



UNITED HAMPSHIRE US REIT ESTATE INVESTMENT TRUST
(a real estate investment trust constituted on 18 September 2019
under the laws of the Republic of Singapore)
(Managed by United Hampshire US REIT Management Pte. Ltd.)

**PROPOSED DIVESTMENT OF TWO SELF-STORAGE PROPERTIES –
REVISION OF SALE CONSIDERATION**

1. INTRODUCTION

United Hampshire US REIT Management Pte. Ltd., as manager of United Hampshire US Real Estate Investment Trust ("**UHREIT**", and manager of UHREIT, the "**Manager**"), refers to:

- (a) its announcement dated 23 February 2022 (the "**23 February 2022 Announcement**") in relation to the proposed divestment of Elizabeth Self-Storage and Perth Amboy Self-Storage (the "**Divestment**"); and
- (b) its announcements dated 21 March 2022, 29 March 2022, 5 April 2022 and 12 April 2022 in relation to the various extensions of the Due Diligence Period (as defined in the 23 February 2022 Announcement) for the Divestment,

(collectively, the "**Previous Announcements**"). Unless otherwise stated, capitalised terms used in this announcement shall have the same meaning as ascribed to them in the Previous Announcements.

2. SUPPLEMENTAL AGREEMENT AND REVISED SALE CONSIDERATION

The Manager wishes to announce that the Purchaser and the vendors of the Properties have on 18 April 2022 entered into a supplemental agreement to the PSA (the "**Supplemental Agreement**") to amend and supplement the terms of the Divestment. Pursuant to the Supplemental Agreement, the Purchaser and the vendors have mutually agreed that the Sale Consideration for the Divestment shall be revised from US\$49.0 million to US\$45.5 million (the "**Revised Sale Consideration**").

The Revised Sale Consideration was agreed on a willing-buyer and willing-seller basis, taking into account, among other factors, the independent valuation of the Properties conducted by Cushman & Wakefield of New Jersey LLC at US\$44.4 million as disclosed in the 23 February 2022 Announcement. Please also refer to Paragraph 3 of this announcement below for further details on the commercial rationale for undertaking the Divestment with the Revised Sale Consideration.

The Sale Consideration is (i) 2.5% above the valuation of the Properties of US\$44.4 million as at 31 December 2021, and (ii) 4.9% above the purchase price of US\$43.4 million inclusive of Top-Up (as defined below), or 17.7% above the purchase price of US\$38.7 million without Top-Up ("**Book Value**"). The escrowed top-up amount in respect of the two Properties is approximately US\$4.7 million ("**Top-Up**") which have been fully depleted, as disclosed in the 23 February 2022 Announcement.

After providing for transaction related expenses of approximately US\$1.4 million in estimate, the net proceeds from the Divestment is approximately US\$44.1 million which is 1.5% above the purchase price of US\$43.4 million inclusive of Top-Up, or 14.0% above the Book Value of US\$38.7 million without Top-Up. The estimated cumulative divestment gain over Book Value of the Properties is

approximately US\$5.4 million.

As at the date hereof, the Due Diligence Period has expired and the Purchaser has not exercised its right to terminate the PSA. Barring unforeseen circumstances, it is currently envisaged that completion of the Divestment is expected to take place in the second quarter of 2022.

3. RATIONALE FOR THE DIVESTMENT WITH REVISED SALE CONSIDERATION

The Manager believes that notwithstanding the reduced Revised Sale Consideration, the Divestment will still bring the following key benefits to the Unitholders.

Active portfolio management to enhance value for Unitholders

The Divestment is in line with the Manager's pro-active portfolio management strategy to maximise the operational performance of assets and capitalise on opportunities to improve financial flexibility to pursue growth opportunities to enhance the resilience, diversification and value of UHREIT's portfolio for Unitholders.

The Manager remains committed to utilise the proceeds from the Divestment to be redeployed to acquire accretive, higher yielding necessity retail assets, in line with the use of proceeds set out in Paragraph 5.2 of the 23 February 2022 Announcement.

In particular, as the Properties are still in stabilisation stage, with occupancy rates of 44.8% and 64.1% as at 31 December 2021, the Divestment would allow for the recycling of capital for reinvestment into higher yielding properties, with a view to increase UHREIT's distributable income on an annualised basis and accordingly benefit UHREIT and the Unitholders as a whole. In this regard, the Manager is currently actively seeking out potential acquisition opportunities of higher yielding Grocery & Necessity properties and will make further announcements as and when there are material developments in accordance with the requirements of the Listing Manual.

Strengthen balance sheet

As set out in the 23 February 2022 Announcement, the Divestment provides UHREIT the opportunity to optimise its capital structure and enhance long-term sustainable returns for Unitholders. The proceeds from the Divestment will, amongst others, provide the Manager with financial flexibility to pare down bank borrowings to improve UHREIT's average leverage ratio or be redeployed to acquire accretive, higher yielding necessity retail assets.

Realise value of capital appreciation amidst volatility

To undertake the Divestment at the Revised Sale Consideration, which represents a 17.7% increase from the Book Value, still allows UHREIT to realise capital gains from the Properties. While the initial Sale Consideration carried a more significant premium over Book Value, the Revised Sale Consideration remains attractive, especially in light of the recent spike in market volatility due to uncertainties caused by higher interest rates, high inflation and the conflict in Ukraine since the entry into the PSA on 23 February 2022.

