 2019 to 31 Dec 2019		1 Jan 2020 to 31 Dec 2020	19 Jul 2019 to 31 Dec 2019	
	Actual US\$'000	Actual US\$'000	+/(-) %	Actual US\$'000	Actual US\$'000	+/(-) %
Rental income	59,692	48,130	24.0	117,532	48,130	144.2
Recoveries income ⁽¹⁾	9,369	9,365	0.0	18,675	9,365	99.4
Other operating income	3,299	3,161	4.4	7,350	3,161	132.5
Gross revenue	72,360	60,657	19.3	143,557	60,657	136.7

Footnote:

- (1) 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.

b) Property operating expenses

	Group					
	1 Jul 2020 to 31 Dec 2020	19 Jul 2019 to 31 Dec 2019		1 Jan 2020 to 31 Dec 2020	19 Jul 2019 to 31 Dec 2019	
	Actual US\$'000	Actual US\$'000	+/(-) %	Actual US\$'000	Actual US\$'000	+/(-) %
Utilities	3,173	2,886	9.9	6,037	2,886	109.2
Repair and maintenance expenses	3,342	2,586	29.2	6,211	2,586	140.2
Property management fees	2,780	2,513	10.6	5,596	2,513	122.7
Property taxes	9,300	7,471	24.5	18,450	7,471	147.0
Other property operating expenses	6,226	5,031	23.8	12,274	5,031	144.0
Property operating expenses	24,821	20,486	21.2	48,568	20,486	137.1

c) Manager's base fee

The Manager's base fee is calculated as 10.0% of income available for distribution to Unitholders before accounting for the Manager's base fee. The Manager has elected to receive 80.0% of its base fee in the form of Units for the period from 1 January 2020 to 31 December 2020.

d) Manager's performance fee

The Manager's performance fee is calculated as 25% of the difference in Distribution Per Unit ("DPU") of FY 2020 IPO Forecast DPU disclosed in the Prospectus and FY 2020 Actual DPU. The Manager has elected to receive 100% of its performance fee in the form of Units for the period from 1 January 2020 to 31 December 2020.

e) Other trust expenses

	Group					
	1 Jul 2020 to 31 Dec 2020	19 Jul 2019 to 31 Dec 2019		1 Jan 2020 to 31 Dec 2020	19 Jul 2019 to 31 Dec 2019	
	Actual US\$'000	Actual US\$'000	+ /(-) %	Actual US\$'000	Actual US\$'000	+ /(-) %
Audit fees and non audit fees paid/payable to auditors of the Group	276	581	(52.5)	647	581	11.4
Tax compliance fees	69	277	(75.1)	347	277	25.3
Valuation fees	22	85	(74.1)	101	85	18.8
Other expenses	160	65	146.2	331	65	N.M.
Other trust expenses	527	1,008	(47.7)	1,426	1,008	41.5

f) Net change in fair value of derivatives

This relates to net fair value changes on the interest rate swaps held by the Group for hedging purposes. For accounting purposes, the derivatives are carried at fair value on the balance sheet with changes in fair value recognised in profit or loss, no hedge accounting has been elected on the derivatives. This is a non-cash item and therefore does not affect income available for distribution to Unitholders.

g) Finance expenses

	Group					
	1 Jul 2020 to 31 Dec 2020	19 Jul 2019 to 31 Dec 2019		1 Jan 2020 to 31 Dec 2020	19 Jul 2019 to 31 Dec 2019	
	Actual US\$'000	Actual US\$'000	+ /(-) %	Actual US\$'000	Actual US\$'000	+ /(-) %
Interest expense on loans and borrowings	6,401	6,572	(2.6)	13,452	6,572	104.7
Amortisation of upfront debt-related transaction costs ⁽¹⁾	577	440	31.1	1,133	440	157.5
Commitment fees	179	54	N.M.	269	54	N.M.
Dividends on preferred shares	8	12	(33.3)	17	12	41.7
Finance expenses	7,165	7,078	1.2	14,871	7,078	110.1

Footnote:

(1) Upfront debt-related transaction costs including transaction costs related to issuance of preferred shares are amortised over the tenure of the borrowings.

h) Net fair value change in investment properties

PRIME obtains independent appraisals on an annual basis and according to the latest appraisal as of 31 December 2020, there is a net decrease in the appraised fair value of investment properties.

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 the COVID-19 pandemic which largely induced work-from-home arrangements, and limited market activity and leasing transactions.

