

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 2024**

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INTRODUCTION

Overview

United Hampshire US Real Estate Investment Trust (the “Trust” or “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 Mainboard 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 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.”). 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.

As at 30 June 2024, the portfolio of UHREIT comprises 20 Grocery & Necessity Properties and two Self-Storage Properties located across the U.S., with an aggregate net lettable area of 3.82 million sq ft. UHREIT acquired its initial portfolio of 18 Grocery & Necessity Properties and four Self-Storage Properties on the Listing Date. UHREIT made its maiden acquisition of two grocery-anchored properties, Colonial Square and Penrose Plaza in November 2021. UHREIT divested two Self-Storage properties, Elizabeth and Perth Amboy Self-Storage, in June 2022 and recycled the divestment proceeds into a higher yielding grocery-anchored property, Upland Square Shopping Center (“Upland Square”), in July 2022. In August 2023, UHREIT divested one Grocery & Necessity property, Big Pine Center. The divestment proceeds were used to repay existing debt partially.

Property	State	Asset type
<u>Grocery & Necessity Properties</u>		
Hudson Valley Plaza	New York	Regional Center with Grocery
Albany – Supermarket	New York	Grocery & Necessity
Albany – 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
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
Colonial Square	Virginia	Grocery & Necessity
Penrose Plaza	Pennsylvania	Grocery & Necessity
Upland Square	Pennsylvania	Grocery & Necessity

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Property	State	Asset type
<u>Self-Storage Properties</u>		
Carteret Self-Storage	New Jersey	Self-Storage
Millburn Self-Storage	New Jersey	Self-Storage

SUMMARY OF UHREIT'S RESULTS

	1 Jan 2024 to 30 Jun 2024 ("1H 2024")	1 Jan 2023 to 30 Jun 2023 ("1H 2023")	Change ⁽¹⁾
	US\$'000	US\$'000	+ / (-) %
Gross revenue	36,858	36,008	2.4
Property expenses	11,489	10,197	12.7
Net property income	25,369	25,811	(1.7)
Net income available for distribution to Unitholders	12,667	16,663	(24.0)
Distribution Per Unit ("DPU") (US cents) ⁽²⁾	2.01 ⁽³⁾	2.65 ⁽³⁾	(24.2)

Footnotes:

- (1) Refer to Note 10 "Review of Performance" for the reasons behind the variance.
- (2) DPU for the period from 1 January 2024 to 30 June 2024 (1H 2023: 1 January 2023 to 30 June 2023) was calculated based on 583,446,241 (30 June 2023: 572,403,784) issued units as at 30 June 2024.
- (3) DPU was calculated based on the distribution amount after deducting distributable income of US\$1.0 million (1H 2023: US\$1.5 million) retained as capital reserve for asset enhancement initiatives.

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

		Group		
	Note 1F	1H 2024 US\$'000	1H 2023 US\$'000	Change +/(-) %
Gross revenue	3(a)	36,858	36,008	2.4
Property expenses	3(b)	(11,489)	(10,197)	12.7
Net property income		25,369	25,811	(1.7)
Manager's base fee		(1,408)	(1,666)	(15.5)
Trustee's fee		(77)	(74)	4.1
Other trust expenses		(1,055)	(1,025)	2.9
Finance costs	3(c)	(9,622)	(7,578)	27.0
Finance income		24	-	n.m.
Net income before tax and fair value changes		13,231	15,468	(14.5)
Fair value change in investment properties		(1,057)	(837)	26.3
Fair value change on financial derivatives		941	(76)	n.m.
Net income before tax		13,115	14,555	(9.9)
Income tax	3(d)	(3,442)	(1,591)	116.3
Net income after tax		9,673	12,964	(25.4)
Net income after tax attributable to:				
Unitholders		9,562	12,842	(25.5)
Non-controlling interests		111	122	(9.0)
Net income for the period		9,673	12,964	(25.4)
Earnings per Unit ("EPU") attributable to Unitholders during the financial period:				
Basic and diluted EPU (US cents)		1.64	2.26	(27.4)

n.m. – not meaningful

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1(A)(ii) CONDENSED CONSOLIDATED DISTRIBUTION STATEMENT

	Group		
	1H 2024 US\$'000	1H 2023 US\$'000	Change +/(-) %
Amount available for distribution to Unitholders for the financial period			
Net income after tax attributable to Unitholders	9,562	12,842	(25.5)
Distribution adjustments comprise:			
Property related non-cash items ⁽¹⁾	(642)	(432)	48.6
Manager's base fee paid in Units ⁽²⁾	-	1,666	(100.0)
Trustee's fee	77	74	4.1
Amortisation of upfront debt-related transaction costs ⁽³⁾	700	680	2.9
Fair value change in investment properties	1,057	837	26.3
Fair value change on financial derivatives	(941)	76	n.m.
Deferred tax expense	3,267	1,321	147.3
Interest on lease liability	245	255	(3.9)
Ground lease rental payment	(660)	(660)	-
Other net adjustments ⁽⁴⁾	2	4	(50.0)
Distribution adjustments	3,105	3,821	(18.7)
Net income available for distribution to Unitholders	12,667	16,663	(24.0)
Distribution to Unitholders ⁽⁵⁾	11,667	15,163	(23.1)
DPU (US cents) ⁽⁶⁾	2.01	2.65	(24.2)

Footnotes:

- (1) Mainly comprise straight-line rent adjustments and lease commission amortisation.
- (2) The Manager has elected to receive 100.0% payment of the Manager's base fee in the form of cash during the current financial period. In the previous financial period, the Manager received 100.0% of the Manager's base fee in the form of units.
- (3) Upfront debt-related transaction costs are amortised over the life of loans and borrowings.
- (4) Net of non-controlling interests.
- (5) After deducting distributable income of US\$1.0 million (1H 2023: US\$1.5 million) retained as capital reserve for asset enhancement initiatives.
- (6) DPU of 2.01 US cents per unit for the period from 1 January 2024 to 30 June 2024 (1H 2023: 1 January 2023 to 30 June 2023) was calculated based on 583,446,241 (30 June 2023: 572,403,784) issued units as at 30 June 2024.

