

United Overseas Bank Limited was the sole financial adviser for the Offering. United Overseas Bank Limited, UOB Kay Hian Private Limited and UBS AG, Singapore Branch were the joint issue managers and global coordinators for the Offering. United Overseas Bank Limited, UOB Kay Hian Private Limited, UBS AG, Singapore Branch, Credit Suisse (Singapore) Limited and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch were the joint bookrunners and underwriters for the Offering.

### **Response to Queries from SGX-ST**

United Hampshire US REIT Management Pte. Ltd. in its capacity as manager (the “**Manager**”) of United Hampshire US Real Estate Investment Trust (“**United Hampshire US REIT**” or the “**REIT**”) refers to its announcement of its unaudited financial results for the reporting period 12 March 2020 to 30 June 2020 (“**Reporting Period**”) released on 12 August 2020 (the “**30 June 2020 Results Announcement**”).

Unless otherwise defined, all capitalised terms used in this Announcement shall bear the same meaning as in the 30 June 2020 Results Announcement

Following the release of the 30 June 2020 Results Announcement, Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) has requested that the Manager provide clarifications in respect of the 30 June 2020 Results Announcement.

The SGX-ST’s questions are reproduced below, with the corresponding response thereto from the Manager set out below.

We refer to United Hampshire US REIT (the “**REIT**”) announcement of its Second Quarter Results for Period Ended 30 June 2020 (“**Announcement**”):

#### **1. Question from the SGX-ST:**

The REIT recorded US\$5.64 million decrease in fair value of investment properties for 2Q FY2020.

- a) Please elaborate whether the REIT had conducted the valuation assessment internally or with the assistance of an external valuer. If expert advice is sought, please disclose the identity of the expert.

**Reply from the Manager:**

- a) The fair value adjustment of US\$5.64 million pertains to the fair value loss attributable to (i) the property acquisition expenses of US\$4.4 million as disclosed in footnote (3) of 9. Variance Between Actual and Forecast Results; (ii) current period's effects of straight-line rent and amortisation of lease commission amounting to US\$0.5 million; and (iii) the effect of the recognition of the Earn-Out consideration, amounting to US\$0.7 million. The REIT will perform a valuation on each of its properties once a year and the next valuation will be as at 31 December 2020.

**2. Question from the SGX-ST:**

The REIT recorded other income amounting to US\$753,000 which comprises Top-Ups from Hampshire Sponsor in relation to St Lucie West and Perth Amboy Self-Storage.

- a) Please elaborate on the expected performance of these two properties versus their actual performance and explain factors which resulted in a shortfall.
- b) Please disclose if the top-up amounts have been received by the REIT in cash to-date.

**Reply from the Manager:**

- a) Other income of US\$753,000 pertains to the Top-Ups for the period from 12 March 2020 to 30 June 2020 in relation to St Lucie West Top-Up and Perth Amboy Top -Up.

**St. Lucie West Top-Up**

As disclosed in the Prospectus, the St. Lucie West Top-Up Agreement has been put in place to mitigate the lower rental income caused by the construction of St. Lucie West Expansion which is targeted to be completed by 1Q2021.

Part of the equity proceeds from the Offering equal to US\$1,798,000 has been set aside from the purchase consideration in escrow and a top-up amount of US\$1,100,000 in 2020 and an additional US\$698,000 in 2021 will be disbursed in accordance with the St Lucie West Top Up

Agreement. For the avoidance of doubt, the full amount of the St. Lucie West Top-Ups will be payable regardless of the actual underlying income for St. Lucie West, i.e. such Top-Ups are guaranteed.

As the REIT has an unconditional right to receive the St. Lucie West Top-Ups, it has been recorded as other receivables. It would be recognized as other income within distribution adjustments in accordance with the relevant top-up period.

### **Perth Amboy Top-Up**

As disclosed in the Prospectus, Perth Amboy Self-Storage is still under construction and is targeted to complete by August 2020. As a result, its Net Operating Income will not have reached a level in line with those of more mature or stabilised properties. The Perth Amboy Top-Up Agreement has been put in place as an expression of confidence in the long-term income growth of the REIT. Pursuant to the Perth Amboy Top-Up Agreement, part of the equity proceeds from the Offering equal to US\$2,198,123 have been set aside from the purchase consideration for Perth Amboy Self-Storage in escrow and the Hampshire Sponsor will provide Top-Ups for the Net Operating Income of Perth Amboy Self-Storage for a period of up to four years from the date of completion of the Purchase and Sale Agreements. In respect of each semi-annual period, where in the event that the Net Operating Income of Perth Amboy Self-Storage in the relevant semi-annual period is less than the Stabilised Net Operating Income, the REIT will be entitled to receive the difference between the relevant Net Operating Income and such Stabilised Net Operating Income, up to an aggregate amount of US\$2,198,123 on a cumulative basis.

