



UNITED HAMPSHIRE US REIT DELIVERS RESILIENT OPERATIONAL PERFORMANCE, WITH STRONG LEASING MOMENTUM IN 1Q 2024

- **1Q 2024 Gross Revenue increased 2.3% y-o-y supported by new leases and rental escalations from existing leases**
- **WALE increased to 7.9 years¹, up from 7.1 years as a result of strong leasing momentum and tenant retention rate of 92% since IPO**
- **Grocery & Necessity Properties achieve high committed occupancy of 95.7%**
- **Robust leasing momentum continues into 1Q 2024 with eight lease renewals spanning over 318,000 sq ft**
- **Signed a leading national grocery chain as new anchor tenant in Lynncroft, which will significantly improve footfall and increase occupancy at the property to almost 100%**
- **Minimal lease rollover with only 1.1% and 4.3% expiring in 2024 and 2025 respectively²**
- **No refinancing requirements until November 2026³**

SINGAPORE, 10 MAY 2024 – United Hampshire US REIT Management Pte. Ltd., the manager (the “**Manager**”) of United Hampshire US Real Estate Investment Trust (“**UHREIT**”), announced today that its gross revenue for the first quarter ended 31 March 2024 (“**1Q 2024**”) grew by 2.3% year-on-year (“**y-o-y**”) to US\$18.5 million.

The growth was supported by new leases and rental escalations from existing leases as well as from the revenue generated by the newly completed Academy Sports + Outdoors (“**Academy Sports**”) store at St. Lucie West, which commenced operations ahead of schedule in November 2023.

1Q 2024 net property income (“**NPI**”) of US\$12.7 million was slightly lower by 1.3% y-o-y, partly attributable to the absence of contribution from Big Pine Center which was divested in August 2023. 1Q 2024 distributable income of US\$6.4 million was lower y-o-y due largely to higher interest expense, refinancing of a maturing loan and less favourable new interest rate hedges which replaced maturing hedges.

Mr. Gerard Yuen, Chief Executive Officer of the Manager said, “Our strong leasing momentum in 2023 has carried over into 2024. We executed long term lease renewals with Home Depot and LA Fitness at three properties. This has increased our weighted average lease expiry (“**WALE**”) to 7.9 years, further enhancing the stability and resilience of the portfolio. We are also delighted to announce that we have signed a leading national grocery chain as our new anchor tenant in Lynncroft. This will not only increase occupancy at the property to almost 100% but will also enhance the overall attractiveness and footfall at the property. In total, we executed 8 lease renewals comprising over 318,000 sq ft in the first quarter of the year. Whilst gross revenue and NPI were both higher than the previous quarter, distributable income was lower, primarily due to the prevailing higher interest rate environment.

¹ Computation included forward committed leases for Grocery & Necessity Properties only. Excluding forward committed leases, the WALE is 7.8 years as at 31 March 2024.

² Based on base rental income of Grocery & Necessity Properties for the month of March 2024.

³ Assuming the loan extension option is fully exercised.



We will continue to proactively manage the portfolio and steer the REIT through this period of geopolitical tensions and high interest rates. The demand for space in Grocery-anchored strip centers remains robust with vacancy rates near all-time lows. There is also minimal new supply expected due to high construction costs⁴. Our strong leasing momentum and contributions from asset enhancement initiatives and new developments such as the Academy Sports store will help offset some of the impact from higher interest rates.”

Portfolio Review and Management

As at 31 March 2024, the Grocery & Necessity portfolio recorded a high committed occupancy of 95.7% and has minimal leasing risk with only 1.1%² and 4.3%² of leases expiring in 2024 and 2025 respectively. With the recent lease renewals, the WALE has increased further to 7.9 years¹. Most of the leases are substantially triple-net, with built-in rental escalations over the lease terms, which help offset inflationary pressure and increased cost.

For UHREIT’s Self-Storage properties, occupancy rates at both Carteret and Millburn Self-Storage increased from the previous quarter. As at 31 March 2024, the occupancy for Carteret and Millburn was 94.0% and 94.4%, up from 91.3% and 92.2% respectively. Average quarterly net rental rates moderated slightly, in line with the normalisation observed across the sector.

Capital Management

Following the successful refinancing of the Arundel Plaza loan in February 2024, UHREIT has no refinancing requirements until November 2026³. UHREIT has a long weighted average debt maturity of 3.1 years³ and 63.0% of total loans are either fixed rate loans or floating rate loans that have been hedged to fixed rates. For the quarter ended 31 March 2024, the weighted average interest rate was 4.66%⁵, aggregate leverage 42.2%, and interest coverage ratio 2.6 times⁶.