Resulting from the COVID-19 pandemic, 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 appraiser makes no representation as to the effect on the subject properties of any event subsequent to the effective date of the appraisal.

i) Tax credit/(expense)

Tax credit/expense comprise deferred tax expenses and current tax expenses. 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. Tax credit mainly due to downward adjustment of fair value change in investment properties resulting in lower deferred tax.

j) Distribution adjustments

	Group					
	1 Jul 2020 to 31 Dec 2020	19 Jul 2019 to 31 Dec 2019		1 Jan 2020 to 31 Dec 2020	19 Jul 2019 to 31 Dec 2019	
	Actual US\$'000	Actual US\$'000	+/(-) %	Actual US\$'000	Actual US\$'000	+/(-) %
Property related non-cash items ⁽¹⁾	(2,797)	(2,792)	0.2	(6,139)	(2,792)	119.9
Manager's base fee paid/payable in Units	2,955	2,382	24.1	5,884	2,382	147.0
Manager's performance fee payable in Units	622	-	N.M.	622	-	N.M.
Trustee's fee	98	76	28.9	188	76	147.4
Amortisation of upfront debt-related transaction costs ⁽²⁾	577	440	31.1	1,133	440	157.5
Net change in fair value of derivatives	(2,681)	6,895	N.M.	16,356	6,895	137.2
Net fair value change in investment properties	28,935	(18,795)	N.M.	28,935	(18,795)	N.M.
Deferred tax expense	(2,022)	7,268	N.M.	1,990	7,268	(72.6)
Others ⁽³⁾	(648)	-	N.M.	(100)	-	N.M.
Distribution adjustments	25,039	(4,526)	N.M.	48,869	(4,526)	N.M.

Footnotes:

- (1) Mainly comprise straight-line rent adjustments and amortisation of lease incentives.
- (2) Upfront debt-related transaction costs including transaction costs related to issuance of preferred shares 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 Park Tower. As part of the acquisition of Park Tower, the seller reimbursed Prime for free rent under existing lease arrangements and free rent reimbursement are applied towards distributable income during these free rent periods.

1(B)(i) STATEMENTS OF FINANCIAL POSITION

Note	Group			Trust		
	As at 31 Dec 2020	As at 31 Dec 2019	+/(-)	As at 31 Dec 2020	As at 31 Dec 2019	+/(-)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Current assets						
Cash and cash equivalents	37,442	37,862	(1.1)	2,246	1,170	92.0
Trade and other receivables	1,623	2,411	(32.7)	185	1,356	(86.4)
Amount due from subsidiaries	-	-	N.M.	24,860	19,466	27.7
Prepaid expenses	2,584	2,200	17.4	9	1	N.M.
Total current assets	41,649	42,473	(1.9)	27,300	21,993	24.1
Non-current assets						
Investment properties	a 1,405,200	1,254,700	12.0	-	-	
Investment in subsidiaries	b -	-	N.M.	879,988	786,517	11.9
Total non-current assets	1,405,200	1,254,700	12.0	879,988	786,517	11.9
Total assets	1,446,849	1,297,173	11.5	907,288	808,510	12.2
Current liabilities						
Trade and other payables	14,540	16,646	(12.7)	385	309	24.7
Amount due to related parties	328	476	(31.0)	328	421	(22.2)
Rental security deposits	532	276	92.4	-	-	N.M.
Rent received in advance	6,493	5,061	28.3	-	-	N.M.
Total current liabilities	21,893	22,459	(2.5)	713	730	(2.3)
Non-current liabilities						
Loans and borrowings	c 480,352	432,824	11.0	-	-	N.M.
Rental security deposits (non-current)	3,953	2,294	72.3	-	-	N.M.
Derivative liabilities	d 23,476	6,895	N.M.	-	-	N.M.
Preferred shares	125	125	-	-	-	N.M.
Deferred tax liabilities	e 9,258	7,268	27.4	-	-	N.M.
Total non-current liabilities	517,164	449,405	15.1	-	-	N.M.
Total liabilities	539,057	471,864	14.2	713	730	(2.3)
Net assets attributable to unitholders	907,792	825,310	10.0	906,575	807,780	12.2
Represented by:						
Unitholders' funds	907,792	825,310	10.0	906,575	807,780	12.2
Units in issue and to be issued ('000)	1,060,437	926,379	14.5	1,060,437	926,379	14
Net asset value per Unit (US\$)	0.86	0.89	(3.9)	0.85	0.87	(2.0)

Notes to the Statements of Financial Position

a) Investment properties

Property	Primary Market	Carrying Value US\$'000
Tower 1 at Emeryville	San Francisco Bay Area (Oakland)	115,700
222 Main	Salt Lake City	224,000
Village Center Station I	Denver	86,400
Village Center Station II	Denver	155,100
101 South Hanley	St. Louis	80,000
Tower 909	Dallas	80,900
Promenade I & II	San Antonio	71,000
CrossPoint	Philadelphia	99,000
One Washingtonian Center	Washington D.C. Area (Suburban Maryland)	102,000
Reston Square	Washington D.C. Area (Suburban Virginia)	46,900
171 17th Street	Atlanta	180,700
Park Tower	Sacramento	163,500
Investment properties		1,405,200

	Group Carrying Value US\$'000
As at 1 January 2020	1,254,700
Acquisitions (including acquisition costs) ⁽¹⁾	163,200
Capital expenditure, tenant improvements, straight-line rent, lease commission and other items capitalised	16,235
Net fair value change in investment properties	(28,935)
As at 31 December 2020	1,405,200

Footnote:

- (1) The actual cash acquisition consideration was net of credits received at closing, for capital expenditure and leasing costs under seller's responsibility.

