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PRIME US REIT

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

**LAUNCH OF PRIVATE PLACEMENT TO RAISE GROSS PROCEEDS OF
NO LESS THAN APPROXIMATELY US\$80.0 MILLION**

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

1. Introduction

KBS US Prime Property Management Pte. Ltd., in its capacity as manager of Prime US REIT (the “**Manager**”), wishes to announce the proposed private placement of such number new units in Prime US REIT (“**New Units**”) to institutional and other investors at an issue price of between US\$0.797 and US\$0.822 per New Unit (both figures inclusive) (the “**Issue Price Range**”) to raise gross proceeds of no less than approximately US\$80.0 million (the “**Private Placement**”).

The Manager may, together with the Joint Lead Managers and Underwriters (as defined below), decide to increase the size of the Private Placement by up to an additional US\$20.0 million (the “**Placement Upsize**”).

2. Details of the Private Placement

The Manager and DBS Bank Ltd. and Credit Suisse (Singapore) Limited (the “**Joint Lead Managers and Underwriters**”) have today entered into a placement agreement (the “**Placement Agreement**”) in relation to the Private Placement. Pursuant to the Placement Agreement, the Joint Lead Managers and Underwriters have agreed to procure subscriptions for or place out, as applicable, and failing which, to severally subscribe and pay for, the New Units at the issue price per New Unit (the “**Issue Price**”) to be determined,

on the terms and subject to the conditions of the Placement Agreement. The Private Placement shall be subject to certain conditions precedent set out in the Placement Agreement, including the approval in-principle of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of and quotation for the New Units on the Main Board of the SGX-ST. The Private Placement is fully underwritten by the Joint Lead Managers and Underwriters on the terms and subject to the conditions of the Placement Agreement.

The Issue Price Range of between US\$0.797 and US\$0.822 per New Unit (both figures inclusive) represents a discount of between:

- (i) 5.8% and 8.6% to the volume weighted average price (“**VWAP**”) of US\$0.8724 per Unit for trades in the Units done on the SGX-ST for the preceding Market Day¹ on 23 June 2021 up to the time the Placement Agreement was signed; and
- (ii) (for illustrative purposes only) 2.0% and 4.9% to the adjusted VWAP² (“**Adjusted VWAP**”) of US\$0.8385 per Unit.

The Issue Price will be determined by the Manager and the Joint Lead Managers and Underwriters following a book-building process. The Manager will make an announcement via SGXNET once the Issue Price has been determined.

3. Use of Proceeds

Subject to relevant laws and regulations, the Manager intends to use the gross proceeds of no less than approximately US\$80.0 million from the Private Placement (assuming the Placement Upsize is not exercised) in the following manner:

- (i) approximately US\$78.1 million (which is equivalent to 97.6% of the gross proceeds of the Private Placement) to partially fund the acquisition (the “**Acquisitions**”) of the properties known as (a) Sorrento Towers located at 5355 & 5375 Mira Sorrento Place, San Diego, California and (b) One Town Centre located at One Town Center Road, Boca Raton, Florida (the “**Properties**”) (see announcement titled “Acquisition of (I) Sorrento Towers in San Diego, California and (II) One Town Center in Boca Raton, Florida” dated 24 June 2021 for further details) and the associated costs; and
- (ii) approximately US\$1.9 million (which is equivalent to 2.4% of the gross proceeds of the Private Placement) to pay the estimated fees and expenses, including professional fees and expenses, incurred or to be incurred by Prime US REIT in connection with the Private Placement.

1 “**Market Day**” refers to a day on which the SGX-ST is open for securities trading.