Outlook

Based on advance estimates released by the U.S. Bureau of Economic Analysis, U.S. first quarter GDP growth in 2024 increased at an annualised rate of 1.6%⁷, and GDP is forecast to grow 2.1%⁸ in 2024. Nonfarm payroll employment rose by 175,000 while the unemployment rate in April 2024 ticked up to 3.9% as the U.S. labour market cooled⁹. Consumer spending remains strong with sales for retail and food services for March 2024 up 4.0% y-o-y¹⁰ and grocery sales up 1.1% y-o-y¹⁰. Overall, U.S. retail sales rose for a second consecutive month, underscoring the strength of the U.S. consumer¹¹.

⁴ Green Street, “Strip Center Sector Update”, 14 March 2024.

⁵ Trailing 12-month and excludes upfront debt-related transaction costs.

⁶ The interest coverage ratio is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees (excluding interest on lease liabilities).

⁷ U.S. Bureau of Economic Analysis, “Gross Domestic Product, First Quarter 2024 (Advance Estimate)”, 25 April 2024.

⁸ Federal Open Market Committee, “Summary of Economic Projection”, 20 March 2024.

⁹ U.S. Bureau of Labor Statistics, “The Employment Situation – April 2024”, 03 May 2024.

¹⁰ U.S. Census Bureau, “Advance monthly sales for retail and food services – March 2024”, 15 April 2024.

¹¹ CNN, “US retail sales rose in March for the second-straight month”, 15 April 2024.

With the strong economic conditions, the U.S. inflation rate increased slightly to 3.5%¹² in March 2024 from 3.2%¹² in February, however this is still significantly lower than its peak of 9.1%¹² in June 2022. The interest rate environment remains volatile, with the U.S. Federal Reserve indicating the possibility of future interest rate cuts although the timing and number of cuts will be dependent on the underlying economic data.

The Strip Center Sector's strong leasing momentum saw a huge backlog of leases signed with tenants scheduled to commence in the next 18 months⁴. On the supply front, new strip center construction is expected to remain muted in the foreseeable future, much to the envy of investors in other real estate sectors grappling with challenges posed by high vacancy and new supply entering the market⁴.

The Self-Storage Sector continued to normalise with a fall in occupancy rates and move-in rent declines y-o-y, albeit with bifurcations across certain regions¹³. New York metro markets continued to outperform, with New York City, Long Island and Northern New Jersey ranking in the top 10 in terms of move-in rent performance¹³.

Looking Ahead

With ongoing geopolitical tensions and persistent inflation, a higher for longer interest rate environment remains a possibility. The Manager will be nimble, proactive and focused on strengthening UHREIT's income streams and balance sheet by evaluating asset enhancement and development initiatives, as well as selective divestment and capital recycling and optimization opportunities.

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LA Fitness at Garden City Square

¹² U.S. Bureau of Labor Statistics, "Consumer Price Index – March 2024", 10 April 2024.

¹³ Green Street, "Self-Storage Sector Update", 12 April 2024.



To find out more about UHREIT, please visit <https://www.uhreit.com/>



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About United Hampshire US REIT

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-based¹⁴ 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 platforms¹⁵.

UHREIT’s portfolio comprises 20 predominantly freehold Grocery & Necessity Properties and two Self-Storage Properties, primarily concentrated in the East Coast of the U.S., with a carrying value of approximately US\$763.4 million¹⁶ and an aggregate net lettable area (“**NLA**”) of approximately 3.8 million square feet.

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 (“**UOB**”), a leading bank in Asia. UOB Global Capital LLC was founded in 1998 and has US\$3.7 billion in Asset Under Management (“**AUM**”) as of 31 December 2023. 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.

The Hampshire Companies, LLC

The Hampshire Companies, LLC (“**THC**”) 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. THC currently owns and/or operates a diversified portfolio of 180 properties across the U.S. totaling approximately 13.5 million square feet. THC has an AUM of approximately US\$1.7 billion. THC is also the asset manager of UHREIT bringing its total regulatory and non-regulatory AUM to US\$2.5 billion¹⁷.

Since 2008, UOB Global Capital LLC and The Hampshire Companies, LLC have jointly formed three funds with combined AUM of approximately US\$1.3 billion (as at 31 December 2023) to focus on investment opportunities in income producing real estate assets in the U.S.

¹⁴ “**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.

¹⁵ “**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).

¹⁶ Based on appraised value of investment properties as at 31 December 2023.

¹⁷ As at 31 December 2023.



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