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1(B) CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	Group		Trust	
		30 Jun 2024 US\$'000	31 Dec 2023 US\$'000	30 Jun 2024 US\$'000	31 Dec 2023 US\$'000
ASSETS					
Current assets					
Cash and cash equivalents		5,086	13,906	352	3,085
Restricted cash	3(e)	1,981	1,012	-	-
Trade and other receivables	3(f)	5,325	4,702	12,986	10,129
Prepaid expenses		1,630	2,320	31	65
Tax receivables		248	71	-	-
Derivative financial assets		-	803	-	-
Total current assets		14,270	22,814	13,369	13,279
Non-current assets					
Restricted cash	3(e)	488	489	-	-
Investment properties	3(g)	789,409	785,001	-	-
Derivative financial assets		2,198	454	-	-
Investment in subsidiaries		-	-	367,880	372,663
Total non-current assets		792,095	785,944	367,880	372,663
TOTAL ASSETS		806,365	808,758	381,249	385,942
LIABILITIES					
Current liabilities					
Trade and other payables	3(h)	8,008	12,464	1,654	2,366
Loans and borrowings	3(i)	-	21,140	-	-
Lease liability		877	835	-	-
Total current liabilities		8,885	34,439	1,654	2,366
Non-current liabilities					
Loans and borrowings	3(i)	325,096	302,787	-	-
Preferred shares		125	125	-	-
Rental security deposits		907	901	-	-
Lease liability		20,269	20,726	-	-
Deferred tax liabilities		18,913	15,646	-	-
Total non-current liabilities		365,310	340,185	-	-
TOTAL LIABILITIES		374,195	374,624	1,654	2,366
NET ASSETS		432,170	434,134	379,595	383,576
Net assets attributable to:					
Unitholders		429,510	431,585	379,595	383,576
Non-controlling interests		2,660	2,549	-	-
		432,170	434,134	379,595	383,576
Units in issue and to be issued ('000)		583,446	581,668	583,446	581,668
Net asset value per Unit (US\$)		0.74	0.74	0.65	0.66

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1(C) CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		1H 2024 US\$'000	1H 2023 US\$'000
Cash flows from operating activities			
Net income before tax		13,115	14,555
Adjustments for:			
Property related non-cash items		(642)	(432)
Manager's base fee paid in Units		-	1,666
Fair value change in investment properties		1,057	837
Fair value change on financial derivatives		(941)	76
Finance costs		9,622	7,578
Finance income		(24)	-
Operating income before working capital changes		22,187	24,280
Changes in working capital:			
Trade and other receivables		(623)	591
Restricted cash		(968)	(698)
Prepaid expenses		690	(108)
Trade and other payables		(2,320)	(2,565)
Rental security deposits		6	43
		18,972	21,543
Income tax paid		(352)	(342)
Net cash generated from operating activities		18,620	21,201
Cash flows from investing activities			
Payment for capital expenditure relating to investment properties	a	(7,028)	(5,084)
Interests received		24	-
Net cash used in investing activities		(7,004)	(5,084)
Cash flows from financing activities			
Distribution paid to Unitholders	b	(11,637)	(15,739)
Dividends paid to preferred shareholders		(8)	(8)
Proceeds from loans and borrowings		31,100	15,200
Payment of debt-related transaction costs		(311)	(47)
Repayment of loans and borrowings		(30,343)	(15,150)
Finance costs paid on loans and borrowings		(8,577)	(5,970)
Repayment of lease liability		(415)	(405)
Interest paid on lease liability		(245)	(255)
Net cash used in financing activities		(20,436)	(22,374)

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1(C) CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	1H 2024	1H 2023
	US\$'000	US\$'000
Net decrease in cash and cash equivalents	(8,820)	(6,257)
Cash and cash equivalents at beginning of the period	13,906	12,227
Cash and cash equivalents at end of the period	5,086	5,970

a) Payment for capital expenditure relating to investment properties

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

b) Distributions paid to Unitholders

During the current financial period, 1,777,917 Units amounting to approximately US\$0.8 million were issued as part payment of distributions in respect of the distribution for the period from 1 July 2023 to 31 December 2023 and 2,233,101 Units amounting to approximately US\$1.1 million were issued as part payment of distributions in respect of the distribution for the period from 1 July 2022 to 31 December 2022, pursuant to UHREIT's Distribution Reinvestment Plan.

