UNITED HAMPSHIRE US REAL 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.)

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS FOR THE ANNUAL GENERAL MEETING ON 22 APRIL 2024

United Hampshire US REIT Management Pte. Ltd., as manager of United Hampshire US Real Estate Investment Trust ("**UHREIT**", and the manager of UHREIT, the "**Manager**") would like to thank all unitholders of UHREIT ("**Unitholders**") who have submitted their questions in advance of UHREIT's Annual General Meeting ("**AGM**") to be held on 22 April 2024, Monday at 10.30 a.m. at Parkroyal Collection Pickering, 3 Upper Pickering Street, Singapore 058289.

The Manager's responses to the relevant questions received from Unitholders are set out below. As there was overlap between questions from Unitholders, the Manager has summarised and rephrased these questions for ease of reference and clarity.

BY ORDER OF THE BOARD

Gerard Yuen
Chief Executive Officer

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

18 April 2024

United Hampshire US REIT Management Pte Ltd
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APPENDIX

Question 1: **How have the retail properties portfolios' foot traffic and underlying tenant's sales performed in FY 2023?**
Overall, strip center foot traffic has remained healthy, supported by that sector's heavy exposure to necessities (e.g., groceries, drug stores, and medical services) as well as off-price retailers. This tenant mix results in a steady flow of visitors as compared to other retail formats more reliant on discretionary spending, such as enclosed malls. The strip center sector has also benefitted from the remote work arrangement as the additional flexibility has increased demand for the goods and services offered in strip centers ranging from grocery shopping to dining. The occupancy of strip centers has been strong, with vacancy rates near all-time lows. The sector's 4Q2023 average leased occupancy was approximately 95.5%, a peak seen only in 2015 and pre-Great Financial Crisis [1]. UHREIT's committed occupancy is higher than the sector average standing, at 97.4% as at 31 December 2023. There is also minimal new supply of strip centers coming online with supply expected to remain low due to high construction costs. U.S. retail sales have remained strong, increasing 4% y-on-y in March 2024 with grocery sales up 1.1%[2].
Question 2: **Since the new development project in St. Lucie West has been completed, does the Management intend to continue to retain a portion of the distributable income as capital reserve in FY 2024?**
The Manager is constantly seeking asset enhancement initiatives to improve the performance of UHREIT's properties. An example is the new development project at St. Lucie West which has been leased to Academy Sports + Outdoors ("**Academy**") on a 15-year lease. The cost of construction of the Academy store was approximately US$12 million. The Academy store was completed ahead of schedule in November 2023 and is contributing positively to the distributable income of UHREIT. In FY 2023, UHREIT retained distributable income in the amount of US$2.8 million as capital reserve for asset enhancement and development initiatives. In light of the current high interest rates and UHREIT's existing gearing ratio, the Manager believes that this would be a prudent approach to fund such initiatives. In respect of the future distributable income retention, this will be determined prior to each distribution and consideration will be given to, among other things, the funding needs and gearing of UHREIT.

[1] *Green Street, "Strip Center Sector Update", 14 March 2024.*
[2] *US Census Bureau, "Advance monthly sales for retail and food services – March 2024", 15 April 2024.*

Question 3:

What is the NPI yield from the St. Lucie West development project?

The NPI yield is in the high single digits. As the new building is leased to a single tenant, we are unable to disclose the exact NPI yield due to confidentiality obligations.

Question 4:

Are there plans for further asset enhancement initiatives ("AEI") or redevelopments in the existing portfolio in the near term?

Presently, there are opportunities within UHREIT's portfolio for new development projects, for example, a 5,000 sq ft pad site at St. Lucie West. Save as aforementioned, we do not currently have any ongoing development projects with our tenants and have not committed to any additional development projects.

We continue to pursue AEI opportunities, such as the reconfiguration of existing tenant spaces, across our portfolio to optimise the performance of our properties and to enhance UHREIT's income streams.

Question 5:

Please provide more colour as to why the following assets saw significant drops in valuation.

- Price Chopper Plaza
- BJ's Quincy
- Carteret Self-Storage

Overall, UHREIT's portfolio valuation has increased by 4.7% year-on-year on a like-for-like basis to US$763.4 million. Despite higher capitalisation and discount rates on average, UHREIT's strong operating performance has led to a higher portfolio valuation. This is attributable to the resilience of our tenants' businesses which are focused on providing non-discretionary essential goods and services.

The fair value of UHREIT's properties was determined based on the independent valuation undertaken by a professional appraiser where the appraiser took into consideration certain estimates including those relating to discount rate, terminal capitalisation rate and capitalisation rate, which are reflective of the current market conditions. In the case of the three properties mentioned above, the lower valuation was largely due to higher capitalisation rates compared to the previous year.