2 The Adjusted VWAP is computed based on the VWAP of all trades in the Units on the SGX-ST for the preceding Market Day on 23 June 2021 up to the time the Placement Agreement was signed and subtracting the Cumulative Distribution (as defined herein) of US 3.395 cents per Unit (being the mid-point of the Cumulative Distribution Range (as defined herein)). The estimated distribution for the period from 1 January to 4 July 2021 is based on Prime US REIT’s distributable income for the period from 1 January 2021 to 30 June 2021 and the Manager’s estimate of Prime US REIT’s revenue and expenses for the period from 1 July 2021 to 4 July 2021, and the actual Cumulative Distribution may differ.

Should the gross proceeds of the Private Placement exceed approximately US\$80.0 million, such excess proceeds will be used towards further funding of the Acquisitions.

Notwithstanding its current intention, the Manager may, subject to relevant laws and regulations, use the net proceeds from the Private Placement at its absolute discretion for other purposes, including, without limitation, to repay existing indebtedness.

Pending the deployment of the net proceeds from the Private Placement, the net proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions or used to repay outstanding borrowings or for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

The Manager will make periodic announcements on the utilisation of the net proceeds of the Private Placement via SGXNET as and when such funds are materially utilised and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. Where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

4. Rationale for the Private Placement

The Manager believes that the Private Placement will bring the following benefits to unitholders of Prime US REIT (“Unitholders”):

4.1 Benefits of the acquisition of the Property

The acquisition of the Properties will be financed by a combination of debt and equity so as to ensure that the acquisition will provide overall distribution per Unit accretion to Unitholders while maintaining an optimum level of gearing. (See announcement titled “Acquisition of (i) Sorrento Towers in San Diego, California and (ii) One Town Center in Boca Raton, Florida” dated 24 June 2021 for further details.)

4.2 Expected increase in trading liquidity of Units

The New Units to be issued pursuant to the Private Placement will increase the number of Units in issue by approximately 98,888,000 New Units (based on the midpoint of the Issue Price Range and assuming the Placement Upsize is not exercised), which represents an increase of 9.3% over the total number of Units currently in issue.

This increase in the total number of Units in issue, enlarged Unitholder base and free float of the Units are expected to improve the trading liquidity of the Units.

4.3 Reduced time of issuance

The Private Placement represents a fast and efficient means of raising capital to finance the acquisition of the Properties with certainty. It also minimises the exposure of the equity fund raising to the volatility of the market price of the Units.

5. Authority to Issue New Units

The New Units will be issued pursuant to a general mandate (the “**General Mandate**”) given by Unitholders to the Manager at the annual general meeting (“**AGM**”) held on 28 April 2021,

pursuant to which the Manager may, during the period from 28 April 2021 to (i) the conclusion of the next AGM of Prime US REIT or (ii) the date by which the next AGM of Prime US REIT is required by applicable laws or regulations to be held, whichever is earlier, issue new Units and/or securities, warrants, debentures or other instruments convertible into Units (“**Convertible Securities**”) provided that the number of new Units (and/or Units into which the Convertible Securities may be converted) does not exceed 50.0% of the total number of Units in issue (excluding treasury Units and subsidiary holdings, if any) as at 28 April 2021 (the “**Base Figure**”), of which the aggregate number of new Units (and/or Units into which the Convertible Securities may be converted) issued other than on a *pro rata* basis to existing Unitholders shall not be more than 20.0% of the Base Figure.

As at 28 April 2021, the number of Units in issue was 1,060,436,473 being the Base Figure.

The number of Units that can be issued under the General Mandate is 530,218,236 Units, of which no more than 212,087,294 Units may be issued on a non *pro rata* basis.

The Manager has issued 1,713,397 Units since 28 April 2021 on a non *pro rata* basis. The 125,470,000 New Units to be issued pursuant to the Private Placement (based on the minimum of the Issue Price Range and assuming the Placement Upsize is exercised) would constitute approximately 11.8% of the Base Figure which is within the 20.0% limit for issue of new Units other than on a *pro rata* basis. Accordingly, the prior approval of the Unitholders is not required for the issue of the New Units under the Private Placement.

6. Eligibility to Participate in the Private Placement

The offer of New Units under the Private Placement will be made to institutional and other investors.