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1(D) PORTFOLIO STATEMENT

Description of property	Location	Tenure of land	Fair value as at	Percentage of total net assets as at	Fair value as at	Percentage of total net assets as at
			30 Jun 2024	30 Jun 2024	31 Dec 2023	31 Dec 2023
			US\$'000	%	US\$'000	%
<u>Grocery & Necessity Properties</u>						
Hudson Valley Plaza	New York	Freehold	51,470	11.9	51,200	11.8
Albany – Supermarket	New York	Freehold	25,839	6.0	25,700	5.9
Albany – Gas Station	New York	Freehold	4,590	1.1	4,590	1.1
Towne Crossing	New Jersey	Freehold	16,655	3.9	16,300	3.8
Lyncroft Center	North Carolina	Freehold	26,931	6.2	26,700	6.2
Garden City Square – BJ's Wholesale Club	New York	Freehold	57,000	13.2	57,000	13.1
Garden City Square – LA Fitness	New York	Freehold	23,218	5.4	23,100	5.3
Price Chopper Plaza	New York	Freehold	19,400	4.5	19,400	4.5
Stop & Shop Plaza	New Jersey	Freehold	27,618	6.4	27,600	6.4
Fairhaven Plaza	Massachusetts	Freehold	20,300	4.7	20,300	4.7
Wallington ShopRite	New Jersey	Leasehold ⁽¹⁾	15,900	3.7	15,900	3.7
Parkway Crossing	Maryland	Freehold	30,026	6.9	30,000	6.9
Wallkill Price Chopper	New York	Freehold	13,902	3.2	13,900	3.2
St. Lucie West	Florida	Freehold	103,175	23.9	102,500	23.5
BJ's Quincy	Massachusetts	Freehold	31,500	7.3	31,500	7.3
Arundel Plaza	Maryland	Freehold	49,000	11.3	49,000	11.3
Lawnside Commons	New Jersey	Freehold	32,936	7.6	32,700	7.5
Colonial Square	Virginia	Freehold	26,918	6.2	26,900	6.2
Penrose Plaza	Pennsylvania	Freehold	54,631	12.6	54,000	12.4
Upland Square	Pennsylvania	Freehold	85,054	19.7	82,950	19.0
<u>Self-Storage Properties</u>						
Carteret Self-Storage	New Jersey	Freehold	21,400	5.0	21,400	4.9
Millburn Self-Storage	New Jersey	Freehold	30,800	7.1	30,800	7.1
Investment properties			768,263	177.8	763,440	175.8
Investment property – Right-of-use asset			21,146	4.9	21,561	5.0
Investment properties, at carrying value (Note 1F item 3(g))			789,409 ⁽²⁾	182.7	785,001	180.8
Other assets and liabilities (net)			(357,239)	(82.7)	(350,867)	(80.8)
Net assets			432,170	100.0	434,134	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 2024 was based on the independent valuation as at 31 December 2023 undertaken by CBRE, Inc. (31 December 2022: Cushman & Wakefield of New Jersey LLC, Inc.), taking into account capital expenditure, tenant improvements, leasing costs and amortisation of right-of-use asset recognised during the current period.

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

	Units in issue and to be issued US\$'000	Retained earnings/ (Accumulated losses) US\$'000	Unitholders' funds US\$'000	Non- controlling interests US\$'000	Total US\$'000
Group					
As at 1 January 2024	391,645	39,940	431,585	2,549	434,134
Operations					
Net income for the period	-	9,562	9,562	111	9,673
<u>Unitholders' transactions</u>					
Distribution to Unitholders	(4,770)	(7,678)	(12,448)	-	(12,448)
Issue of Units for Distribution Reinvestment Plan	811	-	811	-	811
Total Unitholders' transactions	(3,959)	(7,678)	(11,637)	-	(11,637)
As at 30 June 2024	387,686	41,824	429,510	2,660	432,170
Trust					
As at 1 January 2024	391,645	(8,069)	383,576	-	383,576
Operations					
Net income for the period	-	7,656	7,656	-	7,656
<u>Unitholders' transactions</u>					
Distribution to Unitholders	(4,770)	(7,678)	(12,448)	-	(12,448)
Issue of Units for Distribution Reinvestment Plan	811	-	811	-	811
Total Unitholders' transactions	(3,959)	(7,678)	(11,637)	-	(11,637)
As at 30 June 2024	387,686	(8,091)	379,595	-	379,595

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	Units in issue and to be issued US\$'000	Retained earnings/ (Accumulated losses) US\$'000	Unitholders' funds US\$'000	Non- controlling interests US\$'000	Total US\$'000
Group					
As at 1 January 2023	397,341	27,729	425,070	2,525	427,595
Operations					
Net income for the period	-	12,842	12,842	122	12,964
<u>Unitholders' transactions</u>					
Distribution to Unitholders	(6,004)	(10,819)	(16,823)	-	(16,823)
Manager's base fee paid in Units ⁽¹⁾	876	-	876	-	876
Manager's base fee payable in Units ⁽¹⁾	790	-	790	-	790
Issue of Units for Distribution Reinvestment Plan	1,084	-	1,084	-	1,084
Total Unitholders' transactions	(3,254)	(10,819)	(14,073)	-	(14,073)
As at 30 June 2023	394,087	29,752	423,839	2,647	426,486
Trust					
As at 1 January 2023	397,341	(2,458)	394,883	-	394,883
Operations					
Net income for the period	-	8,061	8,061	-	8,061
<u>Unitholders' transactions</u>					
Distribution to Unitholders	(6,004)	(10,819)	(16,823)	-	(16,823)
Manager's base fee paid in Units ⁽¹⁾	876	-	876	-	876
Manager's base fee payable in Units ⁽¹⁾	790	-	790	-	790
Issue of Units for Distribution Reinvestment Plan	1,084	-	1,084	-	1,084
Total Unitholders' transactions	(3,254)	(10,819)	(14,073)	-	(14,073)
As at 30 June 2023	394,087	(5,216)	388,871	-	388,871

Footnote:

⁽¹⁾ The Manager has elected to receive 100.0% of the Manager's base fee in Units for the period from 1 January 2023 to 30 June 2023. 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 respective period.