After careful consideration, the Manager believes that the Divestment, in overall, provides the opportunity to unlock the capital value and recycle into higher yielding Grocery & Necessity properties so as to produce better distributable income to the Unitholders.

4. PRO FORMA FINANCIAL EFFECTS OF THE DIVESTMENT

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Divestment on the distribution per unit of UHREIT ("Unit") ("DPU") and net asset value ("NAV") per Unit of UHREIT presented below were prepared based on the unaudited financial statements of UHREIT for the financial year ended 31 December 2021.

The pro forma effects are for illustrative purposes only and do not represent UHREIT's actual DPU and NAV per Unit following the completion of the Divestment.

4.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Divestment on the DPU for the 12 months ended 31 December 2021, as if UHREIT had completed the Divestment on 1 January 2021, is as follows:

	Effects of the Divestment	
	Before the Divestment	After the Divestment
Net property income (US\$'000)	41,946	38,787
Income available for distribution to Unitholders (US\$'000)	31,195	28,024 ⁽¹⁾
Number of Units ('000)	557,374 ⁽²⁾	553,861 ⁽³⁾
DPU (US cents)	6.1	5.5 ⁽⁴⁾

Notes:

- (1) There will be no distribution in respect of Divestment of the Properties.
- (2) Number of Units issued as at 31 December 2021.
- (3) Number of Units issued as at 31 December 2021, inclusive of divestment fee Units of 149,900 (issued at US\$0.6589 per Unit) (assuming that the Manager elects to receive the divestment fee in the form of Units alone).
- (4) The decrease in DPU comprises of 0.03 US cents per Unit from net property income of the Properties as well as 0.57 US cents per Unit from the Top-Up of the Properties and stipulated damages for Perth Amboy Self Storage. Top-Up for the Properties has been fully depleted at the time of this announcement.

4.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Divestment on the NAV as at 31 December 2021, as if UHREIT had completed the Divestment on 31 December 2021, is as follows:

	Effects of the Divestment	
	Before the Divestment	After the Divestment
NAV (US\$'000)	416,999	416,629
Number of Units ('000) ⁽¹⁾	558,660	558,810
NAV per Unit (US cents)	0.75	0.75

Notes:

- (1) Number of Units issued and to be issued as at 31 December 2021.

5. OTHER INFORMATION

5.1 Disclosure under Rule 1006 of the Listing Manual

Based on the audited consolidated financial statements of UHREIT for the financial year ended 31 December 2021, the relative figures of the Divestment computed on the bases set out in Rules 1006(a), 1006(b) and 1006(c) of the Listing Manual are as follows:

Comparison of	Divestment	UHREIT	Relative Figure (%)
NAV (US\$'000)	44,400	416,999	10.6
Net property income (US\$'000)	3,159 ⁽¹⁾	41,946 ⁽²⁾	7.5
Sale Consideration against Market Capitalisation (US\$'000)	45,500	354,379 ⁽³⁾	12.8

Notes:

- (1) Inclusive of Top-Up for the Properties and stipulated damages for Perth Amboy Self-Storage. Top-Up for the Properties has been fully depleted at the time of this announcement.
- (2) Based on UHREIT's audited consolidated financial statements for the full year ended 31 December 2021.
- (3) Market capitalisation is computed based on the weighted average price of a Unit on the SGX-ST of US\$0.6358 as at 14 April 2022, being the market day prior to the date of entry into the PSA.

As all of the relative figures computed on the bases set out in Rules 1006(a), Rule 1006(b) and Rule 1006(c) of the Listing Manual in respect of the Divestment exceed 5% but all of them do not exceed 50.0%, the Divestment is a discloseable transaction and is not subject to the approval of the Unitholders pursuant to Rule 1014(3) of the Listing Manual.

6. Interest of Directors and Controlling Unitholders

None of the directors of the Manager ("**Directors**") has an interest, direct or indirect, in the Divestment. The Directors are also not aware of any Controlling Unitholder (as defined in the Listing Manual of the SGX-ST) having any interest, direct or indirect, in the Divestment, and have not received any notification of interest in the Divestment from any Controlling Unitholder.

7. Director's Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Divestment or any other transaction contemplated in relation to the Divestment.

8. Documents for Inspection

Copies of the PSA, the Supplemental Agreement and the valuation reports on the Properties by Cushman & Wakefield of New Jersey LLC are available for inspection by prior appointment during normal business hours at the registered office of the Manager at 80 Raffles Place, #28-21, UOB Plaza 2, Singapore 048624, during normal business hours for three months from the date of this announcement.

BY ORDER OF THE BOARD

Robert T. Schmitt
Chief Executive Officer

United Hampshire US REIT Management Pte. Ltd.
(Company Registration No. 201916768W)
As Manager of United Hampshire US Real Estate Investment Trust

19 April 2022

IMPORTANT NOTICE

This announcement is for information only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for the Units in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by UHREIT, United Hampshire US REIT Management Pte. Ltd., Perpetual (Asia) Limited (in its capacity as trustee of UHREIT), or any of their respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. The holders of Units have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that holders of Units may only deal in their Units through trading on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of UHREIT. The forecast financial performance of UHREIT is not guaranteed. A potential investor is cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events. The past performance of UHREIT is not necessarily indicative of its future performance.