b) Investment in subsidiaries

The increase in investment of subsidiaries at the Trust level was due mainly to the incorporation of wholly-owned Singapore subsidiary Prime US REIT S3 Pte. Ltd. ("Sing Sub 3") and equity funding injected by PRIME with proceeds received from a private placement completed on 21 February 2020. PRIME injected US\$75,045,000 as share capital into Sing Sub 3. Sing Sub 3 used the equity funding from PRIME to subscribe for a Note issued by Prime US-Sub REIT, Inc., PRIME's wholly-owned U.S. subsidiary, to partially fund the acquisition of Park Tower.

c) Loans and borrowings

Increase due primarily to acquisition of Park Tower completed in February 2020.

d) Derivative Liabilities

This relates to the interest rate swaps entered into by the Group for hedging purpose. For accounting purposes, the derivatives are carried at fair value on the balance sheet with changes in fair value recognised in profit or loss, no hedge accounting has been elected on the derivatives.

e) Deferred Tax Liabilities

Decreased mainly due to downward adjustment of fair value in investment properties at the end of period.

1(B)(ii) AGGREGATE AMOUNT OF LOANS AND BORROWINGS

	Group	
	As at 31 Dec 2020	As at 31 Dec 2019
	US\$'000	US\$'000
Secured loans and borrowings		
Amount repayable after one year	484,596	437,596
Less: Unamortised upfront debt-related transaction costs	(4,244)	(4,772)
Total secured loans and borrowings	480,352	432,824
Unsecured loans and borrowings	-	-
Total loans and borrowings	480,352	432,824

Details of loans and borrowings, and collaterals

	Maturity	As at 31 Dec 2020
		US\$'000
Non-current loans and borrowings		
Revolving credit facility ⁽¹⁾⁽²⁾	Jul-22 ⁽³⁾	59,596
Four-year term loan facility ⁽²⁾	Jul-23 ⁽⁴⁾	160,000
Five-year term loan facility ⁽²⁾	Jul-24	160,000
Ten-year term loan facility ⁽⁵⁾	Aug-29	105,000
Total non-current loans and borrowings		484,596
Less: Unamortised transaction costs		(4,244)
Total loans and borrowings		480,352

Footnotes:

- (1) The total amount available under this facility is US\$150.0 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 borrower is Prime US-222 Main, LLC, and the facility is secured by the 222 Main property.

As at 31 December 2020, the Group had total gross loans and borrowings of US\$484.6 million. US\$90.4 million was unutilised under the revolving credit facility to meet its future obligations. The interest rate on the four- and five-year term loans have been hedged using floating-for-fixed interest rate swaps and the ten-year term loan has a fixed interest rate. The weighted average interest rate (including amortisation of upfront debt-related transaction costs and commitment fees) on loans and borrowings from 1 January 2020 to 31 December 2020 was 3.21% per annum (taking into account the interest rate swaps). Aggregate leverage, as defined in the Property Funds Appendix, as at 31 December 2020 was 33.5%. Interest coverage ratio for the half and full year ended 31 December 2020 was 5.8 times.

1(C)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group				
	Notes	1 Jul 2020 to 31 Dec 2020	19 Jul 2019 to 31 Dec 2019	1 Jan 2020 to 31 Dec 2020	19 Jul 2019 to 31 Dec 2019
		US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities					
Net income before tax		9,179	40,971	25,239	40,971
Adjustments for:					
Property related non-cash items		(2,797)	(2,792)	(6,139)	(2,792)
Manager's base and performance fee paid/payable in Units		3,577	2,382	6,506	2,382
Net change in fair value of derivatives		(2,681)	6,895	16,356	6,895
Foreign exchange gains		(77)	(18)	(72)	(18)
Finance expenses		7,165	7,078	14,871	7,078
Finance income		-	(40)	(3)	(40)
Impairment loss on trade receivables		220	130	445	130
Fair value change in investment properties		28,935	(18,795)	28,935	(18,795)
Operating income before working capital changes		43,521	35,811	86,138	35,811
Changes in working capital:					
Trade and other receivables		2,242	(2,541)	344	(2,541)
Prepaid expenses		(525)	(2,200)	(384)	(2,200)
Trade and other payables		(1,575)	7,762	966	7,762
Amount due to related parties		13	476	(148)	476
Rental security deposits		1,499	56	1,543	56
Rent received in advance		(781)	5,061	1,433	5,061
Cash flow from operations		44,394	44,423	89,892	44,423
Taxes paid		(39)	-	(39)	-
Net cash generated from operating activities		44,355	44,423	89,853	44,423
Cash flows from investing activities					
Acquisition of investment property and related assets and liabilities	a	-	(1,214,185)	(161,768)	(1,214,185)
Settlement of liabilities in relation to the acquisition of investment properties		(1,917)	(5,075)	(2,422)	(5,075)
Payment for capital expenditure relating to investment properties		(6,608)	(3,646)	(11,737)	(3,646)
Interest received		-	40	3	40
Net cash used in investing activities		(8,525)	(1,222,867)	(175,924)	(1,222,867)
Cash flows from financing activities					
Proceeds from issuance of Units	b	-	813,000	120,000	813,000
Reversal/(Payment) of transaction costs relating to issuance of Units		273	(23,776)	(2,230)	(23,776)
Proceeds from loans and borrowings		45,000	471,196	150,500	471,196
Payment of transaction costs related to loans and borrowings		(25)	(5,175)	(606)	(5,175)
Repayment of loans and borrowings		(44,000)	(33,600)	(103,500)	(33,600)
Interest paid on loans and borrowings		(6,562)	(5,433)	(13,565)	(5,433)
Transaction costs related to preferred shares		-	(37)	(1)	(37)
Distribution to Unitholders		(26,986)	-	(65,004)	-
Dividends on preferred shares		(8)	(12)	(16)	(12)
Net cash (used in)/generated from financing activities		(32,308)	1,216,287	85,578	1,216,287
Net increase/(decrease) in cash and cash equivalents		3,522	37,843	(493)	37,843
Cash and cash equivalents at beginning of the period		33,843	1	37,862	1
Effect of exchange rate fluctuations on cash held in foreign currency		77	18	73	18
Cash and cash equivalents at end of the period		37,442	37,862	37,442	37,862

