UNITED HAMPSHIRE US REAL ESTATE INVESTMENT TRUST

(Constituted in Republic of Singapore pursuant to a trust deed dated 18 September 2019 (as amended and restated))

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2021

TABLE OF CONTENTS

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.

INTRODUCTION

Overview

United Hampshire US Real Estate Investment Trust ("United Hampshire US REIT" or "UHREIT" or the "Group") is a Singapore real estate investment trust constituted pursuant to the Trust Deed dated 18 September 2019 (the "Date of Constitution") (as amended and restated) (the "Trust Deed") between United Hampshire US REIT Management Pte. Ltd., in its capacity as the manager of UHREIT (the "Manager") and Perpetual (Asia) Limited, in its capacity as the trustee of UHREIT (the "Trustee"). The Trustee is under a duty to take into custody and hold the assets of the Trust in trust for the holders ("Unitholders") of Units in the Trust (the "Units").

UHREIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 12 March 2020 (the "Listing Date"). UHREIT's principal investment strategy is to invest, directly or indirectly, in stabilized income-producing (i) grocery-anchored and necessity-based retail properties ("**Grocery & Necessity Properties**"), and (ii) modern, climate-controlled self-storage facilities ("**Self-Storage Properties**"), located in the United States of America ("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 platforms. UHREIT's key objectives are to provide Unitholders with regular and stable distributions and to achieve long-term growth in distribution per Unit ("DPU") and net asset value ("NAV") per Unit, while maintaining an appropriate capital structure.

UHREIT completed the acquisition of its initial portfolio on the Listing Date. UHREIT's portfolio comprises 18 Grocery & Necessity Properties and 4 Self-Storage Properties (the "Properties" or "IPO Portfolio") located across the U.S., with an aggregate net lettable area of 3.16 million sq ft, as follows:

Property	**State**	**Asset type**
Grocery & Necessity Properties		
Hudson Valley Plaza	New York	Regional Center with Grocery
Albany ShopRite – Supermarket	New York	Grocery & Necessity
Albany ShopRite – Gas Station	New York	Grocery & Necessity
Towne Crossing	New Jersey	Grocery & Necessity
Lynncroft Center	North Carolina	Grocery & Necessity
Garden City Square – BJ's Wholesale Club	New York	Wholesale Club
Garden City Square – LA Fitness	New York	Fitness Club
Price Chopper Plaza	New York	Grocery & Necessity
Big Pine Center	Florida	Grocery & Necessity
Stop & Shop Plaza	New Jersey	Grocery & Necessity
Fairhaven Plaza	Massachusetts	Grocery & Necessity
Wallington ShopRite	New Jersey	Grocery & Necessity
Parkway Crossing	Maryland	Grocery & Necessity
Wallkill Price Chopper	New York	Grocery & Necessity
St. Lucie West	Florida	Grocery & Necessity
BJ's Quincy	Massachusetts	Wholesale Club
Arundel Plaza	Maryland	Grocery & Necessity
Lawnside Commons	New Jersey	Grocery & Necessity
Self-Storage Properties		
Carteret Self-Storage	New Jersey	Self-Storage
Millburn Self-Storage	New Jersey	Self-Storage
Elizabeth Self-Storage	New Jersey	Self-Storage
Perth Amboy Self-Storage	New Jersey	Self-Storage

FINANCIAL STATEMENTS PRESENTATION AND ANNOUNCEMENT

On 12 January 2021, SGX-ST made amendments to the Listing Rule 705 to clarify that the issuers are to prepare their interim financial statements in accordance with prescribed accounting standards for period ending on or after 30 June 2021. With the above clarification, UHREIT will prepare a condensed consolidated set of interim financial statements for the first half year from 1 January 2021 to 30 June 2021 in accordance with IAS 34 *Interim Financial Reporting* in compliance with the requirements. The comparative figures cover the financial period from the Date of Constitution to 30 June 2020.

Distribution Policy

UHREIT makes distributions to Unitholders on a semi-annual basis. The current distribution will be for the period from 1 January 2021 to 30 June 2021 and will be paid on or before 28 September 2021.

UHREIT'S distribution policy is to distribute 100% of distributable income for the period from the Listing Date to 31 December 2021. Thereafter, UHREIT will distribute at least 90% of its annual distributable income for each financial year. The actual level of distribution will be determined at the Manager's discretion.

SUMMARY OF UHREIT'S RESULTS

	1H 2021		
	1 Jan 2021 to 30 Jun 2021		
	Actual	**Forecast** [1]	**Change**
	US$'000	US$'000	+/(-) [2]
Gross revenue	26,804	27,759	(3.4%)
Property expenses	8,451	8,171	3.4%
Net property income	20,472	20,584	(0.5%)
Net income available for distribution to Unitholders	15,204	14,984	1.5%
DPU (US cents)	3.05 [3]	3.02	1.0%

Footnotes:

(1) The Prospectus disclosed a profit forecast for the financial year 2021. Forecast numbers for the period for 1H 2021 were derived by pro-rating the forecast figures for the forecast period as disclosed in the Prospectus.

(2) Refer to Note 10 "Variance Between Actual and Forecast Results" for the reasons behind the variance.

(3) DPU of 3.05 US cents for the period from 1 January 2021 to 30 June 2021 was calculated based on 498,500,061 issued units as at 30 June 2021.

1(A)(i) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Group		
	Note 1F	**1 Jan 2021 to 30 Jun 2021**	**18 Sep 2019 to 30 Jun 2020**	**Change**
		US$'000	US$'000	+/(-)
Gross revenue	3(a)	26,804	15,312	75.1%
Property expenses	3(b)	(8,451)	(4,484)	88.5%
Other income	3(c)	2,119	486	n.m.
Net property income		**20,472**	**11,314**	**80.9%**
Manager's base fee		(1,520)	(878)	73.1%
Trustee's fee		(68)	(53)	28.3%
Other trust expenses		(1,050)	(404)	n.m.
Finance costs	3(d)	(3,530)	(2,120)	66.5%
Finance income		2	2	-
Net income before tax and change in fair value of investment properties and derivatives		**14,306**	**7,861**	**82.0%**
Fair value change in investment properties		(1,398)	(5,636)	(75.2%)
Fair value change on financial derivatives		881	(2,005)	n.m.
Net income before tax		**13,789**	**220**	**n.m.**
Income tax	3(e)	(482)	(898)	(46.3%)
Net income/(loss) after tax		**13,307**	**(678)**	**n.m.**
Net income after tax attributable to:				
Unitholders		13,209	(734)	n.m.
Non-controlling interests		98	56	75.0%
Net income/(loss) for the period		**13,307**	**(678)**	**n.m.**
Earnings per Unit ("EPU") attributable to the owners of the Company during the period:				
Basic and diluted EPU (US cents)		2.66	n.m.	n.m.

n.m. – not meaningful

1(A)(ii) CONDENSED CONSOLIDATED DISTRIBUTION STATEMENT

	Group		
	1 Jan 2021 to 30 Jun 2021 US$'000	**18 Sep 2019 to 30 Jun 2020** US$'000	**Change** +/(-)
Amount available for distribution to Unitholders for the financial period			
Net income/(loss) after tax attributable to the Unitholders	13,209	(734)	n.m.
Note A – Distribution adjustments comprise:			
Property related non-cash items [(1)]	(561)	(517)	8.5%
Manager's base fee paid/payable in Units	1,520	878	73.1%
Trustee's fees [(2)]	68	47	44.7%
Amortisation of upfront debt-related transaction costs [(3)]	404	206	96.1%
Fair value change in investment properties	1,398	5,636	(75.2%)
Fair value change on financial derivatives	(881)	2,005	n.m.
Deferred tax expense	-	721	(100.0%)
Income top-ups [(4)]	434	753	(42.4%)
Interest on lease liability	273	170	60.6%
Ground lease rental payment	(660)	(401)	64.6%
Net loss after tax for period prior to the Listing Date	-	29	(100.0%)
Distribution adjustments	**1,995**	**9,527**	**(79.1%)**
Net income available for distribution to Unitholders	15,204	8,793	72.9%
DPU (US cents) [(5)]	**3.05**	**1.78**	**71.3%**

Footnotes:

(1) Mainly comprise straight-line rent adjustments and lease commission amortisation.

