



UNITED HAMPSHIRE US REAL ESTATE INVESTMENT TRUST OUTPERFORMS IPO DPU FORECAST WITH FP 2020 DPU OF US\$4.81 CENTS

- ***2H 2020 Distributable Income of US\$15.0 million, 2.0% above IPO forecast***
- ***Unitholders to receive 2H 2020 DPU of US\$3.03 cents, 1.3% above IPO forecast***
- ***Grocery & Necessity Properties maintain high occupancy rate of 94.7% and long WALE¹ of 8.2 years***
- ***100% of tenants open for business since September 2020; high rental collections for Grocery & Necessity Properties of 98.9%² in 4Q 2020***
- ***Self-Storage occupancies continue to trend upwards***
 - ***Demand driven by accelerated suburban migration trends and work-from-home arrangements***
- ***Prudent capital structure with conservative aggregate leverage of 36.2%, interest coverage ratio of 6.3 times***

SINGAPORE, 26 February 2021 – United Hampshire US REIT Management Pte. Ltd. (the “**Manager**”) of United Hampshire US Real Estate Investment Trust (“**UHREIT**”), announced today that UHREIT’s resilient portfolio has delivered distributable income of US\$15.0 million for the period 1 July to 31 December 2020 (“**2H 2020**”), 2.0% higher than IPO forecast (“**forecast**”) of US\$14.7 million. 2H 2020 distribution per unit (“**DPU**”) was US\$3.03 cents, outperforming DPU forecast of US\$2.99 cents by 1.3%.

Distributable income for the period from 12 March 2020 (“**Listing Date**”) to 31 December 2020 (“**FP 2020**”) was US\$23.8 million, 1.3% above forecast and DPU was US\$4.81 cents, 1.1% above forecast.

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.

¹ Computation included forward committed leases, excluding forward committed leases, the WALE is 7.9 years as at 31 December 2020.

² Based on total base rent collected for Grocery & Necessity Properties in 4Q 2020.

Summary of Results

	2H 2020 (1 Jul to 31 Dec 2020)			FP 2020 (12 Mar to 31 Dec 2020)		
	Actual US\$'000	Forecast ³ US\$'000	Variance (%)	Actual US\$'000	Forecast ³ US\$'000	Variance (%)
Gross Revenue	26,305	26,697	(1.5)	41,617	42,558	(2.2)
Net Property Income	19,761	20,177	(2.1)	31,075	32,148	(3.3)
Distributable Income	15,033	14,744	2.0	23,826	23,516	1.3
Distribution per Unit⁴ (US cents)	3.03	2.99	1.3	4.81	4.76	1.1

2H 2020 gross revenue and net property income (“NPI”) were 1.5% and 2.1% lower than forecast, respectively. In FP 2020, UHREIT reported gross revenue of US\$41.6 million, 2.2% lower than the forecast of US\$42.6 million whilst property expenses of US\$11.8 million was 5.0% lower than forecast. FP 2020 NPI stood at US\$31.1 million, which was 3.3% lower than the forecast of US\$32.1 million.

The variance was mainly due to rent relief of US\$0.6 million granted to assist tenants in bridging through the pandemic, a provision of US\$0.3 million for doubtful debt and an initial deceleration in leasing activities of the Self-Storage Properties at the onset of COVID-19. Since the gradual lifting of lockdown measures, leasing activities and occupancies for the Self-Storage Properties have trended upwards. In spite of the impact of COVID-19, UHREIT was able to achieve an FP 2020 distributable income which was higher than forecast, benefiting from lower finance costs.

For the period 1 October 2020 to 31 December 2020 (“4Q 2020”), rental collections for UHREIT’s Grocery & Necessity Properties stood at 98.9%⁵.

Mr. Robert Schmitt, Chief Executive Officer of the Manager, said, “We are pleased to have achieved a steady set of financial results, which outperformed our IPO forecast, notwithstanding the challenging

³ The Prospectus disclosed a 10-month profit forecast for the period from 1 March 2020 to 31 December 2020. Forecast numbers for the period from 2H 2020 and FP 2020 were derived by pro-rating the forecast figures for the 10-month forecast period as disclosed in the Prospectus.

⁴ DPU of US3.03 cents for the period from 1 July 2020 to 31 December 2020 and DPU of US4.81 cents for the period from 12 March 2020 to 31 December 2020 were calculated based on 496,054,925 number of issued units at the end of the periods.

⁵ Based on total base rent collected for Grocery & Necessity Properties in 4Q 2020.



business environment in 2020. This further underscores the resilience of UHREIT's portfolio of 18 suburban Grocery & Necessity Properties and four Self-Storage Properties."

"The key differentiating factor of our portfolio is that UHREIT's Grocery & Necessity Properties, which comprise 95% of gross revenue, cater to daily necessities, unlike enclosed shopping malls, and our properties are strategically located in high density suburban markets across the populous and affluent East Coast of the U.S. Together with the Self-Storage Properties, which are also classified as commercial business addressing the needs of the U.S. consumers, our Properties have remained open throughout the pandemic."