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1(F) NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2024

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 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 2024, 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 and net asset value per Unit, while maintaining an appropriate capital structure for the Trust.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These condensed consolidated interim financial statements for the half year ended 30 June 2024 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 year ended 31 December 2023. The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with International Financial Reporting Standards (“IFRS”). Accordingly, this report should be read in conjunction with the Group’s financial statements for the financial year ended 31 December 2023 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), unless otherwise stated.

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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 year ended 31 December 2023. The Group adopted the revised IFRS and interpretations that are effective for application for annual financial periods beginning on or after 1 January 2024. 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 and prior financial periods.

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 2023 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 2023 are disclosed in Note 1F item 3(d) (Income tax) and Note 1F item 3(m) (Fair value measurement).

3. EXPLANATORY NOTES

(a) Gross revenue

	Group		
	1H 2024 US\$'000	1H 2023 US\$'000	Change +/(-) %
Rental income	28,872	28,562	1.1
Recoveries income ⁽¹⁾	7,881	7,338	7.4
Other operating income	105	108	(2.8)
Gross revenue	36,858	36,008	2.4

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		
	1H 2024 US\$'000	1H 2023 US\$'000	Change +/(-) %
Real estate taxes	4,749	4,343	9.3
Repair, maintenance, and utilities expenses	3,412	2,732	24.9
Property management fees	1,377	1,353	1.8
Insurance expenses	891	917	(2.8)
Other property expenses	1,060	852	24.4
Property expenses	11,489	10,197	12.7

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(c) Finance costs

	Group		
	1H 2024 US\$'000	1H 2023 US\$'000	Change +/(-) %
Interest expense on loans and borrowings	8,646	6,612	30.8
Dividends paid to preferred shareholders	8	8	-
Commitment fees and amortisation of upfront debt-related transaction costs	723	703	2.1
Interest on lease liability	245	255	(3.9)
Finance costs	9,622	7,578	27.0

(d) Income tax

Tax expense comprises current and net deferred tax expenses or credit. 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		
	1H 2024 US\$'000	1H 2023 US\$'000	Change +/(-) %
Current income tax	175	270	(35.2)
Deferred tax	3,267	1,321	147.3
Income tax	3,442	1,591	116.3

Provision for taxation

Uncertainties exist with respect to the interpretation of complex tax regulations in the jurisdictions in which the Group operates and the amount and timing of future taxable income. Given the span of tax regulations which may apply to the various taxable entities or persons within the Group, the cross-border and long-term nature and complexity of the contractual arrangements and the conditions to the tax rulings which have been obtained, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions recorded or require new or additional tax provisions to be recorded.

The Group establishes provisions, based on reasonable estimates, for anticipated tax liabilities or possible consequences of audits by the tax authorities of the respective jurisdictions in which it operates. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations between the taxable entity or person involved and the relevant tax authority and anticipated future changes in the tax laws that may have a direct impact on any tax ruling or favourable tax treatment relied upon. Such instances may arise on a wide variety of issues depending on the conditions prevailing in the domicile of the respective entity or person involved.

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(e) Restricted cash

Restricted cash consists of the tenant's security deposits for certain properties held in a separate bank account as required under Florida law and an escrow account for the payment of real estate tax and refundable remediation fee.

(f) Trade and other receivables

	Group		Trust	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables	1,715	2,069	-	-
Allowance for expected credit loss	(427)	(219)	-	-
Net trade receivables	1,288	1,850	-	-
Other receivables ⁽¹⁾	4,037	2,852	127	78
Other receivables from subsidiaries	-	-	12,859	10,051
	5,325	4,702	12,986	10,129

Footnote:

⁽¹⁾ Other receivables of the Group mainly relate to accrued recoveries income for the relevant period, these will be invoiced subsequent to the end of the reporting period. Other receivables of the Trust mainly relate to GST receivables.

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(g) Investment properties

	Group	
	30 Jun 2024	31 Dec 2023
	US\$'000	US\$'000
At the beginning of the period	785,001	761,052
Divestment of investment properties	-	(9,463)
Additions in capital expenditure, tenant improvements and leasing commissions	4,823	19,712
Fair value change in investment properties	(415)	13,700
Carrying value of investment properties	789,409	785,001

Breakdown of net fair value change:

	Group	
	30 Jun 2024	31 Dec 2023
	US\$'000	US\$'000
<u>Consolidated statement of comprehensive income</u>		
Fair value change in investment properties	(415)	13,700
Property related non-cash items	(642)	(414)
Net fair value change in investment properties	(1,057)	13,286

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

(h) Trade and other payables

	Group		Trust	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables	221	73	108	21
Other payables	92	256	156	-
Deferred income ⁽¹⁾	1,221	3,193	-	-
Accrued real estate taxes	640	107	-	-
Accrued capital expenditure	998	3,202	-	-
Accrued expenses ⁽²⁾	4,836	5,633	1,390	2,345
	8,008	12,464	1,654	2,366

Footnotes:

(1) Deferred income pertains mainly to rental income or recoveries income received in advance.