(2) Trustee's fees exclude US$6,000 incurred during the period prior to the Listing Date.

(3) Upfront debt-related transaction costs are amortised over the life of the borrowings.

(4) Comprises income top-ups provided by the Hampshire Sponsor in relation to St. Lucie West Top-Up Agreement (1H2020: St. Lucie West and Perth Amboy Self-Storage).

(5) The DPU relates to the distributions in respect of the financial period from the Listing Date to 30 June 2021. The distribution for the period from 1 January 2021 to 30 June 2021 will be paid subsequent to the financial period end. The distribution for the period from the Listing Date to 30 June 2020 was paid during the financial period 2020.

1(B) CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note 1F	Group 30 Jun 2021 US$'000	Group 31 Dec 2020 US$'000	Trust 30 Jun 2021 US$'000	Trust 31 Dec 2020 US$'000
ASSETS					
Current assets					
Cash and cash equivalents		8,429	13,040	645	1,011
Restricted cash		892	120	-	-
Trade and other receivables	3(f)	4,550	5,699	10,163	113
Prepaid expenses		806	1,783	19	2
Total current assets		**14,677**	**20,642**	**10,827**	**1,126**
Non-current assets					
Restricted cash		258	258	-	-
Investment properties	3(g)	610,317	608,667	-	-
Investment in subsidiaries		-	-	368,414	373,264
Total non-current assets		**610,575**	**608,925**	**368,414**	**373,264**
TOTAL ASSETS		**625,252**	**629,567**	**379,241**	**374,390**
LIABILITIES					
Current liabilities					
Trade and other payables	3(h)	5,134	8,086	418	386
Provision for taxation		246	473	-	-
Lease liability		788	779	-	-
Total current liabilities		**6,168**	**9,338**	**418**	**386**
Non-current liabilities					
Loans and borrowings	3(i)	217,494	217,090	-	-
Preferred shares		125	125	-	-
Rental security deposits		540	493	-	-
Derivative liability		1,236	2,117	-	-
Lease liability		22,778	23,175	-	-
Total non-current liabilities		**242,173**	**243,000**	**-**	**-**
TOTAL LIABILITIES		**248,341**	**252,338**	**418**	**386**
NET ASSETS		**376,911**	**377,229**	**378,823**	**374,004**
Net assets attributable to:					
Unitholders		375,018	375,319	378,823	374,004
Non-controlling interests		1,893	1,910	-	-
		376,911	**377,229**	**378,823**	**374,004**
Units in issue and to be issued ('000)		**499,535**	**497,354**	**499,535**	**497,354**
Net asset value per Unit (US$)		**0.75**	**0.75**	**0.76**	**0.75**

1(C) CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		1 Jan 2021 to 30 Jun 2021 US$'000	**18 Sep 2019 to 30 Jun 2020** US$'000
Cash flows from operating activities			
Net income before tax		13,789	220
Adjustments for:			
Property related non-cash items		(561)	(517)
Manager's base fee paid/payable in Units		1,520	878
Fair value change in investment properties		1,398	5,636
Fair value change on financial derivatives		(881)	2,005
Finance costs		3,530	2,120
Finance income		(2)	(2)
Operating income before working capital changes		18,793	10,340
Changes in working capital:			
Trade and other receivables		1,149	(4,884)
Restricted cash		(772)	(614)
Prepaid expenses		527	1,481
Trade and other payables		(2,952)	(252)
Rental security deposits		47	(89)
		16,792	5,982
Income tax paid		(709)	-
Net cash generated from operating activities		16,083	5,982
Cash flows from investing activities			
Acquisition of investment properties and related assets and liabilities	a	-	(450,348)
Additions to investment properties	b	(2,037)	(1,691)
Interest received		2	2
Net cash used in investing activities		(2,035)	(452,037)
Cash flows from financing activities			
Proceeds from issuance of Units	c	-	320,858
Payment for transaction costs relating to issuance of Units		-	(17,474)
Distribution paid to Unitholders		(15,030)	-
Distribution paid to a non-controlling interest		(115)	-
Dividends paid to preferred shareholders		(8)	-
Contribution from a non-controlling interest		-	290
Proceeds from loans and borrowings		7,500	158,329
Payment of debt related transaction costs		(36)	(2,203)
Repayment of loans and borrowings		(7,500)	-
Finance costs paid on loans and borrowings		(2,809)	(1,580)
Repayment of lease liability		(388)	(231)
Interest paid on lease liability		(273)	(170)
Net cash (used in)/generated from financing activities		(18,659)	457,819

	Group	
	1 Jan 2021 to 30 Jun 2021 US$'000	**18 Sep 2019 to 30 Jun 2020** US$'000
Net (decrease)/increase in cash and cash equivalents	(4,611)	11,764
Cash and cash equivalents at beginning of the period	13,040	-
Cash and cash equivalents at end of the period	**8,429**	**11,764**

a) Acquisition of investment properties and related assets and liabilities

	Group	
	1 Jan 2021 to 30 Jun 2021 US$'000	**18 Sep 2019 to 30 Jun 2020** US$'000
Agreed purchase consideration for investment properties	-	584,549
Less: Non-controlling interest	-	(1,675)
Acquisition of the properties	-	582,874
Add: Acquisition costs	-	4,187
	-	587,061
Trade and other receivables	-	19
Prepaid expenses	-	2,623
Restricted cash	-	124
Loans and borrowings	-	(60,814)
Debt related transaction costs	-	420
Trade and other payables	-	(4,734)
Rental security deposits	-	(587)
Net liabilities acquired	-	(62,949)
Net consideration for investment properties	-	524,112
Less: Consideration settled through issuance of Units for rollover investors	-	(73,764)
Net cash outflow for the acquisition	-	450,348

b) Additions to investment properties

Includes cash paid on capital expenditure, tenant improvements and leasing commissions.

c) Proceeds from issuance of Units

On Listing Date, an aggregate of 493,277,000 Units were issued at US$0.80 per Unit which together with two Units which were in issue prior to the Offering, the total gross proceeds raised was US$394.6 million, which is inclusive of a non-cash consideration of US$73.8 million from rollover investors.

