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Issuer: Prime US REIT
(**Manager:** KBS US Prime Property Management Pte. Ltd.)

Stock code: OXMU

Meeting details:

Date: 28 April 2021

Time: 9.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. As shown on page 2 of the annual report, the REIT made its maiden acquisition of Park Tower in February 2020 for US\$165.5 million before the coronavirus sent the global economy into a tailspin. Further on page 3 (financial highlights), the manager reported that the REIT's FY2020 DPU of 6.94 US cents was ahead of the IPO forecast (reproduced below).



(Source: annual report)

In the letter to unitholders, the chairman & CEO highlighted the manager's focus to maximise value for unitholders via:

- Successful leasing strategies,
- access to on-the-ground market intelligence,
- strong tenant and asset management capabilities, and
- robust capital structure.

The manager has the "ultimate objective" of achieving inclusion into the FTSE EPRA NAREIT Index.

- (i) **Given that MAS has increased the aggregate limit to 50%, can the manager clarify the pace of its growth going forward, considering the uncertainty of the economic recovery and also the opportunities in the market?** The REIT's gearing was 33.5% as at 31 December 2020. It also has US\$90.4 million in undrawn bank lines and debt headroom of US\$303 million (based on 45% leverage) available to support any acquisitions.
- (ii) **Has the manager set an internal aggregate leverage?**
- (iii) **What safeguards are there to ensure that the REIT manager does not chase growth to meet the "ultimate objective" of being included in the FTSE EPRA NAREIT Index?**

Q2. As seen in the section titled “Properties profile” (page 18), the REIT now owns 12 freehold Class A office properties with an occupancy rate of 92.4% as at 31 December 2020.



(Source: annual report)

- (i) **Can the manager elaborate further on the investment criteria, for instance, asset type and size, tenant profile, location, etc?**
- (ii) **In addition, can the manager elaborate further on the REIT’s geographical diversification? Which are the most attractive cities/states?** The current geographical spread of the REIT’s assets is shown on page 18 (reproduced above).
- (iii) **With more and more companies implementing work-from-home arrangement, has the manager experienced significant requests or enquires by tenants to restructure their leases?**
- (iv) In particular, the occupancy rates at Village Center Station I, 171 17th Street and Tower 909 were 65.1%, 86.3% and 89.5% as at 31 December 2020 respectively. **Are there particular challenges in leasing out the unused space in these assets?**

Q3. The REIT's offers Singapore investors exposure to a portfolio of stabilised, income-producing prime office assets in the United States. All the income is denominated in US dollar and the REIT achieves a natural hedge by borrowing onshore in US denominated loans.

Distributions are declared in US dollars as well.

- (i) For an investor in Singapore, does it mean that the investor would be fully exposed to the USD:SGD currency fluctuation as the REIT does not hedge its income to SGD?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)