Notes to the Consolidated Statement of Cash Flows

a) Acquisition of investment property and related assets and liabilities

	Group
	FY2020
	US\$'000
Agreed purchase consideration for investment property	165,500
Acquisition costs	1,880
Capital and leasing costs under seller's responsibility	(4,180)
Net cash consideration for investment property	<u>163,200</u>
Accrued expenses and other payables	(1,061)
Rental security deposits	(371)
Acquisition of investment property and related assets and liabilities	<u><u>161,768</u></u>

b) Proceeds from issuance of Units

An aggregate of 125,392,000 Units were issued at US\$0.957 per unit for gross proceeds of US\$120.0 million pursuant to a private placement completed on 21 February 2020.

The proceeds from the issue of Units and loan facilities drawn on were used for the following:

	Actual
	US\$'000
Acquisition of the property ⁽¹⁾	163,200
Transaction costs ⁽²⁾	2,658
Total	<u><u>165,858</u></u>

Footnotes:

- (1) Actual cash consideration was net of seller's portion of capital and leasing costs and includes acquisition costs.
- (2) Transaction costs include expenses incurred in relation to the issuance of Units and bank borrowings.

1 (D)(i) STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

Group

	Units in issue and to be issued	Retained earnings	Total
	US\$'000	US\$'000	US\$'000
At 1 January 2020	791,606	33,704	825,310
Operations			
Net income for the period	-	12,048	12,048
Unitholders' transactions			
Issue of new units for private placement	120,000	-	120,000
Issue costs ⁽¹⁾	(2,502)	-	(2,502)
Manager's base fee paid and payable in Units	2,929	-	2,929
Distribution to Unitholders	(19,518)	(18,500)	(38,018)
Total Unitholders' transactions	100,909	(18,500)	82,409
Total Unitholders' funds as at 30 June 2020	892,515	27,252	919,767
-			
Operations			
Net income for the period	-	11,161	11,161
Unitholders' transactions			
Issue costs ⁽¹⁾	273	-	273
Manager's base and performance fee paid and payable in Units	3,577	-	3,577
Distribution to Unitholders	(4,743)	(22,243)	(26,986)
Total Unitholders' transactions	(893)	(22,243)	(23,136)
Total Unitholders' funds as at 31 December 2020	891,622	16,170	907,792
-			
	Units in issue and to be issued	Retained earnings	Total
	US\$'000	US\$'000	US\$'000
At 19 July 2019 (Listing Date)	-	-	-
Operations			
Net income for the period	-	33,704	33,704
Unitholders' transactions			
Issue of new units on the Listing Date	813,000	-	813,000
Issue costs ⁽¹⁾	(23,776)	-	(23,776)
Manager's base fee paid and payable in Units	2,382	-	2,382
Distribution to Unitholders	-	-	-
Total Unitholders' transactions	791,606	-	791,606
Total Unitholders' funds as at 31 December 2019	791,606	33,704	825,310

Footnotes:

- (1) Issue costs comprise professional, advisory and underwriting fees and other costs related to the issuance of Units for the private placement.

Trust

	Units in issue and to be issued	Retained earnings	Total
	US\$'000	US\$'000	US\$'000
At 1 January 2020	791,606	16,174	807,780
Operations			
Net income for the period	-	19,382	19,382
Unitholders' transactions			
Issue of new units for private placement	120,000	-	120,000
Issue costs ⁽¹⁾	(2,502)	-	(2,502)
Manager's base fee paid and payable in Units	2,929	-	2,929
Distribution to Unitholders	(19,518)	(18,500)	(38,018)
Total Unitholders' transactions	100,909	(18,500)	82,409
Total Unitholders' funds as at 30 June 2020	892,515	17,056	909,571
Operations			
Net income for the period	-	20,140	20,140
Unitholders' transactions			
Issue costs ⁽¹⁾	273	-	273
Manager's base and performance fee paid and payable in Units	3,577	-	3,577
Distribution to Unitholders	(4,743)	(22,243)	(26,986)
Total Unitholders' transactions	(893)	(22,243)	(23,136)
Total Unitholders' funds as at 31 December 2020	891,622	14,953	906,575
	Units in issue and to be issued	Retained earnings	Total
	US\$'000	US\$'000	US\$'000
At 19 July 2019 (Listing Date)	-	-	-
Operations			
Net income for the period	-	16,174	16,174
Unitholders' transactions			
Issue of new units on the Listing Date	813,000	-	813,000
Issue costs ⁽¹⁾	(23,776)	-	(23,776)
Manager's base fee paid and payable in Units	2,382	-	2,382
Distribution to Unitholders	-	-	-
Total Unitholders' transactions	791,606	-	791,606
Total Unitholders' funds as at 31 December 2019	791,606	16,174	807,780

