



# Prime US REIT

Healthier leasing demand

## SINGAPORE | REAL ESTATE | 1Q22 UPDATE

23 May 2022

- 1Q22 distributable income (+19% YoY) was in line, forming 25% of our FY22e estimate. It was lifted by the acquisition of Sorrento Towers and One Town Center in Jul2 and higher carpark income.
- Leases signed jumped 80% QoQ; 172k sq ft was signed at +3.4% reversions. Backfilling at Crosspoint (+5.4ppts) and 222 Main (+3.7ppts) was offset by non-renewals resulting in 0.4ppt decline in portfolio occupancy to 89.9%
- Upgrade from ACCUMULATE to BUY, DDM-TP (COE 9.6%) raised from US\$0.94 to US\$1.00 as we roll forward our forecast. Our COE nudged up from 9.5% to 9.6% on higher risk-free rate assumption. Prime is our top pick in the sector for greater tenant exposure to STEM/TAMI sectors. Catalysts include improved leasing and a greater return to office.

### BUY (Upgraded)

LAST CLOSE PRICE	USD 0.720
FORECAST DIV	USD 0.071
TARGET PRICE	USD 1.00
TOTAL RETURN	49.3%

### COMPANY DATA

BLOOMBERG CODE:	PRIME SP
O/S SHARES (MN) :	1,173
MARKET CAP (USD mn / SGD mn) :	845 / 845
52 - WK HI/LO (SGD) :	0.89 / 0.68
3M Average Daily T/O (mn) :	0.92

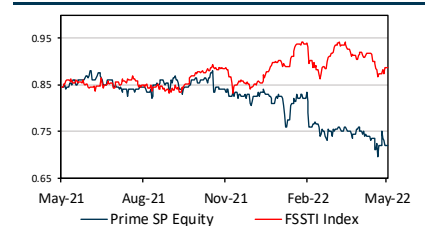
### MAJOR SHAREHOLDERS (%)

KBS PROPERTIES REIT III	19.4%
AT INVESTMENTS LTD	6.0%
SINGAPORE PRESS HOLDINGS	5.8%

### PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	(5.3)	(8.5)	(10.1)
STI RETURN	(1.5)	(3.8)	5.8

### PRICE VS. STI



Source: Bloomberg, PSR

### Results at a glance

(US\$ mn)	1Q22	1Q21	YoY	Comments
Gross revenue	40.8	35.9	13.6%	Higher due to contributions from Sorrento Towers and One Town Center, acquired in Jul21. Carpark revenue up 30% YoY
Net property income	25.4	23.0	10.4%	NPI margins impacted by lower occupancy on existing portfolio as compared to 1Q21
Distributable Income	20.9	17.6	19.0%	Higher due to termination fee from WeWork at Tower I at Emeryville and another teneant at One Washingtonian Centre

Source: Company, PSR

### The Positive

**+ Jump in leasing volumes.** Prime signed 172k sq ft or 3.9% of portfolio NLA in 1Q22. This was 80% higher QoQ; 32% of which were new leases. 1Q22 reversions came in at +3.4% compared to +9.8% in 4Q21. Some new leases were signed on space that had been vacant for more than 12 months, and hence are excluded from reversion calculations. The management said that leasing demand was stronger across its market and observed deeper tenant interest lists. Prime signed 46k sq ft of leases post quarter, bringing YTD reversion to c.6%.

### The Negative

**- Non-renewals chipping away at occupancy.** Portfolio occupancy dipped QoQ from 90.3% to 89.9% despite backfilling at Crosspoint (+5.4ppts) and 222 Main (+3.7ppts). Portfolio occupancy was dragged down by a significant non-renewal at Tower I at Emeryville, bringing occupancy down from 70.4% to 58.9%. Five out of 14 assets have committed occupancies below 90% and require backfilling. Prime will continue to recognise pre-termination income for WeWork's space at Tower I at Emeryville until early-4Q22 and for another pre-termination at One Washingtonian Centre until 3Q22. This could result in potential upside for Prime should it be able to lease out the space before the pre-termination fee runs out. Prime has also started marketing the space for a known non-renewal at Reston Square. The tenant, Whitney, Bradley & Brown, occupies c.50% of space in the asset and will be vacating its lease when it comes due in Jul22.