1(D) PORTFOLIO STATEMENT

Description of property	Location	Tenure of land	Fair value as at 30 Jun 2021	Percentage of total net assets as at 30 Jun 2021	Fair value as at 31 Dec 2020	Percentage of total net assets as at 31 Dec 2020
			US$'000	%	US$'000	%
Grocery & Necessity Properties						
Hudson Valley Plaza	New York	Freehold	45,371	12.1	45,300	12.0
Albany ShopRite – Supermarket	New York	Freehold	22,850	6.1	22,850	6.1
Albany ShopRite – Gas Station	New York	Freehold	4,050	1.1	4,050	1.1
Towne Crossing	New Jersey	Freehold	13,000	3.4	12,900	3.5
Lynncroft Center	North Carolina	Freehold	24,209	6.4	24,200	6.5
Garden City Square – BJ's Wholesale Club	New York	Freehold	45,914	12.2	45,900	12.2
Garden City Square – LA Fitness	New York	Freehold	21,100	5.6	21,100	5.6
Price Chopper Plaza	New York	Freehold	21,700	5.8	21,700	5.8
Big Pine Center	Florida	Freehold	9,206	2.4	9,200	2.4
Stop & Shop Plaza	New Jersey	Freehold	28,300	7.5	28,300	7.5
Fairhaven Plaza	Massachusetts	Freehold	19,880	5.3	19,800	5.2
Wallington ShopRite	New Jersey	Leasehold (1)	16,300	4.3	16,300	4.3
Parkway Crossing	Maryland	Freehold	24,626	6.5	24,600	6.5
Wallkill Price Chopper	New York	Freehold	13,218	3.5	13,200	3.5
St. Lucie West	Florida	Freehold	84,788	22.5	83,550	22.1
BJ's Quincy	Massachusetts	Freehold	34,500	9.2	34,500	9.1
Arundel Plaza	Maryland	Freehold	45,540	12.1	45,500	12.1
Lawnside Commons	New Jersey	Freehold	32,800	8.7	32,800	8.7
Self-Storage Properties						
Carteret Self-Storage	New Jersey	Freehold	17,000	4.5	17,000	4.5
Millburn Self-Storage	New Jersey	Freehold	21,200	5.6	21,200	5.6
Elizabeth Self-Storage	New Jersey	Freehold	22,200	5.9	22,200	5.9
Perth Amboy Self-Storage	New Jersey	Freehold	19,302	5.1	19,300	5.1
Investment properties, at valuation			**587,054**	**155.8**	**585,450**	**155.3**
Investment property – Right-of-use asset			23,567	6.2	23,954	6.3
Reclass of St. Lucie Top-Up			(304)	(0.1)	(737)	(0.2)
Investment properties, at carrying value (Note 1F item 3(g))			**610,317** (2)	**161.9**	**608,667**	**161.4**
Other assets and liabilities (net)			(233,406)	(61.9)	(231,438)	(61.4)
Net assets			**376,911**	**100.0**	**377,229**	**100.0**

Footnotes:

(1) The Wallington ShopRite property consists of a leasehold interest under a ground lease between the Group and the landlord, Wallington Plaza, L.L.C., with an initial term that commenced on 30 May 2013 and will expire on 24 June 2040. The tenant has two ten-year renewal options that would take the term through 24 June 2060.

(2) The carrying value of the Group's investment properties as at 30 June 2021 was based on the independent valuation as at 31 December 2020 conducted by CBRE, Inc, and taking into account capitalised expenditure, tenant improvements, leasing costs and amortisation of right-of-use asset recognised during the six-month period.

1(E) CONDENSED STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

	Units in issue and to be issued	(Accumulated Loss)/ Retained Earnings	Non-controlling interests	Total
	US$'000	US$'000	US$'000	US$'000
Group				
As at 1 January 2021	376,851	(1,532)	1,910	377,229
Operations				
Net income for the period	-	13,209	98	13,307
Unitholders' transactions				
Distribution to Unitholders	(4,811)	(10,219)	-	(15,030)
Manager's base fee paid in Units	755	-	-	755
Manager's base fee payable in Units [1]	765	-	-	765
Total Unitholders' transactions	(3,291)	(10,219)	-	(13,510)
Distribution to non-controlling interests	-	-	(115)	(115)
As at 30 June 2021	**373,560**	**1,458**	**1,893**	**376,911**
Trust				
As at 1 January 2021	376,851	(2,847)	-	374,004
Operations				
Net income for the period	-	18,329	-	18,329
Unitholders' transactions				
Distribution to Unitholders	(4,811)	(10,219)	-	(15,030)
Manager's base fee paid in Units	755	-	-	755
Manager's base fee payable in Units [1]	765	-	-	765
Total Unitholders' transactions	(3,291)	(10,219)	-	(13,510)
As at 30 June 2021	**373,560**	**5,263**	**-**	**378,823**

Footnote:
[1] The Manager has elected to receive 100.0% of the Manager's base fee in Units for the period from 1 January 2021 to 30 June 2021. The number of Units is calculated based on the volume weighted average traded price of the Units on the SGX-ST for the last 10 business days for the period ended 30 June 2021 of US$0.7396.

	Units in issue and to be issued	Accumulated Loss	Non-controlling interests	Total
	US$'000	US$'000	US$'000	US$'000
Group				
As at Date of Constitution	-	-	-	-
Operations				
Net loss for the period	-	(734)	56	(678)
Unitholders' transactions				
Issue of new Unit prior to Listing Date	- [1]	-	-	- [1]
Issue of new Units on the Listing Date	394,622	-	-	394,622
Issue costs [2]	(17,474)	-	-	(17,474)
Manager's base fee payable in Units [3]	878	-	-	878
Total Unitholders' transactions	378,026	-	-	378,026
Non-controlling interests arising from acquisition	-	-	1,675	1,675
Contribution from non-controlling interests	-	-	290	290
As at 30 June 2020	**378,026**	**(734)**	**2,021**	**379,313**
Trust				
As at Date of Constitution	-	-	-	-
Operations				
Net income for the period	-	(1,113)	-	(1,113)
Unitholders' transactions				
Issue of new Unit prior to Listing Date	- [1]	-	-	- [1]
Issue of new Units on the Listing Date	394,622	-	-	394,622
Issue costs [2]	(17,474)	-	-	(17,474)
Manager's base fee payable in Units [3]	878	-	-	878
Total Unitholders' transactions	378,026	-	-	378,026
As at 30 June 2020	**378,026**	**(1,113)**	**-**	**376,913**

Footnotes:
(1) Less than US$1,000.
(2) Issue costs comprise underwriting and selling commissions, professional fees, and other issue expenses.
(3) The Manager has elected to receive 100.0% of the Manager's base in Units for the period from Listing Date to 30 June 2020. The number of Units is calculated based on the volume weighted average traded price of the Units on the SGX-ST for the last 10 business days for the period ended 30 June 2020 of US$0.5926.

1(F) NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

1. GENERAL

United Hampshire US Real Estate Investment Trust (the "Trust" or "United Hampshire US REIT" or "UHREIT") is a real estate investment trust constituted by a trust deed entered into on 18 September 2019 (as amended and restated) (the "Trust Deed") between United Hampshire US REIT Management Pte. Ltd. as the Manager of the Trust (the "Manager") and Perpetual (Asia) Limited, as the trustee of United Hampshire US Real Estate Investment Trust (the "Trustee"). The Trustee is under a duty to take into custody and hold the assets of the Trust in trust for the holders ("Unitholders") of Units in the Trust (the "Units").