Footnotes:

- (1) Issue costs comprise professional, advisory and underwriting fees and other costs related to the issuance of Units for the private placement.

1 (D)(ii) DETAILS OF ANY CHANGES IN UNITS

	Group and Trust	
	2020	2019
Units in issue:		
At the beginning of the period	925,003,872	1
Private placement	125,392,000	-
Manager's base fee paid in Units	3,761,423	-
Total issued Units as at 30 June	1,054,157,295	1
New Units issued on the Listing Date	-	923,863,999
Manager's base fee paid in Units	3,633,535	1,139,872
Total issued Units as at 31 December	1,057,790,830	925,003,872
Units to be issued:		
Manager's base fee payable in Units ⁽¹⁾	1,865,482	1,374,720
Manager's performance fee payable in Units ⁽²⁾	780,730	-
Total units issued and to be issued as at 31 December	1,060,437,042	926,378,592

Footnote:

- (1) The Manager has elected to receive 80.0% of the Manager's base fee in Units for period 1 October 2020 to 31 December 2020. The number of Units is calculated based on the volume weighted average traded price of the Units on the SGX-ST for the last 10 business days for the period ended 31 December 2020 of US\$0.797.
- (2) The Manager has elected to receive 100% of the Manager's performance fee in Units for period 1 January 2020 to 31 December 2020. The number of Units is calculated based on the volume weighted average traded price of the Units on the SGX-ST for the last 10 business days for the period ended 31 December 2020 of US\$0.797.

1 (D)(iii) TOTAL NUMBER OF ISSUED UNITS

	Group	
	As at 31 Dec 2020	As at 31 Dec 2019
Total number of issued units	1,057,790,830	925,003,872

PRIME does not hold any treasury units as at 31 December 2020 and 31 December 2019.

1 (D)(iv) SALES, TRANSFERS, DISPOSALS, CANCELLATION AND/OR USE OF TREASURY UNITS

Not applicable.

2. AUDIT

The figures have neither been audited nor reviewed by the auditors.

3. AUDITORS' REPORT

Not applicable

4. ACCOUNTING POLICIES

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation as described in its latest audited financial statements for the financial year ended 31 December 2019 in the preparation of the consolidated financial statements for the current reporting period.

5. CHANGES IN ACCOUNTING POLICIES

The Group adopted the revised IFRS and interpretations that are effective for annual period beginning 1 January 2020. The adoption of these revised IFRS and interpretations did not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period.

6. CONSOLIDATED EARNINGS PER UNIT ("EPU") AND DISTRIBUTION PER UNIT ("DPU")

	Group			
	2H 2020	2H 2019	FY 2020	FY 2019
EPU				
Net income for the period (US\$'000)	11,161	33,704	23,209	33,704
Weighted average number of Units in issue and to be issued ⁽¹⁾	1,055,820,377	924,119,482	1,036,322,175	924,119,482
Basic and diluted EPU (US cents)⁽²⁾	1.06	3.65	2.24	3.65
DPU				
Income available for distribution to Unitholders (US\$'000)	36,200	29,176	72,078	29,176
Number of Units in issue at the end of the period ⁽³⁾	1,057,790,830	925,003,872	1,057,790,830	925,003,872
DPU (US cents)	3.42	3.15	6.94	3.15

Footnotes:

- (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 September 2020 to 31 December 2020 and Manager's performance fee incurred for the period from 1 January 2020 to 31 December 2020.
- (2) Diluted EPU is equivalent to basic EPU as there were no dilutive instruments in issue during the period.
- (3) Number of units in issue as at 31 December 2020.

7. NET ASSET VALUE ("NAV") AND NET TANGIBLE ASSET ("NTA") PER UNIT

	As at 31 Dec 2020		As at 31 Dec 2019	
	Group	Trust	Group	Trust
Net assets (US\$'000)	907,792	906,575	825,310	807,780
Number of Units in issue and to be issued ⁽¹⁾	1,060,437,042	1,060,437,042	926,378,592	926,378,592
NAV and NTA per Unit ⁽²⁾ (US\$)	0.86	0.85	0.89	0.87

Footnotes:

- (1) Based on the number of Units in issue during the period and the Units to be issued as part payment of the Manager's base and performance fee.
- (2) NAV and NTA is the same as there are no intangible assets as at the end of the period.