### Outlook

Leasing activity picked up in 1Q22 with a broader tenant list and interest coming from small, medium and large space users across more industries. With expiring rents c.6% below asking rents, Prime's portfolio is primed for more positive rental reversions.

### Upgrade from ACCUMULATE to BUY, and DDM TP raised from US\$0.94 to US\$1.00.

DDM-TP increases as we roll forward our forecast. Our COE increased from 9.5% to 9.6% on higher risk-free rate assumption. Current share price implies FY22e/FY23e DPU yield of 7.6%/8.8%. Prime is our top pick in the sector for greater tenant exposure to STEM/TAMI sectors. Catalysts include improved leasing and a greater return to office.

### KEY FINANCIALS

Y/E Dec	US\$m	FY20	FY20	FY21	FY22e
Gross Revenue	143.6	156.7	172.3	178.7	
NPI	95.0	100.7	110.7	114.8	
Dist. Inc.	72.1	75.6	82.8	85.6	
P/NAV (x)	0.84	0.85	0.85	0.85	
DPU (US cents)	6.94	6.78	7.06	7.27	
Dist. Yield (%)	9.64	9.42	9.81	10.10	

\*19 July-31 Dec 2019

Source: Company, PSR

### VALUATION METHOD

DDM (Cost of Equity: 9.6%; Terminal g: 2.0%)

Natalie Ong (+65 6212 1849)

Research Analyst

natalieongpf@phillip.com.sg

**Financials**
**Income statement**

Y/E Dec, (US\$'000)	FY19*	FY20	FY21	FY22e	FY23e
<b>Gross revenue</b>	<b>60,656</b>	<b>143,557</b>	<b>156,741</b>	<b>172,296</b>	<b>178,720</b>
Property expenses	(20,487)	(48,568)	(56,043)	(61,636)	(63,934)
<b>Net property income</b>	<b>40,169</b>	<b>94,989</b>	<b>100,698</b>	<b>110,659</b>	<b>114,785</b>
Net Finance (Expense)/Inc.	(7,038)	(14,868)	(16,982)	(21,161)	(21,298)
Manager's fees	(3,010)	(7,977)	(7,714)	(8,561)	(9,664)
Other items	(1,051)	(1,614)	(2,053)	(2,239)	(2,317)
FV change, derivatives & ppts	11,900	(45,291)	(1,052)	-	-
<b>Net income before tax</b>	<b>40,970</b>	<b>25,239</b>	<b>72,897</b>	<b>78,699</b>	<b>81,506</b>
Taxation	(7,268)	(2,030)	(4,709)	(5,115)	(5,298)
<b>Net income after Tax</b>	<b>33,702</b>	<b>23,209</b>	<b>68,188</b>	<b>73,583</b>	<b>76,208</b>
Distribution adjustments	(4,532)	48,869	7,413	9,230	9,402
<b>Income available for distribution</b>	<b>29,170</b>	<b>72,078</b>	<b>75,601</b>	<b>82,813</b>	<b>85,610</b>

**Per unit data**

Y/E Dec	FY19*	FY20	FY21	FY22e	FY23e
NAV (US\$)	0.89	0.86	0.85	0.84	0.85
DPU (US cents)	3.15	6.94	6.78	7.06	7.27

**Cash Flow**

Y/E Dec, (US\$'000)	FY19*	FY20	FY21	FY22e	FY23e
<b>CFO</b>					
<b>Net income before tax</b>	<b>40,971</b>	<b>25,239</b>	<b>72,897</b>	<b>78,699</b>	<b>81,506</b>
Adjustments	(5,290)	60,899	21,103	22,821	22,803
WC changes	8,743	3,754	1,724	1,445	(31)
<b>Cash generated from ops</b>	<b>44,424</b>	<b>89,892</b>	<b>95,724</b>	<b>102,965</b>	<b>104,279</b>
Others	-	406	345	4,993	5,171
<b>Cashflow from ops</b>	<b>44,424</b>	<b>90,298</b>	<b>96,069</b>	<b>107,957</b>	<b>109,450</b>