The Hampshire Companies, LLC (the "Hampshire Sponsor") and UOB Global Capital LLC (the "UOB Sponsor") are the sponsors of the Trust.

The Trust was inactive from the date of its constitution to 11 March 2020. The Trust was admitted to the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 12 March 2020.

The registered office and principal place of business of the Manager is 80 Raffles Place, #28-21 UOB Plaza 2, Singapore 048624.

The condensed consolidated interim financial statements of the Trust for the half year ended 30 June 2021, comprise the Trust and its subsidiaries (the "Group").

The principal activity of the Trust is investment holding. The principal activities of the Trust's subsidiaries are to own and invest, directly or indirectly, in stabilised income-producing (i) grocery-anchored and necessity-based retail properties ("Grocery & Necessity Properties"), and (ii) modern, climate-controlled self-storage facilities ("Self-Storage Properties"), located in the United States of America ("U.S."). Collectively, the Manager's key financial objectives are to provide Unitholders with regular and stable distributions and the potential for sustainable long-term growth in distribution per Unit ("DPU") and net asset value ("NAV") per Unit, while maintaining an appropriate capital structure for the Trust.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This condensed consolidated interim financial statements for the half year ended 30 June 2021 have been prepared in accordance with the IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB"), and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the relevant provisions of the Trust Deed.

These condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the period ended 31 December 2020. The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with International Financial Reporting Standard ("IFRS"). Accordingly, this report should be read in conjunction with the Group's financial Statements for the financial period ended 31 December 2020 and any public announcements made by UHREIT during the interim reporting period. The condensed consolidated interim financial statements are presented in US Dollars (USD or US$) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise stated.

2.2 Changes in accounting policies

The accounting policies adopted by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's financial statements for the financial period ended 31 December 2020. The Group adopted the revised IFRS and interpretations that are effective for application for annual financial periods beginning on or after 1 January 2021.

The adoption of these revised IFRS and interpretations did not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period.

2.3 Critical accounting judgments and estimates

In the process of applying the Group's accounting policies, there is no instance of application of judgment with significant updates since the audited financial statements as at 31 December 2020 that is expected to have a significant effect on the amounts recognised in the condensed consolidated interim financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and with significant updates since the audited financial statements as at 31 December 2020 are disclosed in Note 1F item 3(m) (Fair value measurement).

3. EXPLANATORY NOTES

(a) Gross revenue

	Group		
	1 Jan 2021 to 30 Jun 2021 US$'000	**18 Sep 2019 to 30 Jun 2020** US$'000	**Change** +/(-)
Rental income	21,321	12,346	72.7%
Recoveries income [1]	5,371	2,920	83.9%
Other operating income	112	46	n.m.
Gross revenue	**26,804**	**15,312**	**75.1%**

Footnote:
[1] 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 and is estimated in accordance with the individual tenant leases.

(b) Property expenses

	Group		
	1 Jan 2021 to 30 Jun 2021 US$'000	**18 Sep 2019 to 30 Jun 2020** US$'000	**Change** +/(-)
Real estate taxes	3,820	2,283	67.3%
Repair, maintenance, and utilities expenses	2,279	676	n.m.
Property management fees	1,093	619	76.6%
Insurance expenses	587	257	n.m.
Other property expenses [1]	672	649	3.5%
Property expenses	**8,451**	**4,484**	**88.5%**

Footnote:
[1] Inclusive of a provision of US$0.1 million (1H2020: US$0.3 million) for expected credit loss.

(c) Other income

Other income comprises income top-ups of US$1.4 million (1H2020: US$0.5 million) provided by the Hampshire Sponsor in relation to the Elizabeth and Perth Amboy Self-Storage (1H2020: Elizabeth Self-Storage) Top-Up Agreements as well as the compensatory stipulated damage income of US$0.7 million (1H2020: Nil) in connection with the delay in completion of construction of Perth Amboy Self-Storage.

(d) Finance costs

	Group		
	1 Jan 2021 to 30 Jun 2021 US$'000	**18 Sep 2019 to 30 Jun 2020** US$'000	**Change** +/(-)
Interest expense on loans and borrowings	2,790	1,681	66.0%
Dividends paid to preferred shareholders	8	-	n.m.
Commitment fees and amortisation of upfront debt-related transaction costs	459	247	85.8%
Loan conversion fee	-	22	(100.0%)
Interest on lease liability	273	170	60.6%
Finance costs	**3,530**	**2,120**	**66.5%**

(e) Income tax

Tax expense comprises current and net deferred tax expenses. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

	Group		
	1 Jan 2021 to 30 Jun 2021 US$'000	**18 Sep 2019 to 30 Jun 2020** US$'000	**Change** +/(-)
Current income tax	482	177	n.m.
Deferred tax	-	721	(100.0%)
Income tax	**482**	**898**	**(46.3%)**

(f) Trade and other receivables

	Group		Trust	
	30 Jun 2021 US$'000	**31 Dec 2020** US$'000	**30 Jun 2021** US$'000	**31 Dec 2020** US$'000
Trade receivables	1,293	3,177	-	-
Allowance for impairment loss	(112)	(277)	-	-
Net trade receivables	1,181	2,900	-	-
Other receivables (1)	2,192	1,031	10,163	113
Top-up receivables (2)	1,177	1,768	-	-
	4,550	**5,699**	**10,163**	**113**

Footnotes:

(1) Other receivables of the Group relate to accrued recoveries income for the relevant period, these have been billed subsequent to the end of the reporting period and an advance granted to a subsidiary of Hampshire Sponsor. Other receivables of the Trust mainly relate to dividends due from a subsidiary.

(2) Top-up receivable is relating to the top-up income of US$0.8 million attributable to Q2 2021 (31 December 2020: US$1.0 million attributable to Q4 2020) which has been received subsequent to period end. The remainder of US$0.3 million (31 December 2020: US$0.7 million) will be received within the course of financial year 2021. Please see further details in Note 15 on Top-Up Agreements.

(g) Investment properties

	Group	
	30 Jun 2021	**31 Dec 2020**
	US$'000	US$'000
At the beginning of the period/Date of Constitution	608,667	-
Acquisition (including acquisition costs)	-	588,747
Additions in capital expenditure, tenant improvements and leasing commissions	2,487	10,652
Right-of-use asset	-	24,568
Reclass of income top-ups	-	(2,727)
Fair value change in investment properties	(837)	(12,573)
Carrying value of investment properties [1]	**610,317**	**608,667**
<u>Consolidated statement of comprehensive income</u>		
Fair value change in investment properties	(837)	(12,573)
Property related non-cash item	(561)	(1,728)
Net fair value change in investment properties	**(1,398)**	**(14,301)**

Information on the fair value assessment of investment properties is disclosed in Note 1F item 3(m).

Footnote:
(1) Fair value of properties includes Perth Amboy Top-Up and Elizabeth Top-Up, which are inseparable from its underlying assets.