"It is noteworthy that the retail tenants occupying our shopping centers had fully opened for business as of September 2020. Additionally, our grocery and home improvement tenants have adapted well to the 'new normal', successfully adopting the omni-channel strategy, which leverages both online and offline presence, to sell and deliver products. These tenants continued to thrive and exhibit resiliency during the COVID-19 pandemic, with key tenants including Ahold Delhaize, Lowe's, The Home Depot and Walmart recording between 8.6% to 28.6% increase in sales year-on-year in 4Q 2020⁶."

Portfolio Review

In 2020, the Manager secured 25 new and extended retail leases representing approximately 319,000 sq ft, strengthening the earnings visibility of the portfolio. As at 31 December 2020, UHREIT's Grocery & Necessity Properties maintained a high occupancy rate of 94.7%, achieved high rental collections of 98.9%⁷ in 4Q 2020 and enjoyed long weighted average lease expiry of 8.2 years⁸ where majority of the leases benefit from rental increases during the lease terms and/or renewal options with built-in rental increases.

UHREIT's suburban Grocery & Necessity Properties are single-storey open-air strip centers catering to daily necessities and have large car parks with designated spots for curbside pick-up and common areas. Coupled with the Manager's implementation of precautionary measures during the period under review to ensure the safety of shoppers and staff, UHREIT's properties facilitated a conducive

⁶ *Extracted from respective companies' latest results releases.*

⁷ *Based on total base rent collected for Grocery & Necessity Properties in 4Q 2020.*

⁸ *Computation included forward committed leases, excluding forward committed leases, the WALE is 7.9 years as at 31 December 2020.*



environment for social distancing. The Manager also supports the tenants in adopting the omni-channel strategy, with physical stores at the core and acting as distribution hubs, where shoppers can choose fresh produce in-store, as well as pick up their online orders. Other initiatives also included designating selected parking spaces at the properties for curbside pick-up, which enabled tenants to fulfill their orders at lower costs and faster delivery speed.

While UHREIT's Self-Storage segment was initially affected by the pandemic and shelter-in-place restrictions, its performance has improved considerably since the gradual lifting of the lockdown guidelines from May 2020 and occupancies have continued to trend upwards.

Added Mr. Schmitt, "Demand for our Self-Storage Properties are driven by several factors, such as an accelerated suburban migration, organisations implementing work-from-home policies for their employees since the start of the pandemic, and homeowners adapting their homes to serve new purposes, such as work, school and leisure. We believe these socio-economic shifts will serve our Self-Storage Properties well, as homeowners seek to repurpose, reorganise and declutter existing spaces within their homes."

Millburn Self-Storage and Elizabeth Self-Storage recorded significant occupancy growth from the period from 1 April 2020 to 30 June 2020 ("**2Q 2020**") through 4Q 2020, increasing from an average of 63.1% and 12.2% for 2Q 2020 to an average of 93.4% and 36.6% for 4Q 2020, respectively. Carteret Self-Storage's occupancy has remained consistently high since 2Q 2020, with an average occupancy of 93.7% for 4Q 2020. Construction of Perth Amboy Self-Storage was completed and leasing activities started in January 2021. With approximately a month since opening, occupancy reached 8.0% as at 22 February 2021.

As for the Publix Store at St. Lucie West Expansion, Florida, construction started in May 2020 and is on track for completion in the first quarter of 2021. The Manager has secured a new lease with Beall's Outlet Stores, with a tenure of seven years, which will occupy 57.0% of the existing space that Publix will vacate upon its relocation to the new store. Discussions with prospective tenants are also ongoing for the leasing of the remaining space.

Prudent Capital Management

UHREIT adopts a prudent and disciplined capital management strategy. As at 31 December 2020, UHREIT's total loans and borrowings stood at US\$217.1 million, while aggregate leverage stood



conservatively at 36.2%, well below the regulatory limit of 50%.

UHREIT had earlier entered into interest rate swaps to hedge the floating rate of the Term Loan Facilities into fixed rates, which removes any near-term interest rate risk. The weighted average interest rate (excluding the US\$20.0 million committed revolving credit facility which is currently undrawn) is 2.83% with no refinancing requirements until 2023. As at 31 December 2020, interest coverage ratio stood at 6.3 times.

U.S. Market Outlook

U.S. GDP figures are expected to grow between 4.0% and 5.2% in the first half of 2021⁹. Across the U.S., a total of 65 million doses of the COVID-19 vaccine have been administered, as at 24 February 2021¹⁰. With concerted vaccination efforts and resumption of economic activity, U.S. unemployment stood at 6.3% in January 2021, a significant improvement from a peak of close to 15.0% at the height of the pandemic¹¹. Unemployment is expected to fall slightly in 2021 and decline at a faster pace in 2022 as the economy continues to improve⁹.

In response to the economic fallout caused by the pandemic, the U.S. Government passed a US\$2.2 trillion economic stimulus bill, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in March 2020, as well as a US\$900 billion coronavirus stimulus bill in December 2020¹². This is in addition to a proposed US\$1.9 trillion spending package that is being deliberated in Congress to continue supporting the recovery of the economy and pay for the concerted vaccine campaign. The stimulus payments and extra unemployment insurance benefits have boosted household incomes, and coupled with reduced opportunities to make purchases, consumer savings have increased over the past year. In addition, the low interest rates and consumer debt levels will also be positive for consumer spending in 2021 and 2022⁹.