**CFI**

Acquisition of investment prope	(1,219,260)	(164,190)	(244,267)	-	-
Capex, net	(3,646)	(11,737)	(16,097)	(16,530)	(16,695)
Others	40	3	4	4	4
<b>Cashflow from investments</b>	<b>(1,222,866)</b>	<b>(175,924)</b>	<b>(260,360)</b>	<b>(16,526)</b>	<b>(16,691)</b>

**CFF**

Proceeds from issuance of units	<b>813,000</b>	<b>120,000</b>	<b>80,000</b>	-	-
Loans, net of repayments	426,988	32,829	132,044	15,366	(21,624)
Distributions	-	(65,004)	(69,439)	(82,813)	(85,610)
Others	(23,703)	(2,250)	(1,464)	(19)	(19)
<b>Cashflow from financing</b>	<b>1,216,285</b>	<b>85,575</b>	<b>141,141</b>	<b>(67,466)</b>	<b>(107,254)</b>
<b>Net change in cash</b>	<b>37,843</b>	<b>(51)</b>	<b>(23,150)</b>	<b>23,966</b>	<b>(14,495)</b>
Cash at the start of the period	1	37,862	37,442	13,873	37,842
FX changes	18	73	(38)	-	-
<b>Ending cash</b>	<b>37,862</b>	<b>37,884</b>	<b>14,254</b>	<b>37,839</b>	<b>23,347</b>

\*19 July-31 Dec 2019

Source: Company, Phillip Securities Research (Singapore) Estimates

**Balance Sheet**

Y/E Dec, (US\$'000)	FY19*	FY20	FY21	FY22e	FY23e
<b>ASSETS</b>					
Investment properties	1,254,700	1,405,200	1,653,000	1,669,530	1,686,225
Others	-	-	1,580	6,972	13,561
<b>Total non-current assets</b>	<b>1,254,700</b>	<b>1,405,200</b>	<b>1,654,580</b>	<b>1,676,502</b>	<b>1,699,786</b>
Trade receivables	2,411	1,623	1,825	2,003	1,968
Cash	37,862	37,442	13,873	37,842	23,350
Others	2,200	2,584	2,654	3,109	2,869
<b>Total current assets</b>	<b>42,473</b>	<b>41,649</b>	<b>18,352</b>	<b>42,954</b>	<b>28,187</b>
<b>Total Assets</b>	<b>1,297,173</b>	<b>1,446,849</b>	<b>1,672,932</b>	<b>1,719,456</b>	<b>1,727,973</b>
<b>LIABILITIES</b>					
Loans and borrowings	-	-	-	243,000	315,000
Trade payables	16,646	14,540	15,903	17,561	17,151
Rent received in advance	5,061	6,493	9,329	9,329	9,329
Others	752	860	1,253	1,517	1,536
<b>Total current liabilities</b>	<b>22,459</b>	<b>21,893</b>	<b>26,485</b>	<b>271,407</b>	<b>343,016</b>
Loans and borrowings	432,824	480,352	628,973	422,489	350,151
Others	16,582	36,812	26,390	31,600	36,920
<b>Total non-current liabilities</b>	<b>449,406</b>	<b>517,164</b>	<b>655,363</b>	<b>454,089</b>	<b>387,070</b>
<b>Total Liabilities</b>	<b>471,865</b>	<b>539,057</b>	<b>681,848</b>	<b>725,496</b>	<b>730,086</b>
<b>Net assets</b>	<b>825,308</b>	<b>907,792</b>	<b>991,084</b>	<b>993,960</b>	<b>997,887</b>
<b>Represented by:</b>					
Unitholders' funds	825,308	907,792	991,084	993,960	997,887

**Valuation Ratios**

Y/E Dec	FY19*	FY20	FY21	FY22e	FY23e
P/NAV (x)	0.81	0.84	0.85	0.85	0.85
Distribution Yield (%)	4.4	9.6	9.4	9.8	10.1
NPI yield (%)	3.2	7.1	6.6	6.7	6.8