(h) Trade and other payables

	Group		Trust	
	30 Jun 2021	**31 Dec 2020**	**30 Jun 2021**	**31 Dec 2020**
	US$'000	US$'000	US$'000	US$'000
Trade payables	294	166	44	76
Deferred income [1]	1,416	1,759	-	-
Accrued expenses [2]	3,424	3,451	374	310
Accrued development costs	-	2,710	-	-
	5,134	**8,086**	**418**	**386**

Footnotes:
(1) Deferred income pertains to rental received in advance.
(2) Accrued expenses relate to the deferred maintenance credit from the Sellers and the accrual of various professional fee for audit, tax, valuation and other professional service incurred for the relevant period.

(i) Loans and borrowings

	Nominal interest rate per annum	**Maturity**	**Group**	
			30 Jun 2021	**31 Dec 2020**
			US$'000	US$'000
Secured loans and borrowings				
Amount repayable after one year:				
Revolving Credit Facility ("RCF") (1)	USD LIBOR + Margin	March 2023	-	-
Term Loan 1 Facility ("TL1") (1)	USD LIBOR + Margin	March 2023	91,500	91,500
Term Loan 2 Facility ("TL2") (1)	USD LIBOR + Margin	March 2024	66,500	66,500
Arundel Plaza Mortgage Loan (2)	3.88% and 4.23%	March 2024	21,143	21,143
St. Lucie West Mortgage Loan (3)	3.42%	February 2028	40,000	40,000
			219,143	219,143
Less: Unamortised upfront debt-related transaction costs (4)			(1,649)	(2,053)
Total secured loans and borrowings			**217,494**	**217,090**

Footnotes:

(1) These facilities are secured by, amongst other collateral:
- A perfected first priority lien over the shares of the borrowers and their subsidiaries (but excluding the subsidiaries that own properties securing the St. Lucie West Mortgage Loan and the Arundel Plaza Mortgage Loan).
- Assignments of certain bank accounts.
- Subordination of an inter-company loan within the Group.

(2) This is secured by, among others, a mortgage over Arundel Plaza.

(3) This is secured by, among others, a mortgage over St. Lucie West.

(4) Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.

As at 30 June 2021, the Group has total gross loans and borrowings of US$219.1 million (31 December 2020: US$219.1 million) and US$20 million (31 December 2020: US$20 million) undrawn revolving credit facility to meet its future obligations. The interest rate on the TL1 and TL2 facilities have been hedged using floating-for-fixed interest rate swaps. The weighted average interest rate on loans and borrowings as at 30 June 2021 was 2.85% (31 December 2020: 2.83%) (taking into account the interest rate swaps but excluding commitment fee on the undrawn revolving credit facility). Aggregate leverage, as defined in the Property Funds Appendix, as at 30 June 2021 was 36.4% (31 December 2020: 36.2%).

(j) Segment reporting

The Group is organised into the following main business segments:

(a) Grocery & Necessity Properties; and
(b) Self-Storage Properties

These operating segments are reported in a manner consistent with internal reporting provided to chief operating decision maker who are responsible for allocating resources and assessing performance of the operating segments.

The segment information by operating segments for the reporting period and comparative period are as follows:

	1 Jan 2021 to 30 Jun 2021			18 Sep 2019 to 30 Jun 2020		
	Grocery & Necessity Properties US$'000	**Self-Storage Properties** US$'000	**Total** US$'000	**Grocery & Necessity Properties** US$'000	**Self-Storage Properties** US$'000	**Total** US$'000
Gross Revenue	25,140	1,664	26,804	14,704	608	15,312
Property expenses	(7,438)	(1,013)	(8,451)	(4,078)	(406)	(4,484)
Other income	-	2,119	2,119	-	486	486
Net property income	**17,702**	**2,770**	**20,472**	**10,626**	**688**	**11,314**
Fair value change in investment properties	(1,398)	-	(1,398)	(4,388)	(1,248)	(5,636)
Unallocated expenses [(1)]			(5,767)			(6,356)
Net income after tax			**13,307**			**(678)**

	As at 30 Jun 2021			As at 31 Dec 2020		
	Grocery & Necessity Properties US$'000	**Self-Storage Properties** US$'000	**Total** US$'000	**Grocery & Necessity Properties** US$'000	**Self-Storage Properties** US$'000	**Total** US$'000
Segment assets	535,222	80,533	615,755	535,690	80,493	616,183
Unallocated assets [(2)]			9,496			13,384
Consolidated assets			**625,251**			**629,567**
Segment liabilities	88,330	541	88,871	91,858	394	92,252
Unallocated liabilities [(2)]			159,470			160,086
Consolidated liabilities			**248,341**			**252,338**
Other segment items						
Capital expenditures	2,486	1	2,487	10,629	23	10,652

Footnotes:

(1) Unallocated expenses include Manager's base fee, Trustee's fee, other trust expenses, finance costs, finance income, fair value change in derivatives and income tax expense.

(2) Unallocated items comprise mainly cash and cash equivalents, certain restricted cash, certain trade and other payables, loan and borrowings (excluding Arundel Plaza Mortgage Loan and St. Lucie West Mortgage Loan), preferred shares and derivative liabilities.

(k) Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

(l) Related party transactions

Significant related party transactions took place at terms agreed between the parties as follows:

	Group and Trust	
Description of transactions	**1 Jan 2021 to 30 Jun 2021** US$'000	**18 Sep 2019 to 30 Jun 2020** US$'000
Base fee paid/payable to the Manager	1,520	878
Trustee's fee paid/payable to the Trustee	68	47
Property management fee paid/payable to the Hampshire Sponsor	752	441
Construction management fee paid/payable to the Hampshire Sponsor	27	-
Rental income from an affiliated fund of Hampshire Sponsor	197	120
Advance to a subsidiary of Hampshire Sponsor	650	-
Compensatory stipulated damage income received from an affiliated funds of Hampshire Sponsor	688	-
Acquisition of investment properties from affiliated funds of Hampshire Sponsor and UOB Sponsor	-	548,779
Underwriting fees paid to related corporations of UOB Sponsor	-	5,024
Joint issue managers' fees paid to related corporations of UOB Sponsor	-	677
Financial advisory fees paid to a related corporation of UOB Sponsor	-	300

(m) Fair value measurement

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation input used as follows:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets;
(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
(iii) Level 3: unobservable input for the asset or liability.

Fair value measurements that use inputs of different hierarchy level are categorized in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The table below shows an analysis of each class of assets and liabilities of the Group measured at fair value as at the end of the reporting period:

	Level 1	**Level 2**	**Level 3**	**Total**
	US$'000	US$'000	US$'000	US$'000
Group				
As at 30 June 2021				
Non financial assets				
Investment properties (including right-of-use assets)	-	-	610,317	610,317
Derivatives				
Derivative financial instruments	-	(1,236)	-	(1,236)
As at 31 December 2020				
Non financial assets				
Investment properties (including right-of-use assets)	-	-	608,667	608,667
Derivatives				
Derivative financial instruments	-	(2,117)	-	(2,117)

Level 2 fair value measurements

The fair value measurement for financial derivatives have been categorised as Level 2 of the fair value hierarchy. The fair value of interest rate swaps are based on discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of the counterparties.

Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorized under Level 3 of the fair value hierarchy as at 30 June 2021 and 31 December 2020.