(2) Accrued expenses relate to the deferred maintenance credit from the prior owners and the accrual of interest expense, Manager's base fee and various professional fees for audit, tax, valuation, and other professional services incurred for the relevant period.

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(i) Loans and borrowings

	Nominal interest rate per annum	Maturity	Group	
			30 Jun 2024 US\$'000	31 Dec 2023 US\$'000
<u>Secured loans and borrowings</u>				
Amount repayable within one year:				
Arundel Plaza Mortgage Loan 1 ⁽¹⁾	3.88% and 4.23%	March 2024	-	21,143
Less: Unamortised upfront debt-related transaction costs ⁽⁶⁾			-	(3)
			-	21,140
Amount repayable after one year:				
SOFR RCF ("RCF") ⁽²⁾	USD SOFR + Margin	December 2025	25,800	25,900
SOFR Term Loan 1 ("TL1") ⁽²⁾	USD SOFR + Margin	December 2025	50,000	50,000
SOFR Term Loan 2 ("TL2") ⁽²⁾	USD SOFR + Margin	December 2026	60,000	60,000
SOFR Term Loan 3 ("TL3") ⁽²⁾	USD SOFR + Margin	March 2027	90,000	90,000
Arundel Plaza Mortgage Loan 2 ⁽³⁾	6.40%	March 2029	22,000	-
St. Lucie West Mortgage Loan ⁽⁴⁾	3.42%	February 2028	40,000	40,000
Upland Square Mortgage Loan ⁽⁵⁾	3.62%	November 2026	41,000	41,000
			328,800	306,900
Less: Unamortised upfront debt-related transaction costs ⁽⁶⁾			(3,704)	(4,113)
			325,096	302,787
Total secured loans and borrowings			325,096	323,927

Footnotes:

⁽¹⁾ This was secured by, among others, a mortgage over Arundel Plaza.

⁽²⁾ The SOFR Term Loan Credit Facilities are secured by, amongst other collateral:

- A perfected first priority lien over the shares of the borrowers and their subsidiaries (existing and future but excluding the subsidiaries that own properties securing the St. Lucie West Mortgage Loan, Arundel Plaza Mortgage Loan and Upland Square Mortgage Loan).
- Assignments of certain bank accounts.
- Subordination of an inter-company loan within the Group.

⁽³⁾ This is secured by, among others, a mortgage over Arundel Plaza.

⁽⁴⁾ This is secured by, among others, a mortgage over St. Lucie West.

⁽⁵⁾ This is secured by, among others, a mortgage over Upland Square.

⁽⁶⁾ Upfront debt-related transaction costs are amortised over the life of loans and borrowings.

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Certain subsidiaries of the Group entered into certain loan agreements for an aggregate floating rate term loan principal amount of US\$200.0 million and US\$50.0 million credit revolver facility (collectively TL1, TL2, TL3 and RCF, the “SOFR Term Loan Credit Facilities”).

Arundel Plaza Mortgage Loan

The previous mortgage loans of US\$15.0 million and US\$6.1 million (“Arundel Plaza Mortgage Loan 1”) with a fixed interest rate of 3.88% and 4.23% per annum respectively, was secured by, among others, a mortgage over Arundel Plaza. It was refinanced during the current financial period by a mortgage loan of US\$22.0 million (“Arundel Plaza Mortgage Loan 2”). The Arundel Plaza Mortgage Loan 2 carries a fixed interest rate of 6.40% per annum, for which interest-only repayments will be made throughout the loan tenure followed by repayment of principal upon maturity period.

The Arundel Plaza Mortgage Loan includes representations, warranties and covenants by the borrower which are customary for U.S. mortgage loans. The Arundel Plaza Mortgage Loan is subject to certain prohibitions and restrictions (including payment of prepayment fees and premiums) against prepayment prior to specified time frames.

St. Lucie West Mortgage Loan

Mortgage loan of US\$40.0 million (“St. Lucie West Mortgage Loan”), which is secured by, among others, a mortgage over St. Lucie West and has a fixed interest rate of 3.42% per annum, for which interest-only repayments will be made for the first 60 months followed by repayment of interest and principal for the next 36 months thereafter based on a fixed amortisation schedule. The St. Lucie West Mortgage Loan includes representations, warranties and covenants by the borrower which are customary for U.S. mortgage loans. The St. Lucie West Mortgage Loan is subject to certain prohibitions and restrictions (including payment of prepayment fees and premiums) against prepayment prior to specified time frames.

Upland Square Mortgage Loan

In 2022, a subsidiary of the Group assumed an existing mortgage loan of US\$41.0 million (“Upland Square Mortgage Loan”), which is secured by, among others, a mortgage over Upland Square and has a fixed interest rate of 3.62% per annum, for which interest-only repayments will be made throughout the loan tenure followed by repayment of principal upon maturity period. The Upland Square Mortgage Loan includes representations, warranties and covenants by the borrower which are customary for U.S. mortgage loans. The Upland Square Mortgage Loan is subject to certain prohibitions and restrictions (including payment of prepayment fees and premiums) against prepayment prior to specified time frames.