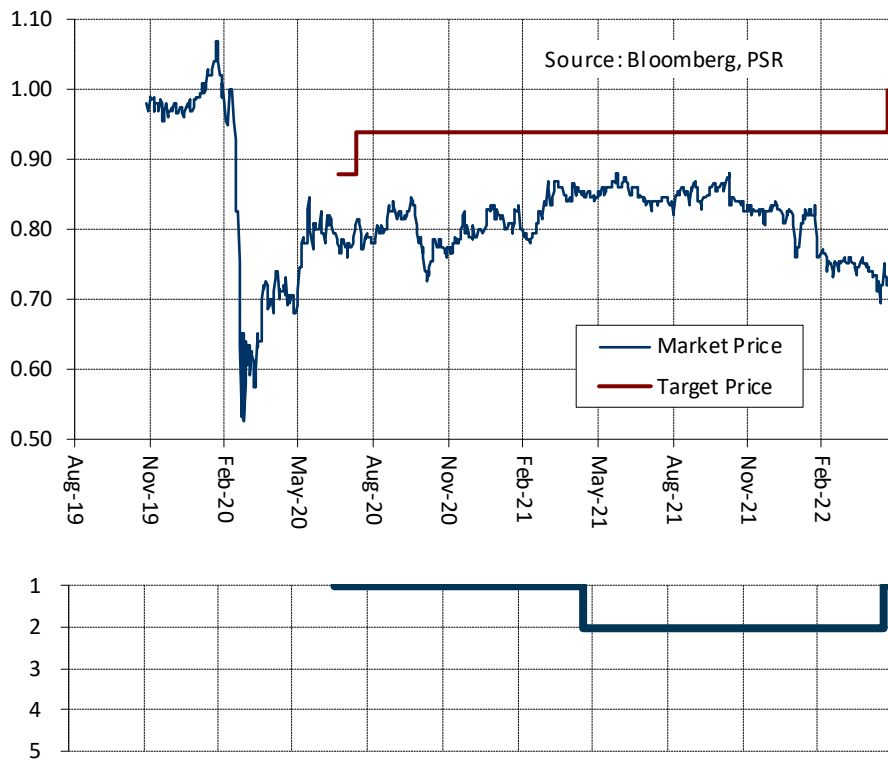
**Growth & Margins**

<b>Growth</b>					
Revenue	nm	136.7%	9.2%	9.9%	3.7%
Net property income (NPI)	nm	136.5%	6.0%	9.9%	3.7%
Distributable income	-	nm	4.9%	9.5%	3.4%
DPU	-	nm	-2.3%	4.2%	3.0%
<b>Margins</b>					
NPI margin	66.2%	66.2%	64.2%	64.2%	64.2%

**Key Ratios**

Net Debt or (Net Cash)	394,962	442,910	615,100	384,647	326,801
Gearing	34.5%	34.2%	38.1%	25.3%	20.8%

**Ratings History**



**PSR Rating System**

Total Returns	Recommendation	Rating
> +20%	Buy	1
+5% to +20%	Accumulate	2
-5% to +5%	Neutral	3
-5% to -20%	Reduce	4
< -20%	Sell	5

**Remarks**

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

## Contact Information (Research Team)

## Head of Research

Paul Chew – [paulchewkl@phillip.com.sg](mailto:paulchewkl@phillip.com.sg)

## Research Admin

Qystina Azli - [qystina@phillip.com.sg](mailto:qystina@phillip.com.sg)

## Consumer | Industrial | Conglomerates

Terence Chua – [terencechuatl@phillip.com.sg](mailto:terencechuatl@phillip.com.sg)

## Property | REITs

Natalie Ong – [natalieongpf@phillip.com.sg](mailto:natalieongpf@phillip.com.sg)

## Banking &amp; Finance

Glenn Thum – [glenthumic@phillip.com.sg](mailto:glenthumic@phillip.com.sg)

## Small-Mid Cap

Vivian Ye – [yeqw@phillip.com.sg](mailto:yeqw@phillip.com.sg)

## US Technology Analyst (Internet)

Jonathan Woo – [jonathnwookj@phillip.com.sg](mailto:jonathnwookj@phillip.com.sg)

## US Technology Analyst (Software/Services)

Ambrish Shah – [amshah@phillipcapiital.in](mailto:amshah@phillipcapiital.in)

## Credit Analyst

Shawn Sng - [shawnsngkh@phillip.com.sg](mailto:shawnsngkh@phillip.com.sg)