8. REVIEW OF PERFORMANCE

Actual 2H 2020 vs Actual 2H 2019

Gross revenue of US\$72.4 million was 19.3% or US\$11.7 million higher than 2H 2019 largely due to contributions from Park Tower, which was acquired in February 2020.

Net property income of US\$47.5 million was 18.3% or US\$7.4 million higher than 2H 2019 primarily due to the contribution from Park Tower.

Manager's base fee of US\$3.7 million was 24.1% or US\$0.7 million higher than 2H 2019 in line with higher income available for distribution to Unitholders. Manager's base fee is 10.0% of income available for distribution to Unitholders (calculated before accounting for the Manager's base fee).

Other trust expenses of US\$0.5 million were 47.7% or US\$0.5 million lower than 2H 2019 largely due to lower than 2H 2019 tax compliance fees, investor relations costs and miscellaneous expenses.

Net change in fair value of derivatives resulted in a gain of US\$2.7 million primarily due increase in interest rates. This is a non-cash item and therefore does not affect income available for distribution to Unitholders.

Tax credit of US\$2.0 million was 127.3% or US\$9.3 million lower than 2H 2019. This was primarily due to lower deferred tax recognised due to the downward adjustment in fair value of investment properties.

Overall, income available for distribution to Unitholders of US\$36.2 million was 24.1% or US\$7.0 million higher than 2H 2019.

Actual FY 2020 vs Actual FY 2019

Gross revenue of US\$143.6 million was 136.7% or US\$82.9 million higher than FY 2019 largely due to contributions from Park Tower, which was acquired in February 2020 and FY 2019 was for a period of less than 6 months from 19 July 2019 to 31 December 2019.

Net property income of US\$95.0 million was 136.5% or US\$54.8 million higher than FY 2019 primarily due to the contribution from Park Tower and FY 2019 was for a period of less than 6 months from 19 July 2019 to 31 December 2019.

Manager's base fee of US\$7.4 million was 147.0% or US\$4.4 million higher than FY 2019 in line with higher income available for distribution to Unitholders. Manager's base fee is 10.0% of income available for distribution to Unitholders (calculated before accounting for the Manager's base fee).

Other trust expenses of US\$1.4 million were 41.5% or US\$0.4 million higher than FY 2019 largely due FY 2019 is for a period of less than 6 months from 19 July 2019 to 31 December 2019.

Net change in fair value of derivatives resulted in a loss of US\$16.4 million primarily due to lower in interest rates through the year ended 31 December 2020, resulting in a loss from mark-to-market of these swaps. This is a non-cash item and therefore does not affect income available for distribution to Unitholders.

Tax expense of US\$2.0 million was 72.1% or US\$5.2 million lower than FY2019. This was primarily due to lower deferred tax recognised due to the downward adjustment in fair value of investment properties.

Overall, income available for distribution to Unitholders of US\$72.1 million was 147.0% or US\$42.9 million higher than FY 2019.

9. VARIANCE BETWEEN ACTUAL AND FORECAST RESULTS

<u>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</u>	Group					
	1 Jul 2020 to 31 Dec 2020			1 Jan 2020 to 31 Dec 2020		
	Actual	Forecast ⁽¹⁾	Change	Actual	Forecast	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue	72,360	67,362	7.4	143,557	134,724	6.6
Property operating expenses	(24,821)	(23,273)	6.6	(48,568)	(46,546)	4.3
Net Property Income	47,539	44,089	7.8	94,989	88,178	7.7
Manager's base fee	(3,694)	(3,182)	16.1	(7,355)	(6,364)	15.6
Manager's performance fee	(622)	-	n.m.	(622)	-	n.m.
Trustee's fee	(98)	(122)	(19.7)	(188)	(244)	(23.0)
Other trust expenses	(527)	(1,750)	(69.9)	(1,426)	(3,500)	(59.3)
Net change in fair value of derivatives	2,681	-	n.m.	(16,356)	-	n.m.
Finance expenses	(7,165)	(8,213)	(12.8)	(14,871)	(16,424)	(9.5)
Finance income	-	-	n.m.	3	-	n.m.
Net income before tax and fair value change in investment properties	38,114	30,822	23.7	54,174	61,646	(12.1)
Net fair value change in investment properties	(28,935)	-	n.m.	(28,935)	-	n.m.
Net income before tax	9,179	30,822	(70.2)	25,239	61,646	(59.1)
Tax credit/(expense)	1,982	(2,887)	(168.7)	(2,030)	(5,775)	(64.8)
Net income attributable to Unitholders	11,161	27,935	(60.0)	23,209	55,871	(58.5)
<u>DISTRIBUTION STATEMENT</u>						
Net Income attributable to unitholders	11,161	27,935	(60.0)	23,209	55,871	(58.5)
Distribution adjustments	25,039	3,250	670.4	48,869	6,498	n.m.
Income available for distribution to Unitholders	36,200	31,185	16.0	72,078	62,369	15.5

Footnotes:

(1) The forecast figures were derived from the apportionment of Forecast for Projection Year 2020's financials as disclosed in the Prospectus.

n.m.: not meaningful

Actual vs Forecast for 2H 2020

Gross revenue of US\$72.4 million was 7.4% or US\$5.0 million above forecast largely due to contributions from Park Tower, which was acquired in February 2020.