As at 30 June 2024, the Group has total gross loans and borrowings of US\$328.8 million (31 December 2023: US\$328.0 million) and US\$24.2 million (31 December 2023: US\$24.1 million) undrawn revolving credit facility to meet its future obligations. The Group has entered into interest rate swaps to hedge the floating rate SOFR Term Loan Credit Facilities partially. 67.8% (31 December 2023: 78.8%) of the total gross loans and borrowings are fixed rate loans or floating rate loans that have been hedged using floating-for-fixed interest rate swaps.

The weighted average interest rate on loans and borrowings for the financial year was 5.36% (31 December 2023: 4.74%). Excluding upfront debt-related transaction costs, the year-to-date average interest rate is 4.93% (31 December 2023: 4.32%).

Aggregate leverage, as defined in the Property Funds Appendix set out in CIS Code, as at 30 June 2024 was 41.9% (31 December 2023: 41.7%). Interest coverage ratio¹ as at 30 June 2024 was 2.51 times (31 December 2023: 2.86 times) in accordance with the Property Funds Appendix of the CIS Code.

¹ As defined in the Code on Collective Investment Schemes revised by the Monetary Authority of Singapore on 28 December 2021. Computed as trailing 12 months EBITDA (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), over trailing 12 months borrowing costs. Borrowing costs exclude interest expense on lease liabilities (effective from 28 December 2021).

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(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:

	1H 2024			1H 2023		
	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	34,934	1,924	36,858	34,141	1,867	36,008
Property expenses	(10,945)	(544)	(11,489)	(9,723)	(474)	(10,197)
Net property income	23,989	1,380	25,369	24,418	1,393	25,811
Fair value change in investment properties	(1,057)	-	(1,057)	(837)	-	(837)
Unallocated expenses ⁽¹⁾			(14,639)			(12,010)
Net income after tax			9,673			12,964
	As at 30 Jun 2024			As at 31 Dec 2023		
	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	745,960	52,794	798,754	740,702	52,890	793,592
Unallocated assets ⁽²⁾			7,611			15,166
Consolidated assets			806,365			808,758
Segment liabilities	128,585	547	129,132	132,213	548	132,761
Unallocated liabilities ⁽²⁾			245,063			241,863
Consolidated liabilities			374,195			374,624
Other segment items						
Capital expenditures	4,823	-	4,823	19,712	-	19,712

Footnotes:

- (1) Unallocated expenses include Manager's base fee, Trustee's fee, other trust expenses, finance costs, finance income, fair value change on financial derivatives and income tax expense.
- (2) Unallocated items comprise certain cash and cash equivalents, certain restricted cash, certain other receivables, derivative assets, tax receivables, certain trade and other payables, loans and borrowings (excluding Arundel Plaza Mortgage Loan, St. Lucie West Mortgage Loan and Upland Square Mortgage Loan), provision for tax, preferred shares and deferred tax liabilities.

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(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:

Description of transactions	Group	
	1H 2024 US\$'000	1H 2023 US\$'000
Base fee payable/paid to the Manager	1,408	1,666
Trustee's fee payable/paid to the Trustee	77	74
Property management fee payable/paid to the Hampshire Sponsor	829	806
Rental income from an affiliated fund of the Hampshire Sponsor	99	197
Assumption of a building lease from an affiliated fund of the Hampshire Sponsor	354	-

(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 levels are categorised in its entirety 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 2024				
Non-financial assets				
Investment properties (including right-of-use assets)	-	-	789,409	789,409
Derivatives				
Derivative financial instruments	-	2,198	-	2,198
As at 31 December 2023				
Non-financial assets				
Investment properties (including right-of-use assets)	-	-	785,001	785,001
Derivatives				
Derivative financial instruments	-	1,257	-	1,257

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Level 2 fair value measurements

The fair value measurement for financial derivatives has been categorised as Level 2 of the fair value hierarchy. The fair value of interest rate swaps is 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 categorised under Level 3 of the fair value hierarchy as at 30 June 2024 and 31 December 2023.

Valuation techniques	Significant unobservable inputs	Sensitivity
Discounted cash flow approach	Grocery & Necessity Properties Discount rate of 6.5% – 9.5% Terminal capitalisation rate of 6.0% – 8.25%	Increase in discount rate or terminal capitalisation rate would result in a decrease in fair value and vice versa
	Self-Storage Properties Discount rate of 8.0% – 8.25% Terminal capitalisation rate of 5.75% – 6.0%	
Direct capitalization method	Grocery & Necessity Properties Capitalisation rate of 5.75% – 8.25%	Increase in capitalisation rate would result in a decrease in fair value and vice versa
	Self-Storage Properties Capitalisation rate of 5.5% – 5.75%	

Investment properties with a fair value of approximately US\$237.2 million (31 December 2023: US\$234.5 million) have been pledged as security for mortgage loan facilities granted by financial institutions to the Group (Note 1F item 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 2024, the carrying value of the Group's investment properties was based on the independent valuations as at 31 December 2023, taking into account capitalised expenditures, 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 of 31 December 2023, 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 2024. A full valuation of the Group's investment properties will be performed for the financial year ending 31 December 2024, in line with the Property Fund Guidelines on annual valuation.