## Contact Information (Regional Member Companies)

## SINGAPORE

**Phillip Securities Pte Ltd**  
Raffles City Tower  
250, North Bridge Road #06-00  
Singapore 179101  
Tel +65 6533 6001  
Fax +65 6535 6631  
Website: [www.poems.com.sg](http://www.poems.com.sg)

## MALAYSIA

**Phillip Capital Management Sdn Bhd**  
B-3-6 Block B Level 3 Megan Avenue II,  
No. 12, Jalan Yap Kwan Seng, 50450  
Kuala Lumpur  
Tel +603 2162 8841  
Fax +603 2166 5099  
Website: [www.poems.com.my](http://www.poems.com.my)

## HONG KONG

**Phillip Securities (HK) Ltd**  
11/F United Centre 95 Queensway  
Hong Kong  
Tel +852 2277 6600  
Fax +852 2868 5307  
Websites: [www.phillip.com.hk](http://www.phillip.com.hk)

## JAPAN

**Phillip Securities Japan, Ltd.**  
4-2 Nihonbashi Kabuto-cho Chuo-ku,  
Tokyo 103-0026  
Tel +81-3 3666 2101  
Fax +81-3 3666 6090  
Website: [www.phillip.co.jp](http://www.phillip.co.jp)

## INDONESIA

**PT Phillip Securities Indonesia**  
ANZ Tower Level 23B,  
Jl Jend Sudirman Kav 33A  
Jakarta 10220 – Indonesia  
Tel +62-21 5790 0800  
Fax +62-21 5790 0809  
Website: [www.phillip.co.id](http://www.phillip.co.id)

## CHINA

**Phillip Financial Advisory (Shanghai) Co Ltd**  
No 550 Yan An East Road,  
Ocean Tower Unit 2318,  
Postal code 200001  
Tel +86-21 5169 9200  
Fax +86-21 6351 2940  
Website: [www.phillip.com.cn](http://www.phillip.com.cn)

## THAILAND

**Phillip Securities (Thailand) Public Co. Ltd**  
15th Floor, Vorawat Building,  
849 Silom Road, Silom, Bangrak,  
Bangkok 10500 Thailand  
Tel +66-2 6351700 / 22680999  
Fax +66-2 22680921  
Website [www.phillip.co.th](http://www.phillip.co.th)

## FRANCE

**King & Shaxson Capital Limited**  
3rd Floor, 35 Rue de la Bienfaisance 75008  
Paris France  
Tel +33-1 45633100  
Fax +33-1 45636017  
Website: [www.kingandshaxson.com](http://www.kingandshaxson.com)

## UNITED KINGDOM

**King & Shaxson Capital Limited**  
6th Floor, Candlewick House,  
120 Cannon Street,  
London, EC4N 6AS  
Tel +44-20 7426 5950  
Fax +44-20 7626 1757  
Website: [www.kingandshaxson.com](http://www.kingandshaxson.com)

## UNITED STATES

**Phillip Capital Inc**  
141 W Jackson Blvd Ste 3050  
The Chicago Board of Trade Building  
Chicago, IL 60604 USA  
Tel +1-312 356 9000  
Fax +1-312 356 9005  
Website: [www.phillipusa.com](http://www.phillipusa.com)

## AUSTRALIA

**Phillip Capital Limited**  
Level 10, 330 Collins Street  
Melbourne, Victoria 3000, Australia  
Tel +61-03 8633 9803  
Fax +61-03 8633 9899  
Website: [www.phillipcapiital.com.au](http://www.phillipcapiital.com.au)

## CAMBODIA

**Phillip Bank Plc**  
Ground Floor of B-Office Centre, #61-64,  
Norodom Blvd Corner Street 306, Sangkat  
Boeung Keng Kang 1, Khan Chamkamorn,  
Phnom Penh, Cambodia  
Tel: 855 (0) 7796 6151/855 (0) 1620 0769  
Website: [www.phillipbank.com.kh](http://www.phillipbank.com.kh)