Valuation techniques	**Significant unobservable inputs**	**Sensitivity**
Discounted cash flow approach	**Grocery & Necessity Properties** Discount rate of 6.5% – 10.0% Terminal capitalisation rate of 6.0% – 9.5% **Self-Storage Properties** Discount rate of 7.5% – 8.0% Terminal capitalisation rate of 5.0% – 5.5%	Slight increase in discount rate or terminal capitalisation rate would result in a significant decrease in fair value and vice versa
Direct capitalization method	**Grocery & Necessity Properties** Capitalisation rate of 5.8% – 9.0% **Self-Storage Properties** Capitalisation rate of 4.5% – 5.0%	Slight increase in capitalisation rate would result in a significant decrease in fair value and vice versa

Investment properties with a fair value of approximately US$130.3 million (31 December 2020: US$129.1 million) have been pledged as security for mortgage loan facilities granted by financial institutions to the Group (Note 1F 3(i)). All the investment properties are located in the U.S.

The Group's investment properties are measured at fair value based on valuations performed by independent professional valuers at least once a year. For the condensed consolidated interim financial statements for the period ended 30 June 2021, the carrying value of the Group's investment properties was based on the independent valuations as at 31 December 2020 and taking into account capitalised expenditure, tenant improvements, leasing costs and amortisation of right-of-use asset recognised during the six-month period.

Management has assessed that the inputs and assumptions used by the valuers in the valuation techniques for their valuation as at 31 December 2020, such as occupancy rate, cashflows, capitalisation rate and discount rate, remains appropriate and reflect the current market conditions for the six-month period ended 30 June 2021. A full valuation of the Group's investment properties will be performed for the financial year ending 31 December 2021, in line with the Property Fund Guidelines on annual valuation.

Notwithstanding that there are no material changes to the inputs and assumptions used in the valuation assessment, the independent valuation reports have highlighted that with the heightened uncertainty of the Coronavirus Disease 2019 ("COVID-19") outbreak, a higher degree of caution should be exercised when relying upon their valuation. As the Covid-19 situation is still evolving and the full impact from the COVID-19 pandemic to the overall economy and real estate market remains to be seen. This indicates a material uncertainty in the estimation of the valuations of the investment properties as compared to a standard market condition.

Other financial assets and liabilities

The carrying amounts financial assets and liabilities at amortised cost approximate their fair values. The fair values of loans and borrowings and lease liability are calculated using the discounted cash flow technique based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

The fair values of financial assets and liabilities, together with their carrying amounts shown in the Statements of Financial Position, are as follows:

	Group		Trust	
	30 Jun 2021	**31 Dec 2020**	**30 Jun 2021**	**31 Dec 2020**
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Financial assets at amortised cost				
Cash and cash equivalents	8,429	13,040	645	1,011
Restricted cash	1,150	378	-	-
Trade and other receivables	4,550	5,699	10,164	113
	14,129	19,117	10,809	1,124
Financial liabilities				
Lease liability	23,566	23,954	-	-
Financial liabilities at amortised cost:				
Trade and other payables	3,718	6,327	418	386
Loans and borrowings	217,494	217,090	-	-
Preferred shares	125	125	-	-
Rental security deposits	540	493	-	-
	221,877	224,035	418	386
Financial liabilities measured at fair value:				
Interest rate swaps at FVTPL (net-settled)	1,236	2,117	-	-
	246,679	250,106	418	386

(n) Subsequent event

Distribution

On 12 August 2021, the Manager announced a distribution of 3.05 US cents per Unit (1H2020: 1.78 US cents per Unit) for the financial period from 1 January 2021 to 30 June 2021 (1H2020: Listing Date to 30 June 2020).

2 DETAILS OF ANY CHANGES IN UNITS

	Group and Trust	
	1 Jan 2021 to 30 Jun 2021	**18 Sep 2019 to 30 Jun 2020**
Units in issue:		
At beginning of the period/Date of Constitution	497,354,065	1
New Unit issued prior to Listing Date	-	1
New Units issued on the Listing Date	-	493,277,000
New Units issued for Manager's base fees	1,145,996	-
Total issued Units as at end of the period	**498,500,061**	**493,277,002**
Units to be issued:		
Manager's base fee payable in Units [(1)]	1,034,754	1,483,945
Total Units issued and to be issued as at the end of the period	**499,534,815**	**494,760,947**

Footnote:

(1) The Manager has elected to receive 100.0% (1H2020: 100.0%) of the Manager's base in Units for the period from 1 January 2021 to 30 June 2021 (1H2020: Listing Date to 30 June 2020). The number of Units is calculated based on the volume weighted average traded price of the Units on the SGX-ST for the last 10 business days for the period ended 30 June 2021 of US$0.7396 (30 June 2020: US$0.5926).

3 TOTAL NUMBER OF ISSUED UNITS

UHREIT does not hold any treasury Units as at 30 June 2021 and 30 June 2020. The total number of issued Units as at 30 June 2021 was 498,500,061 (30 June 2020: 493,277,002).

4 SALES, TRANSFERS, DISPOSALS, CANCELLATION AND/OR USE OF TREASURY UNITS

Not applicable.

5 AUDIT STATEMENT

(a) Whether the figures have been audited, or reviewed and if so which accounting standard or practice has been followed

The figures have neither been audited nor reviewed by the auditors.

(b) Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)

Not applicable.

6 CHANGES IN ACCOUNTING POLICIES

(a) Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied

Refer to Note 1F item 2.2.

(b) If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Refer to Note 1F item 2.2.

7 EARNINGS PER UNIT ("EPU") AND DISTRIBUTION PER UNIT ("DPU") FOR THE FINANCIAL PERIOD

	Group	
	1 Jan 2021 to 30 Jun 2021	**18 Sep 2019 to 30 Jun 2020**
EPU (basic and diluted)		
Net income for the period (US$'000)	13,209	(734)
Weighted average number of Units in issue and to be issued [1] ('000)	496,471	494,019
Basic and diluted EPU [1] (US cents)	2.66	n.m.
DPU		
Income available for distribution to Unitholders (US$'000)	15,204	8,793
Number of Units in issue at the end of the period [2] ('000)	498,500	493,277
DPU (US cents)	3.05	1.78

Footnotes:

(1) Based on the weighted average number of Units in issue during the period and the Units to be issued as payment of the Manager's base fee incurred for the period from 1 January 2021 to 30 June 2021 (1H2020: Listing Date to 30 June 2020).

(2) Number of Units in issue as at 30 June.

8 NET ASSET VALUE ("NAV") AND NET TANGIBLE ASSET ("NTA") PER UNIT

	Group		Trust	
	30 Jun 2021	**31 Dec 2020**	**30 Jun 2021**	**31 Dec 2020**
Net assets [1] (US$'000)	375,018	375,319	378,823	374,004
Number of Units in issue and to be issued [2] ('000)	499,535	497,354	499,535	497,354
NAV and NTA per Unit [3] (US$)	0.75	0.75	0.76	0.75

Footnotes:
(1) This excludes the non-controlling interests' share of net asset value.
(2) Based on the number of Units in issue during the period and the Units to be issued as full payment of the Manager's base fee and the Manager's performance fee.
(3) NAV and NTA is the same as there is no intangible asset as at the end of the period.