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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 Statement of Financial Position, are as follows:

	Group		Trust	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Financial assets</u>				
Financial assets at amortised cost:				
Cash and cash equivalents	5,086	13,906	352	3,085
Restricted cash	2,469	1,501	-	-
Trade and other receivables	5,325	4,702	12,986	10,129
	12,880	20,109	13,338	13,214
Financial assets measured at fair value:				
Interest rate swaps at FVTPL (net-settled)	2,198	1,257	-	-
	15,078	21,366	13,338	13,214
<u>Financial liabilities</u>				
Lease liability	21,146	21,561	-	-
Financial liabilities at amortised cost:				
Trade and other payables	6,787	9,271	1,654	2,366
Loans and borrowings	325,096	323,927	-	-
Preferred shares	125	125	-	-
Rental security deposits	907	901	-	-
	332,915	334,224	1,654	2,366
	354,061	355,785	1,654	2,366

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(n) Financial ratios

	Group	
	30 Jun 2024	30 Jun 2023
Ratio of expenses to weighted average net assets ⁽¹⁾		
– Including Manager’s performance fee	1.24	1.31
– Excluding Manager’s performance fee	1.24	1.31
Portfolio turnover rate ⁽²⁾	-	-

Footnotes:

- (1) The annualised ratio is computed in accordance with guidelines of the Investment Management Association of Singapore (“IMAS”). The expenses used in the computation relate to expenses at the Group level, excluding property related expenses, finance costs, net foreign exchange differences and income tax expense. The Group did not incur any performance fee for the respective financial period.
- (2) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value in accordance with the formula stated in the CIS Code.

(o) Subsequent event

Divestment of the Freestanding Lowe’s and Freestanding Sam’s Club properties within Hudson Valley Plaza

On 13 August 2024, the Manager announced that UHREIT, through its indirectly wholly-owned subsidiary, has entered into an agreement to divest the Freestanding Lowe’s and Freestanding Sam’s Club properties within Hudson Valley Plaza for a divestment consideration of US\$36.5 million.

Distribution

On 14 August 2024, the Manager announced a distribution of US 2.01 cents per Unit (1H 2023: US 2.65 cents per Unit) for the financial period from 1 January 2024 to 30 June 2024 (1H 2023: 1 January 2023 to 30 June 2023).

2 DETAILS OF ANY CHANGES IN UNITS

	Group and Trust	
	1H 2024	1H 2023
Units in issue:		
At beginning of the period	581,668,324	564,933,198
New Units issued:		
Issue of Manager’s base fee ⁽¹⁾	-	5,237,485
Issue of Distribution Reinvestment Plan	1,777,917	2,233,101
Total Units issued as at the end of the period	583,446,241	572,403,784
Units to be issued:		
Manager’s base fee payable in Units ⁽¹⁾	-	1,823,313
Total Units issued and to be issued as at the end of the period	583,446,241	574,227,097

Footnote:

- (1) During the previous financial period, the Manager elected to receive 100.0% of the Manager’s base fee in Units. 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 respective period.

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3 TOTAL NUMBER OF ISSUED UNITS

UHREIT does not hold any treasury Units as at 30 June 2024 and 30 June 2023. The total number of issued Units as at 30 June 2024 was 583,446,241 (30 June 2023: 572,403,784).

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	
	1H 2024	1H 2023
EPU (basic and diluted)		
Net income attributable to Unitholders for the period (US\$'000)	9,562	12,842
Weighted average number of Units in issue ⁽¹⁾ ('000)	582,587	568,979
Basic and diluted EPU ⁽²⁾ (US cents)	1.64	2.26
DPU		
Income available for distribution to Unitholders (US\$'000)	12,667	16,663
Number of Units in issue at the end of the period ⁽³⁾ ('000)	583,446	572,404
DPU (US cents)	2.01	2.65 ⁽⁴⁾

Footnotes:

- (1) Based on the weighted average number of Units in issue during the financial period.
 (2) Diluted EPU is equivalent to basic EPU as there were no dilutive instruments in issue during the financial period.
 (3) Number of Units in issue as at 30 June.
 (4) DPU was calculated based on the distribution amount after deducting distributable income of US\$1.0 million (1H 2023: US\$1.5 million) retained as capital reserve for asset enhancement initiatives.

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

	Group		Trust	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
Net assets ⁽¹⁾ (US\$'000)	429,510	431,585	379,595	383,576
Number of Units in issue and to be issued ⁽²⁾ ('000)	583,446	581,668	583,446	581,668
NAV and NTA per Unit ⁽³⁾ (US\$)	0.74	0.74	0.65	0.66

Footnotes:

⁽¹⁾ This excludes the non-controlling interests' share of net assets.

⁽²⁾ Based on the number of Units in issue during the period and the Units to be issued as payment of the Manager's base fee.

⁽³⁾ NAV and NTA are the same as there are no intangible assets at the end of the period.

9 REVIEW OF PERFORMANCE OF ACTUAL AGAINST FORECAST

The Group has not disclosed any forecast to the market.

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10 REVIEW OF PERFORMANCE

	Group		
	1H 2024	1H 2023	Change
	US\$'000	US\$'000	+/(-) %
<u>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</u>			
Gross revenue	36,858	36,008	2.4
Property expenses	(11,489)	(10,197)	12.7
Net property income	25,369	25,811	(1.7)
Manager's base fee	(1,408)	(1,666)	(15.5)
Trustee's fee	(77)	(74)	4.1
Other trust expenses	(1,055)	(1,025)	2.9
Finance costs	(9,622)	(7,578)	27.0
Finance income	24	-	n.m.
Net income before tax and fair value changes	13,231	15,468	(14.5)
Fair value change in investment properties	(1,057)	(837)	26.3
Fair value change on financial derivatives	941	(76)	n.m.
Net income before tax	13,115	14,555	(9.9)
Income tax	(3,442)	(1,591)	116.3
Net income after tax	9,673	12,964	(25.4)
Net income after tax attributable to:			
Unitholders	9,562	12,842	(25.5)
Non-controlling interests	111	122	(9.0)
Net income for the period	9,673	12,964	(25.4)
<u>DISTRIBUTION STATEMENT</u>			
Net income after tax attributable to Unitholders	9,562	12,842	(25.5)
Distribution adjustments	3,105	3,821	(18.7)
Net income available for distribution to Unitholders	12,667	16,663	(24.0)