## INDIA

**PhillipCapital (India) Private Limited**  
No.1, 18th Floor, Urmil Estate  
95, Ganpatrao Kadam Marg  
Lower Parel West, Mumbai 400-013  
Maharashtra, India  
Tel: +91-22-2300 2999 / Fax: +91-22-2300 2969  
Website: [www.phillipcapiital.in](http://www.phillipcapiital.in)

## TURKEY

**PhillipCapital Menkul Degerler**  
Dr. Cemil Bengü Cad. Hak Is Merkezi  
No. 2 Kat. 6A Caglayan  
34403 Istanbul, Turkey  
Tel: 0212 296 84 84  
Fax: 0212 233 69 29  
Website: [www.phillipcapiital.com.tr](http://www.phillipcapiital.com.tr)

## DUBAI

**Phillip Futures DMCC**  
Member of the Dubai Gold and  
Commodities Exchange (DGCX)  
Unit No 601, Plot No 58, White Crown Bldg,  
Sheikh Zayed Road, P.O.Box 212291  
Dubai-UAE  
Tel: +971-4-3325052 / Fax: + 971-4-3328895

### Important Information

This report is prepared and/or distributed by Phillip Securities Research Pte Ltd ("Phillip Securities Research"), which is a holder of a financial adviser's license under the Financial Advisers Act, Chapter 110 in Singapore.

By receiving or reading this report, you agree to be bound by the terms and limitations set out below. Any failure to comply with these terms and limitations may constitute a violation of law. This report has been provided to you for personal use only and shall not be reproduced, distributed or published by you in whole or in part, for any purpose. If you have received this report by mistake, please delete or destroy it, and notify the sender immediately.

The information and any analysis, forecasts, projections, expectations and opinions (collectively, the "Research") contained in this report has been obtained from public sources which Phillip Securities Research believes to be reliable. However, Phillip Securities Research does not make any representation or warranty, express or implied that such information or Research is accurate, complete or appropriate or should be relied upon as such. Any such information or Research contained in this report is subject to change, and Phillip Securities Research shall not have any responsibility to maintain or update the information or Research made available or to supply any corrections, updates or releases in connection therewith.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this report are as of the date indicated and are subject to change at any time without prior notice. Past performance of any product referred to in this report is not indicative of future results.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. This report should not be relied upon exclusively or as authoritative, without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this report has been made available constitutes neither a recommendation to enter into a particular transaction, nor a representation that any product described in this report is suitable or appropriate for the recipient. Recipients should be aware that many of the products, which may be described in this report involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made, unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of any product. Any decision to purchase any product mentioned in this report should take into account existing public information, including any registered prospectus in respect of such product.

Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may provide an array of financial services to a large number of corporations in Singapore and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), brokerage or securities trading activities. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have participated in or invested in transactions with the issuer(s) of the securities mentioned in this report, and may have performed services for or solicited business from such issuers. Additionally, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have provided advice or investment services to such companies and investments or related investments, as may be mentioned in this report.

Phillip Securities Research or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report may, from time to time maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation in respect of the foregoing. Investments will be denominated in various currencies including US dollars and Euro and thus will be subject to any fluctuation in exchange rates between US dollars and Euro or foreign currencies and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of the investment.

To the extent permitted by law, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may at any time engage in any of the above activities as set out above or otherwise hold an interest, whether material or not, in respect of companies and investments or related investments, which may be mentioned in this report. Accordingly, information may be available to Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, which is not reflected in this report, and Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this report.

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Securities Research to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

This report is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this report may not be suitable for all investors and a person receiving or reading this report should seek advice from a professional and financial adviser regarding the legal, business, financial, tax and other aspects including the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

This report is not intended for distribution, publication to or use by any person in any jurisdiction outside of Singapore or any other jurisdiction as Phillip Securities Research may determine in its absolute discretion.

### IMPORTANT DISCLOSURES FOR INCLUDED RESEARCH ANALYSES OR REPORTS OF FOREIGN RESEARCH HOUSES

Where the report contains research analyses or reports from a foreign research house, please note:

- (i) recipients of the analyses or reports are to contact Phillip Securities Research (and not the relevant foreign research house) in Singapore at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101, telephone number +65 6533 6001, in respect of any matters arising from, or in connection with, the analyses or reports; and
- (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, Phillip Securities Research accepts legal responsibility for the contents of the analyses or reports.