The New Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act and in compliance with applicable state laws. The New Units are only being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the Securities Act.

The Manager, along with the Joint Lead Managers and Underwriters, reserve the absolute discretion in determining whether to allow such participation as well as the persons who may be allowed to do so.

7. Status of the New Units

7.1 Entitlement to Cumulative Distribution

Prime US REIT’s policy is to distribute its distributable income on a semi-annual basis to Unitholders.

In connection with the Private Placement, the Manager intends to declare, in respect of the Units in issue on the day immediately prior to the date on which the New Units pursuant to the Private Placement are issued (the “**Existing Units**”), a cumulative distribution of the

distributable income comprising a distribution from 1 January 2021 to 30 June 2021 and for the period from 1 July to 4 July 2021 (the “**Cumulative Distribution**”).

The New Units pursuant to the Private Placement are expected to be listed on 5 July 2021. The current expectation of the Manager is that the quantum of distribution per Unit under the Cumulative Distribution is estimated to be between US 3.37 and 3.42 cents³ (“**Cumulative Distribution Range**”). A further announcement on the actual amount of Cumulative Distribution (which may differ from the estimate above) will be made by the Manager in due course after the management accounts of Prime US REIT for the relevant period have been finalised.

The next distribution following the Cumulative Distribution will comprise Prime US REIT’s distributable income for the period from the day the New Units are issued pursuant to the Private Placement to 31 December 2021. Semi-annual distributions will resume thereafter.

The Cumulative Distribution is intended to ensure that the distributable income accrued by Prime US REIT up to the day immediately preceding the date of issue of the New Units (which at such point, will be entirely attributable to the Existing Units) is only distributed in respect of the Existing Units, and is being proposed as a means to ensure fairness to holders of the Existing Units.

7.2 Status of New Units issued pursuant to the Private Placement

The New Units issued pursuant to the Private Placement will, upon issue, rank *pari passu* in all respects with the Existing Units, including the right to Prime US REIT’s distributable income from the day of issuance of the New Units under the Private Placement as well as all distributions thereafter, other than in respect of the Cumulative Distribution.

For the avoidance of doubt, the holders of the New Units to be issued pursuant to the Private Placement will not be entitled to the Cumulative Distribution.

8. Application to the SGX-ST for Approval in-Principle

The Manager will make a formal application to the SGX-ST for the listing of, dealing in, and quotation of, the New Units on the Main Board of the SGX-ST. An appropriate announcement will be made upon the receipt of such in-principle approval from the SGX-ST.

3 The estimated distribution for the period from 1 January 2021 to 4 July 2021 is based on Prime US REIT’s distributable income for the period from 1 January 2021 to 30 June 2021 and the Manager’s estimate of Prime US REIT’s revenue and expenses for the period from 1 July 2021 to 4 July 2021. The actual quantum of the distribution will be announced on a later date after the closure of the Transfer Books and Register of Unitholders.

BY ORDER OF THE BOARD

Barbara Cambon

Chief Executive Officer

KBS US Prime Property Management Pte. Ltd.

(Company registration no. 201825461R)

(as manager of Prime US REIT)

24 June 2021

IMPORTANT NOTICE

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of Prime US REIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

This announcement may contain forward-looking statements that involve 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 other companies and venues for the sale or distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.

This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States, European Economic Area, Canada or Japan, and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations. The securities described herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold in the United States unless registered under the Securities Act, or except pursuant to an applicable exemption from registration. There will be no public offer of securities in the United States.

The value of units in Prime US REIT ("**Units**") and the income derived from them may fall as well as rise. The 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 respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Holders of Units ("**Unitholders**") have no right to request that the Manager 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. The past performance of Prime US REIT is not necessarily indicative of the future performance of Prime US REIT. This announcement has not been reviewed by the Monetary Authority of Singapore.

Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore: The New Units are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).