Net property income of US\$47.5 million was 7.8% or US\$3.5 million higher than forecast primarily due to the contribution from Park Tower.

Manager's base fee of US\$3.7 million was 16.1% or US\$0.5 million higher than forecast in line with higher income available for distribution to Unitholders. Manager's base fee is 10.0% of income available for distribution to Unitholders (calculated before accounting for the Manager's base fee).

Other trust expenses of US\$0.5 million were 69.9% or US\$1.2 million lower than forecast largely due to lower than forecast tax compliance fees, investor relations costs and miscellaneous expenses.

Net change in fair value of derivatives resulted in a gain of US\$2.7 million primarily due to lower in interest rates through the year ended 31 December 2020. The forecast did not assume any changes in interest rates. This is a non-cash item and therefore does not affect income available for distribution to Unitholders.

Finance expenses of US\$7.2 million were 12.8% or US\$1.0 million lower than forecast due mainly to lower financing costs on its borrowings attributed to new interest rate swaps taken up in April 2020.

Tax credit of US\$2.0 million was 168.7% or US\$4.9 million lower than forecast. This was primarily due to lower deferred tax recognised due to the downward adjustment in fair value of investment properties.

Overall, income available for distribution to Unitholders of US\$36.2 million was 16.0% or US\$5.0 million higher than forecast.

Actual vs Forecast for FY 2020

Gross revenue of US\$143.6 million was 6.6% or US\$8.8 million above forecast largely due to contributions from Park Tower, which was acquired in February 2020.

Net property income of US\$95.0 million was 7.7% or US\$6.8 million higher than forecast primarily due to the contribution from Park Tower.

Manager's base fee of US\$7.4 million was 15.6% or US\$1 million higher than forecast in line with higher income available for distribution to Unitholders. Manager's base fee is 10.0% of income available for distribution to Unitholders (calculated before accounting for the Manager's base fee).

Other trust expenses of US\$1.4 million were 59.3% or US\$2.1 million lower than forecast largely due to lower than forecast tax compliance fees, investor relations costs and miscellaneous expenses.

Net change in fair value of derivatives resulted in a loss of US\$16.3 million primarily due to lower in interest rates on 31 December 2020, resulting in a loss from mark-to-market of these swaps. The forecast did not assume any changes in interest rates. This is a non-cash item and therefore does not affect income available for distribution to Unitholders.

Finance expenses of US\$14.9 million were 9.5% or US\$1.6 million lower than forecast due mainly to lower financing costs on its borrowings attributed to new interest rate swaps taken up in April 2020

Tax expense of US\$2.0 million was 64.8% or US\$3.7 million lower than forecast. This was primarily due to lower deferred tax recognised due to the downward adjustment in fair value of investment properties.

Overall, income available for distribution to Unitholders of US\$72.1 million was 15.5% or US\$9.7 million higher than forecast.

10. PROSPECTS

After a steep decline of 2.9 million jobs lost (-8.6%) in March and April, office-using employment rebounded throughout the balance of the year, adding back 1.6 million jobs from May through December¹, the US unemployment rate ended the year at 6.7% and declined further to 6.4% in January 2021.

Leasing activity for 2020 was substantially impacted by the pandemic, dropping more than 47% compared to the year prior. Much of the leasing activity was generated by short-term renewals as tenants continue to assess their needs². Average deal term for leases over 20,000 square feet in the quarter ending 4Q 2020 was 6.7 years compared to pre-COVID terms of 8.4 years². JLL noted that secondary and tertiary markets were more resilient, benefiting from more diversified tenant bases and expectations for inbound migration. Non-gateway markets may continue to fare better than their counterparts due to less susceptibility to work from home orders and better supply/demand fundamentals. Prime's diverse geographic location in these non-gateway markets, proximity to amenity bases and flexibility for commuters, positions its assets well as tenants return to the office.

The US ended the year with 43 million square feet of negative net absorption in 4Q 2020. This marked the third consecutive quarter of negative net absorption for a total of -103 million square feet in Q2 through Q4¹. An increase in deliveries, along with the decline in absorption led to an increase in national commercial office vacancy rate from 14.4% in Q3 to 15.5% in Q4¹, up from 12.9% a year ago. Additionally, as 2020 unfolded, there was an increase in the amount of sublease space available in the office market. Compared to the end of 2019, with 62.6 million square feet of sublease space on the market, the volume of such space stood at 111.9 million square feet a year later¹. Nearly half of this sublease space, however, - 49.4 million square feet - is coming from gateway markets such as Boston, Chicago, LA, New Jersey, New York, San Francisco (exclusive of Oakland and East Bay) and Seattle². The hardest hit of these is New York, where there is currently 16.9 million square feet of sublease availability².