Fundamentally, the three properties continue to deliver strong operational performance, with Price Chopper Plaza and BJ's Quincy's committed occupancies remaining at 100% and Carteret's occupancy remaining high at 91.3% as at 31 December 2023.

Question 6: (i) Please provide more colour on performance and strategy with respect to the following assets that have low occupancy levels compared to the rest of the portfolio. • Wallkill Price Chopper • Hudson Valley Plaza • Big Pine Center • Penrose Plaza (ii) Are these assets potential disposal candidates?
(i) UHREIT's Grocery & Necessity portfolio continue to maintain a high committed occupancy of 97.4%, which is significantly above the industry average occupancy of 95.5%[1]. Big Pine Center was divested in August 2023 at a 7.7% premium to its purchase price. The occupancy rates for the remaining three properties (Wallkill Price Chopper, Hudson Valley Plaza and Penrose Plaza) range between 93.6% to 97.6% as at 31 December 2023. In general, while our overall portfolio occupancy remains high, variations in the occupancy of individual properties can be expected in the ordinary course of business due to tenant movements and other factors. Nonetheless, UHREIT's tenant retention rate of 92.0% is high. In respect of properties with vacancies as at 31 December 2023, we are actively seeking new tenants and have numerous leasing discussions underway. Updates on our leasing achievements will be provided in our operational updates. (ii) The Manager adopts a proactive portfolio and asset management strategy, regularly evaluating the portfolio and ways to improve UHREIT's yield and growth path. For example, the divestment of Big Pine Center at a premium to its purchase price enabled UHREIT to free up capital to repay debt, finance capital expenditure and asset enhancement initiatives. The Manager may consider divestments to re-deploy capital into better yielding asset enhancement initiatives and acquisitions, or to reduce gearing.
Question 7: Does the REIT contain too many smaller assets? Should the portfolio be refocused on larger assets?
The U.S. strip center sector comprises properties with a range of sizes to cater to the needs of the consumers in their respective markets. Smaller centers cater to a smaller trade area (or neighbourhoods) where tenants typically cater to consumers' non-discretionary day-to-day needs. Larger centers cater to larger trade areas and have a broader mix of tenants from various sectors. Both types of centers have their own positive and desirable attributes and the Manager believes that owning a diversified portfolio of such properties provides stability and resilient income streams to UHREIT.

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Question 8: What is the target gearing level for the REIT?
Under the current MAS regulations, the aggregate leverage of a property fund should not exceed 45% of the fund's deposited property but may exceed 45% (up to a maximum of 50%) only if the property fund has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowings. The gearing level of UHREIT is 41.7% as at 31 December 2023, below the regulatory limit. The interest coverage ratio of UHREIT is 2.9 times. The Distribution Reinvestment Plan ("**DRP**") was established in 2022 to help reduce gearing. We have offered the DRP for all our distributions since the establishment of the plan and have generally had an encouraging take-up rate. UHREIT will continue to be prudent and disciplined in our capital management and will explore various options as and when the need arises to manage our gearing ratio.
Question 9: What is the weighted average interest rate (all-in) for 4Q 2023?
The weighted average interest rate for 4Q 2023 is 4.62% (excluding upfront debt-related transaction costs). The weighted average interest rate is 5.04% after including transaction costs.
Question 10: What is the interest rate on the Arundel refinancing?
Arundel Plaza Mortgage Loan has been refinanced for a term of 5 years at a fixed interest rate of 6.40% per annum.

Question 11:

What was the swap rates entered into for the replacement of the US$91.5 million interest rate swap that matured in March 2023? I note that in the 2022 annual report, there was more disclosure.

Has the US$65 million interest rate swap that matured in March 2024 been replaced? If so, at what rates and for what tenor?

To manage the interest rate risk on its floating rate loans, the Manager had entered into multiple interest rate swaps over a period of time to hedge its floating rate loans. This includes a portion of the interest rate swaps that matured in March 2024 which have been replaced with anew swap that matures in December 2026.

The weighted average interest rate on loans and borrowings for the financial year 2023, which takes into account the various interest rate swaps, was 4.32% (excluding upfront debt-related transaction costs). In 4Q 2023, the weighted average interest rate on loans and borrowings was 4.62%.

The interest rate environment remains volatile with the U.S. Federal Reserve indicating the possibility of future interest rate cuts. The Manager is monitoring the interest rate markets closely and may execute additional interest rate swaps in the future.

END

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