9 REVIEW OF PERFORMANCE

Please refer to Note 10 "Variance Between Actual and Forecast Results" for a review of the actual results for the period from 1 January 2021 to 30 June 2021 against the forecast as disclosed in the Prospectus.

10 VARIANCE BETWEEN ACTUAL AND FORECAST RESULTS

	Group 1 Jan 2021 to 30 Jun 2021		
	Actual	**Forecast** [1]	**Change**
	US$'000	US$'000	+/(-)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Gross revenue	26,804	27,759	(3.4%)
Property expenses	(8,451)	(8,171)	3.4%
Other income	2,119	996	112.8%
Net Property Income	**20,472**	**20,584**	**(0.5%)**
Manager's base fee	(1,520)	(1,488)	2.2%
Trustee's fee	(68)	(66)	3.0%
Other trust expenses	(1,050)	(660)	59.1%
Finance costs	(3,530)	(4,687)	(24.7%)
Finance income	2	6	n.m.
Net income before tax and change in fair value of investment properties and derivatives	**14,306**	**13,689**	**4.5%**
Fair value change in investment properties	(1,398)	(890)	57.1%
Fair value change on financial derivatives	881	-	n.m.
Net income before tax	**13,789**	**12,799**	**7.7%**
Income tax	(482)	(1,529)	(68.5%)
Net income after tax	**13,307**	**11,270**	**18.1%**
Net income after tax attributable to:			
Unitholders	13,209	11,181	18.1%
Non-controlling interests	98	89	10.1%
Net income for the period	**13,307**	**11,270**	**18.1%**
DISTRIBUTION STATEMENT			
Net income after tax attributable to the Unitholders	13,209	11,181	18.1%
Distribution adjustments	1,995	3,803	(47.5%)
Net income available for distribution to Unitholders	**15,204**	**14,984**	**1.5%**

Footnote:
[1] The Prospectus disclosed a profit forecast for the financial year 2021. Forecast numbers for the period for 1H 2021 were derived by pro-rating the forecast figures for the forecast period as disclosed in the Prospectus.

Actual vs Forecast for the financial period from 1 January 2021 to 30 June 2021

1H 2021 gross revenue was US$26.8 million, 3.4% lower than the forecast, and 1H 2021 net property income stood at US$20.5 million, 0.5% lower than the forecast, which was made prior to the outbreak of the COVID-19 pandemic. The variance was mainly due to the impact of COVID-19 on leasing activities at the properties.

The decrease was offset by lower finance costs than forecast, higher top-up income attributable to Elizabeth and Perth Amboy Self-Storage, as well as the compensatory stipulated damage income of US$0.7 million in connection with the delay in completion of construction of Perth Amboy Self-Storage.

Manager's base fee of US$1.5 million was 2.2% higher than forecast in line with the higher income available for distribution to Unitholders than forecast. Manager's base fee is 10.0% of income available for distribution to Unitholders (calculated before accounting for the Manager's base fee).

Other trust expenses of US$1.0 million was 59.1% or US$0.4 million higher than forecast due to higher professional and legal fees.

Finance costs of US$3.5 million was 24.7% or US$1.2 million lower than forecast. This was largely a result of favorable floating-to-fixed interest rate swap rates secured for the TL1 and TL2 term loans.

Fair value on financial derivatives resulted in a gain of US$0.9 million as interest rates has increased since the previous financial period. The forecast did not assume any changes in interest rates. This is a non-cash item and therefore does not affect income available for distribution to Unitholders.

Due to the net effects of the above, net income after tax attributable to Unitholders was US$13.2 million. After adjusting for distribution adjustments, the overall net income available for distribution to Unitholders was US$15.2 million, which is 1.5% higher than forecast.

11 PROSPECTS

A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Despite the challenging period since the Listing Date, UHREIT's portfolio has proven its resiliency with a solid financial performance with its 1H 2021 DPU exceeding the IPO Forecast. UHREIT's Grocery & Necessity Properties have a committed occupancy of 94.8% as at 30 June 2021 and only 0.8%[1] of leases expiring for the remainder of the year. Occupancies in the Self-Storage Properties have also been trending upwards.

For its Grocery & Necessity Properties, the Manager continues to focus on maintaining high occupancy rates, prioritizing both tenant retention and the lease up of vacant space as the U.S. economy recovers from the pandemic. The portfolio's weighted average lease expiry was 8.0 years as at 30 June 2021. As for Self-Storage Properties, its leasing activities and rental rates have been affected by the pandemic and an anti-price gouging law which was introduced by the U.S. Government at the onset of the pandemic, that limited the landlord's ability to assess rental rate increases on existing customers. However occupancies have been trending upwards after COVID-19 related lockdown guidelines were loosened. The Manager anticipates opportunities to accelerate rental rate increases when these rental rate caps are lifted. The social economic dynamics including work-from-home dynamics, continued upward trends in home ownership, accelerated suburban migration and smaller housing arrangements is expected to continue to boost the sector.

The Manager will continue to focus on strengthening the portfolio, whilst maintaining a prudent approach to capital management. As at 30 June 2021, UHREIT has a gearing ratio of 36.4% and a well-staggered debt maturity profile with an average debt duration of 3.0 years. 100.0% of total debt has been hedged into fixed rates.

[1] *Based on Base Rental Income of Grocery & Necessity Properties for the month of June 2021*

The global economy continues to gradually recover from the impact of COVID-19 through concerted vaccination campaigns. However, the fast-spreading mutations including the Delta variant, which is responsible for the majority of the recent escalations in new cases, may slow the pace of economic reopening and recovery. Notwithstanding the recent setbacks, demand for necessity space in our markets has remained resilient with stable occupancy and rental rates. The Manager will continue to monitor the situation closely, optimise the assets and seek opportunities to strengthen the income streams including selectively looking for suitable accretive acquisition opportunities.

12 DISTRIBUTIONS

(a) Current financial period reported on

Any distribution recommended for the current financial period reported on?

Yes.

Distribution period:	Third distribution for the period from 1 January 2021 to 30 June 2021
Distribution type/rate:	Distribution of US 3.05 cents per Unit comprising of: a. Tax-exempt income: US 1.89 cents per Unit b. Capital: US 1.16 cents per Unit
Tax rate:	Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders. No Singapore withholding tax will be deducted at source from this income. Capital distribution represents a return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to Singapore income tax. For Unitholders who are liable to Singapore income tax on profits from sale of UHREIT Units, the amount of capital distribution will be applied to reduce the cost base of UHREIT Units for Singapore income tax purpose. Unitholders who do not submit required U.S. tax forms completely and accurately by Wednesday, 8 September 2021 date will be subject to 30% U.S. withholding taxes on the distribution.
Book Closure date:	20 August 2021
Date payable:	28 September 2021

(b) Corresponding period of the immediately preceding financial year

Any distribution declared for the corresponding period of the immediately preceding financial year?

Yes.