According to the CDC, as of 9 February 2021, over 59.3 million doses of the COVID-19 vaccine had been delivered. With the introduction of the COVID-19 vaccine in late 2020, optimism for the return to office in 2021 remains, alongside some uncertainty as tenants continue to assess their space needs. As vaccine distribution becomes more prevalent, tenants will reassess their space needs as it relates to safe physical distancing, the adoption of hybrid models for workspace needs both at the office and work from home, and the financial repercussions of the pandemic. According to PWC's 2021 Emerging Trends in Real Estate report, 63% of survey respondents anticipate office tenants requiring more square footage per worker than what was required pre-COVID³.

While 2020 ridership for public transportation was just 36% of pre-COVID levels, JLL predicts mobility and connectivity to be of greater importance in 2021 and beyond⁴. Appetite for leasing has persisted, as evidenced by recent leases by Facebook in New York City and Microsoft in Atlanta and Washington D.C.³. 73% of tenants noted placing an increased emphasis on employee well-being and safety, of which PRIME assets have continued to focus on⁴. The resounding sentiment among industry leaders is that the flight to quality will continue, which should benefit PRIME assets as tenants desire to be in well-located and highly amenitized buildings. The composition of Prime's portfolio is distinguished by its ability to deliver tenants a best-in-class product by way of its location, superior amenities including wellness and conferencing options, as well as access to both public transportation and parking availability.

As of 31 December 2020, the portfolio occupancy of PRIME remained resilient at 92.4% with WALE of 4.4 years, and approximately 99% of leases have rental escalations. PRIME's diversified portfolio is supported by its favourable tenant exposure in the STEM/TAMI sectors. As non-gateway markets continue to provide a superior risk-adjusted return, this should bode well for PRIME's portfolio and continued success. PRIME is well positioned to grow with strong property fundamentals and robust balance sheet and continued strategy to acquire assets in both resilient and high-growth markets to continue to strengthen its portfolio.

¹ Cushman & Wakefield Q4 2020 MarketBeat – US National Office

² JLL US Office Outlook Q4 2020A

³ PWC Emerging Trends in Real Estate 2021

⁴ JLL – Better than Normal: Vision 2021

11. DISTRIBUTIONS

(a) Current Financial Period reported on

Any distribution recommended for the current financial period reported on?

Yes

(ii) 3rd distribution of US 3.42 cents for the period from 1 July 2020 to 31 December 2020

Distribution period : 3rd Distribution for the period from 1 July 2020 to 31 December 2020

Distribution type/rate: Distribution of US 3.42 cents per Unit comprising of:
a. Tax-exempt income: US 2.39 cents per Unit
b. Capital: US 1.03 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 Wednesday, 10 March 2021 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) 1st distribution of US 3.15 cents for the period from 19 July 2019 to 31 December 2019

Distribution period : 1st Distribution for the period from 19 July 2019 to 31 December 2019

Distribution type/rate: Distribution of US 3.15 cents per Unit comprising of:
c. Tax-exempt income: US 2.00 cents per Unit
d. Capital: US 1.15 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**

3rd Distribution – 25 February 2021

(d) **Date paid/payable**

3rd Distribution – 30 March 2021

12. DISTRIBUTION STATEMENT

Other than as disclosed in Paragraph 11(a), no distribution has been declared / recommended.

13. SEGMENTAL INFORMATION

Segment revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.

Not applicable. The Group operates within a single business segment and within a single geographical segment in the U.S

14. MATERIAL CHANGES IN CONTRIBUTION BY OPERATING SEGMENTS

In the review of the performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments.

Please refer to Paragraph 8 above for the review of actual performance.

15. BREAKDOWN OF REVENUE

	1 Jan 2020 to 31 Dec 2020	19 Jul 2019 to 31 Dec 2019	
	Actual	Actual	Change
	US\$'000	US\$'000	%
First half year			
Gross Revenue	71,197	-	n.m.
Net Income	47,450	-	n.m.
Second half year			
Gross Revenue	72,360	60,657	19.3
Net Income	47,539	40,170	18.3

16. BREAKDOWN OF TOTAL DISTRIBUTION

	1 Jan 2020 to 31 Dec 2020	19 Jul 2019 to 31 Dec 2019
	US\$'000	US\$'000
19 July to 31 December 2019 (paid)	-	29,176
1 January 2020 to 20 February 2020 (paid)	8,880	-
21 February 2020 to 30 June 2020 (paid)	26,998	-
1 July 2020 to 31 December 2020 (to be paid)	36,200	-
	<u>72,078</u>	<u>29,176</u>

17. GENERAL MANDATE RELATING TO INTERESTED PERSON TRANSACTIONS

The Group has not obtained a general mandate from Unitholders for interested party transactions

18. 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.

19. CONFIRMATION PURSUANT TO RULE 704(13) OF THE LISTING MANUAL

Pursuant to Rule Pursuant to Rule 704(13) of the Listing Manual, the Manager confirms that there is no person occupying a managerial position in the Manager who is a relative of a director, chief executive officer, substantial shareholder of the Manager or substantial unitholder of PRIME.

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

Mr. Charles J. Schreiber Jr.
Chairman

Professor Annie Koh
Director

17 February 2021

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

Tan Lay Hong
Company Secretary
17 February 2021