- b) The Hampshire Sponsor has set aside the Top-Up amounts in escrow accounts controlled by the Manager. The REIT has submitted the Top-Up Draw Request for the Reporting Period and is expected to receive the Top-Up amount around the end of August 2020.

**3. Question from the SGX-ST:**

Please provide a breakdown of the income top-up and prepaid capital expenditure which amounted to US\$12.6 million. To also elaborate on how was the income top-up being derived and whether the amounts have been paid in cash.

**Reply from the Manager:**

The income top up and prepaid capital expenditure were US\$2,150,000 and \$10,452,000 respectively as at 30 June 2020.

The income top up amount comprises the St. Lucie West Top-Up amount of US\$1,798,000, which as mentioned in Reply 2 above, is guaranteed.

The Perth Amboy Top-Up amount of US\$352,000 was computed as the amount by which the Net Operating Income of Perth Amboy Self-Storage in the Reporting Period is less than the Stabilised Net Operating Income. The REIT has submitted the Top-Up Draw Request for the Reporting Period and is expected to receive the Top-Up amount around the end of August 2020.

As disclosed in the Prospectus, prepaid capital expenditure represents the excess of the independent valuation of Perth Amboy Self-Storage on an as-completed basis, over its independent valuation on an as-is basis as Perth Amboy Self-Storage is acquired based on as-completed valuation pursuant to the Purchase and Sale Agreements. The prepaid capital expenditure was paid by the REIT as part of the purchase consideration for the IPO Portfolio.

**4. Question from the SGX-ST:**

Please elaborate reason why US\$24.3 million has been deducted for right-of-use assets and where is the amount being recorded.

**Reply from the Manager:**

A right-of-use asset relating to the ground lease for Wallington ShopRite of US\$24,337,000 has been included as part of the carrying amount of the investment properties as at 30 June 2020 upon the adoption of IFRS 16 *Leases*.

**5. Question from the SGX-ST:**

Listing Rule 704(30) requires an issuer to announce a breakdown with specific details on the use of IPO proceeds for working capital and announce the reasons for any material deviation from the use of proceeds as stated in the prospectus. Please disclose accordingly.

**Reply from the Manager:**

To clarify the disclosure in footnote (3) of 1 (C) c) Consolidated Statement of Cash Flows, there was a lower than expected IPO related costs and the Manager will allocate the savings for general working capital purposes. However the working capital of US\$6,896,000 remains unutilized as at 30 June 2020.

**6. Question from the SGX-ST:**

Please elaborate on how the lower spending in the recoverable expense resulted in US\$0.5 million lower gross revenue than the forecasted figures.

**Reply from the Manager:**

The lower gross revenue by US\$0.5m was partly due to US\$0.2 million in lower recoveries income from Grocery and Necessity Properties, primarily driven by the lower spending in the recoverable expense.

Recoveries income includes, among others, charges to tenants for reimbursements of certain property expenses primarily for common area maintenance, such as repair and maintenance expenses, utilities, property management fees and reimbursements, real estate taxes and other recoverable costs in the period the related expenses are incurred in accordance with the individual tenant leases. For the period from 12 March 2020 to 30 June 2020, certain recoverable expense items were pushed forward to 3Q 2020 and this has resulted in the lower recoverable expense being recognized during the period and there was a corresponding decrease in the recoveries income.

**7. Question from the SGX-ST:**

Please disclose the average duration of lease terms for the Self-Storage Properties and whether they are considered short-term leases. If not, please elaborate what is the deceleration in leasing activities referring to and how would it impact the revenue derived from Self-Storage Properties.

**Reply from the Manager:**

As disclosed in the Prospectus, Self-Storage tenant leases carry from month to month and the leases are renewed automatically each month and tenants can elect to terminate with 10 days of notice per the self-storage agreement with Extra Space Storage.

The deceleration in leasing activities arising from COVID-19 was experienced primarily in April to early May. Self-Storage Properties have experienced growth in traffic and occupancy after the gradual lifting of lockdown guidelines from May 2020.

By Order of the Board  
Robert T. Schmitt  
Chief Executive Officer

**United Hampshire US REIT Management Pte. Ltd.**

(Registration Number: 201916768W)

(as manager of United Hampshire US REIT)

24 August 2020



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