Distribution period :	(i) First distribution for the period from Listing Date to 30 June 2020 (ii) Second distribution for the period from 1 July 2020 to 31 December 2020
Distribution type/rate:	(i) Distribution of US 1.78 cents per Unit comprising of: a. Tax-exempt income: US 1.25 cents per Unit b. Capital: US 0.53 cents per Unit (ii) Distribution of US 3.03 cents per Unit comprising of: a. Tax-exempt income: US 2.06 cents per Unit b. Capital: US 0.97 cents per Unit

(c) If no distribution has been declared / recommended, a statement to that effect

Other than as disclosed in Note 12(a), no distribution has been declared / recommended.

13 GENERAL MANDATE RELATING TO INTERESTED PERSON TRANSACTIONS

The Group has not obtained a general mandate from Unitholders for interested party transactions.

14 USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING ("IPO")

The following table set out the use of IPO proceed is in accordance to the intended sources and applications of the total proceeds from the IPO and the issuance of the Cornerstone Units.

	Amount allocated	**Amount utilised**	**Variance**	**Reallocation on the use of net proceeds [3]**	**Balance of net proceeds**
	US$'000	US$'000	US$'000	US$'000	US$'000
Acquisition of properties [1] [2]	582,490	582,874	(384)	384	-
Transaction costs [2]	26,764	23,993	2,771	(2,771)	-
Working capital	4,993	7,380	(2,387)	2,387	-
	614,247	614,247	-	-	-

Footnotes:

(1) The actual amount consists of the agreed purchase consideration for investment properties net of capital expenditure and leasing costs under seller's responsibility at Listing Date. Acquisition costs are included as part of transaction costs to be consistent with the disclosure in the Prospectus.

(2) Transaction costs include expenses incurred in relation to the acquisition of the Properties, the issue of Units at the Listing Date, and upfront debt-related transaction costs.

(3) The balance of net proceeds intended for transaction costs have been reallocated to working capital. Working capital use relates mainly to capital expenditure, repayment of finance expenses for the term loan and other general and administrative expenses.

15 UPDATE ON TOP-UP AGREEMENTS

Top-Up Agreements

Pursuant to the Top-Up Agreements for St. Lucie West Expansion, Perth Amboy Self-Storage and Elizabeth Self-Storage, UHREIT has received income top-ups provided by the Hampshire Sponsor as follows:

	As at 30 Jun 2021		
	Total Top-Up Funding	**Top-Up recognised**	**Balance of Top-Up Funding**
Top-Up Agreement attributable to:	US$'000	US$'000	US$'000
St. Lucie West	1,798	1,494	304
Elizabeth Self-Storage	2,524	1,923	601
Perth Amboy Self-Storage	2,198	1,717	481
	6,520	**5,134**	**1,386**

St. Lucie West Top-Up Agreement

This is in relation to the asset enhancement works for St. Lucie West Expansion which was scheduled to be completed by the end of Q1 2021. Upon completion, St. Lucie West Expansion was occupied by the existing anchor tenant of St. Lucie West, Publix Super Markets, Inc. ("Publix"). Publix previously occupied one of the existing buildings at St. Lucie West (the "Existing Publix Store") which will be backfilled with new tenants after Publix occupies the St. Lucie West Expansion. As a result, the increased cash flows of St. Lucie West attributed to the new tenants will not commence until after the completion of the St. Lucie West Expansion and after the Existing Publix Store is backfilled with the new tenants.

A top-up arrangement was put in place to mitigate the lower rental income resulting from the construction of the St. Lucie West Expansion and the estimated time required to backfill the Existing Publix Store vacated by Publix, where a total of US$1.8 million income top-up will be disbursed to UHREIT during the period from the Listing Date to 31 October 2021. Up to the financial period ended 30 June 2021, UHREIT has recognised a top-up income of US$1.5 million, the remaining top-up income of US$0.3 million will be recognised in financial year 2021.

The construction of St. Lucie West Expansion was completed in March 2021 and the Manager has secured a new lease to backfill 57.0% of the Existing Publix Store and is working closely with potential tenants to backfill the remaining space within the Existing Publix Store.

Elizabeth Top-Up Agreement

Elizabeth Self-Storage was completed in January 2020 and it is in the process of leasing-up. A top-up arrangement was put in place since the Net Operating Income at the time of acquisition was not yet at a level comparable with those of more mature or stabilised properties as at the Listing Date. An agreement was put in place as an expression of confidence in the long-term income growth to provide top-up for the Net Operating Income of Elizabeth Self-Storage for a period of up to 4 years from the date of acquisition, where UHREIT will be entitled to receive the income top-up based on the difference between the Net Operating Income and the Stabilised Net Operating Income of US$1.3 million per annum, up to an aggregate amount of US$2.5 million.

UHREIT has recognised a top-up income of US$1.9 million up to the financial period ended 30 June 2021. As at 30 June 2021, Elizabeth Self-Storage has achieved an occupancy of 46.3%. As the occupancy continues to trend upwards since the gradual lifting of lockdown measures in May 2020, the Manager is working actively to optimise the performance of Elizabeth Self-Storage.

Perth Amboy Top-Up Agreement

At the time of acquisition, Perth Amboy Self-Storage was under construction, with a target completion of construction in Q2 2020. A top-up arrangement was put in place since it would take time for the Net Operating Income to rise to a level in line with those of more mature or stabilised properties. An agreement was put in place as an expression of confidence in the long-term income growth to provide top-up for the Net Operating Income of Perth Amboy Self-Storage for a period of up to 4 years from the date of acquisition, where UHREIT will be entitled to receive the income top-up based on the difference between the Net Operating Income and Stabilised Net Operating Income of US$1.2 million per annum, up to an aggregate amount of US$2.2 million.

Pursuant to the Sale and Purchase Agreement for Perth Amboy Self-Storage, the Perth Amboy Vendor was obligated to oversee, supervise and complete development and construction, at its sole cost and expense, of the property in accordance with the plans and specifications for the Perth Amboy Self-Storage. Accordingly, the Perth Amboy Vendor is responsible for, and shall pay, all costs to complete the project and otherwise perform its obligations, including, without limitation, all project costs and cost-overruns as the same become due and payable, with completion of the construction not later than 15 June 2020. In the event of a delay in completion of construction beyond 15 June 2020, UHREIT is entitled to seek compensatory stipulated damages for such delay.

Perth Amboy obtained its Temporary Occupancy Permit on 19 January 2021 and opened for business. Since the opening was delayed beyond the contractual target dates, UHREIT received compensatory stipulated damages of US$0.7 million from the Perth Amboy Self-Storage Vendor.

As at 30 June 2021, Perth Amboy has achieved an occupancy of 25.0%. UHREIT has recognised a top-up income of US$1.7 million up to the financial period ended 30 June 2021. As the occupancy continues to trend upwards since the opening of the property, the Manager is working actively to optimise the performance of Perth Amboy Self-Storage.

16 CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

17 CONFIRMATION BY THE BOARD

The Board of Directors of the Manager has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material aspect.

On behalf of the Board
United Hampshire US REIT Management Pte. Ltd.
(Company Registration Number: 201916768W)
As Manager of United Hampshire US REIT

Mr. Tan Tong Hai
Chairman

Mr. Chua Teck Huat Bill
Director

12 August 2021

By Order of the Board
United Hampshire US REIT Management Pte. Ltd.
(Company Registration Number: 201916768W)
As Manager of United Hampshire US REIT

Boardroom Corporate & Advisory Services Pte. Ltd.
Company Secretary
12 August 2021