Based on advance estimates, January 2021 retail and food service sales increased 7.4% year-on-year (“YOY”), while sales for food & beverage stores and building material & garden equipment & supplies dealers increased 11.8% and 19.0% YOY¹³.

⁹ Cushman & Wakefield Research

¹⁰ Bloomberg, 24 February 2021, COVID-19 Tracker

¹¹ U.S. Bureau of Labor Statistics, The Employment Situation – January 2021, 5 February 2021

¹² Appropriations.House.gov. H.R. 133: DIVISION-BY-DIVISION SUMMARY OF COVID-19 RELIEF PROVISIONS

¹³ U.S. Census Bureau, Advance Monthly Sales for Retail and Food Services, January 2021, 17 February 2021



While overall capital market investment volumes have decreased, transaction activities in the retail sector have been dominated by grocery-anchored and necessity-oriented assets due to consumer demand for essential goods and services. In 4Q 2020, properties with grocery-related tenants accounted for more than 30% of the total transactions in the broader retail sector, an increase of 22% from 2019¹⁴.

With respect to the self-storage sector, on top of traditional life changing events, the acceleration of suburban migration and the escalation of corporate work-at-home policies continued to create strong consumer demand. As a result, in 4Q 2020, self-storage median occupancy remained healthy at 92.0%, higher than 90.0% reported in 4Q 2019¹⁵, mainly due to higher new tenant move-ins.

As the global economy continues to gradually recover from the impact of COVID-19 through concerted vaccination campaigns, the Manager will monitor the situation closely, optimise the assets and seek opportunities to strengthen income streams. The Manager believes that UHREIT's resilient portfolio remains well-positioned to weather the challenges ahead and will continue to selectively look for suitable accretive acquisition opportunities.

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¹⁴ Cushman & Wakefield; *The Boulder Group, Net Lease Big Box Report Q4 2020*

¹⁵ Cushman & Wakefield; *Self-Storage Data Services*



About United Hampshire US Real Estate Investment Trust

Listed on the Main Board of the Singapore Exchange on 12 March 2020, UHREIT is a Singapore real estate investment trust established with the principal investment strategy of investing in a diversified portfolio of stabilised income-producing (i) grocery-anchored and necessity-based¹⁶ retail properties (“**Grocery & Necessity Properties**”), and (ii) modern, climate-controlled self-storage facilities (“**Self-Storage Properties**”), located in the U.S.

The tenants targeted by UHREIT are tenants resilient to the impact of e-commerce, including but not limited to restaurants, home improvement stores, fitness centers, warehouse clubs and other uses with strong omni-channel platforms¹⁷.

UHREIT’s portfolio comprises 22 predominantly freehold Grocery & Necessity Properties, and Self-Storage Properties, primarily concentrated in the East coast of the U.S., with an appraised value of approximately US\$585.5 million and an aggregate net lettable area (“**NLA**”) of approximately 3.16 million square feet.

¹⁶ “**Grocery-anchored and necessity-based**” retail properties are assets which are anchored by non-discretionary spending businesses such as supermarkets and grocers (generally accounting for 50 to 70 per cent of the NLA), complemented by smaller inline tenants (generally each accounting for less than 5 per cent of the NLA) for lifestyle services such as hair salons, laundry and dry-cleaning stores.

¹⁷ “**Omni-channel platforms**” means the utilisation of multiple distribution channels, both physical and digital to allow the retailer to be better positioned to engage with the customer. These channels include the physical store, websites, phones, e-mail offers, social media, and traditional advertisement methods (i.e. print media).



About the Sponsors

UOB Global Capital LLC

UOB Global Capital LLC is an originator and distributor of private equity, hedge funds, fixed income and real estate products, and a global asset management subsidiary of United Overseas Bank Limited, a leading bank in Asia. UOB Global Capital LLC was founded in 1998 and has US\$2.84 billion in AUM as of 30 September 2020. It operates from offices in New York and Paris, with representation at UOB's headquarters in Singapore. In this way, the firm can conduct its activities and meet investors' needs across the Americas, Europe, the Middle East and Asia.

Since 2008, UOB Global Capital LLC and The Hampshire Companies, LLC have jointly formed three funds with combined AUM of approximately US\$1.1 billion (as at 30 September 2020) to focus on investment opportunities in income producing real estate assets in the U.S.

The Hampshire Companies, LLC

The Hampshire Companies, LLC is a privately held, fully integrated real estate firm and real estate investment fund manager, which has over 60 years of hands-on experience in acquiring, developing, leasing, repositioning, managing, financing and disposing of real estate. It has a diversified investment platform and derives results from its broad experience in multiple commercial real estate asset classes, including industrial, retail, self-storage, office, industrial and multifamily. The Hampshire Companies, LLC currently owns and operates a diversified portfolio of 275 properties across U.S. with an AUM in excess of approximately US\$2.1 billion¹⁸ in value and totalling over 17.5 million square feet.

¹⁸ As at 30 September 2020.



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