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Review of performance for 1H 2024 vs 1H 2023

1H 2024 gross revenue was US\$36.9 million, an increase of US\$0.9 million or 2.4% from 1H 2023. This was mainly due to the commencement of new leases, rent escalations from existing leases, and contributions from Academy Sports, a new store completed in November 2023. There was also an increase in recoveries income as a result of higher recoverable expenses incurred. 1H 2024 Self-Storage revenue was also higher year-on-year.

Property expenses for 1H 2024 were US\$11.5 million, an increase of US\$1.3 million or 12.7% from US\$10.2 million in 1H 2023. This is attributable to higher real estate tax as well as repair and maintenance expenses, majority of which are recoverable expenses from tenants.

Net property income was US\$25.4 million for 1H 2024, a decrease of US\$0.4 million or 1.7% from US\$25.8 million in 1H 2023. The net decrease was mainly due to the absence of Big Pine Center's contribution, which was divested in August 2023.

Finance costs of US\$9.6 million for 1H 2024 were higher than 1H 2023 by US\$2.0 million or 27.0%, largely due to rising interest rates, refinancing of Arundel Plaza Mortgage Loan at a higher interest rate and the entry into new interest rate swaps to replace maturing swaps at less favourable rates.

Manager's base fee of US\$1.4 million was 15.5% lower than 1H 2023, this is in line with the lower income available for distribution to Unitholders. Manager's base fee is 10.0% of income available for distribution to Unitholders (calculated using Distributable Income prior to accounting for the Manager's base fee). Manager's base fee was paid in cash during the current financial period as opposed to units in the previous financial period.

Fair value gain on derivatives of US\$0.9 million in 1H 2024 as compared to a loss of US\$0.1 million in 1H 2023 due to movement in interest rates for the respective periods from the underlying interest rate swaps.

Consequently, 1H 2024 net income before tax of US\$9.7 million was lower than 1H 2023 by 25.4%. The tax expense of US\$3.4 million in 1H 2024 was higher than 1H 2023 by 116.3%, attributable to the deferred tax expense recognized in respect of the tax depreciation for the properties.

Due to the net effects of the above, net income available for distribution to Unitholders was US\$12.7 million, 24.0% lower than US\$16.7 million in 1H 2023.

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.

Based on advance estimates released by the U.S. Bureau of Economic Analysis, U.S. second quarter GDP growth in 2024 increased at an annualised rate of 2.8%², doubling the 1.4% growth rate recorded in the first quarter. Consumer spending remains strong with sales for retail and food services for June 2024 up 2.3% y-o-y, and grocery sales up 1.7% y-o-y³. Overall, total retail sales for the period April 2024 through June 2024 period were up 2.5% from the same period a year ago⁴.

The U.S. inflation rate fell to 3.0% in June 2024, down from 3.3% in May 2024 and significantly lower than the pandemic peak of 9.1% in June 2022⁵. This latest data contributes to a series of encouraging trends that could give the U.S. Federal Reserve confidence that inflation is approaching their target of 2%. Consequently, this may pave the way for the Fed to begin cutting interest rates sooner. Additionally, July's unemployment rate increased further to 4.3% whilst nonfarm payroll employment rose by a less than expected 114,000⁶, further increasing calls for the Fed to cut interest rates.

The Strip Center Sector's landlord-friendly supply and demand backdrop is forcing retailers to demonstrate flexibility in adapting store conditions to match the limited available space⁷. Retailers are leveraging stores to lower costs of distributing products sold online, with evidence showing that instore and online shopping feed one another⁸.

The demand for Self-Storage Sector continues to be dependent on affordability and consumer health. Self-storage remains a favourable option when consumers require additional space, compared to the cost of a large apartment. With mortgage rates still high, home sales and move-in rent growth are expected to remain pressured throughout 2024⁹.

Looking Ahead

Amidst greater market volatility from geopolitical headwinds, macroeconomic uncertainty and the U.S. Presidential election in November, the Manager will continue to be nimble, proactive and focused on strengthening UHREIT's income streams and balance sheet. The Manager will remain focused on optimizing the portfolio by evaluating asset enhancement and development initiatives, as well as selectively divesting for capital recycling and to take advantage of opportunities as they present.

² U.S. Bureau of Economic Analysis, "Gross Domestic Product, Second Quarter 2024 (Advance Estimate)", 25 July 2024.

³ U.S. Census Bureau, "Advance monthly sales for retail and food services – June 2024", 16 July 2024.

⁴ U.S. Census Bureau, "Advance monthly sales for retail and food services – June 2024", 16 July 2024.

⁵ U.S. Bureau of Labor Statistics, "Consumer Price Index – June 2024", 11 July 2024.

⁶ U.S. Bureau of Labor Statistics, "The Employment Situation – July 2024", 02 August 2024.

⁷ Green Street, "Self-Storage Sector Update", 30 May 2024

⁸ Green Street, "Strip Center Insights", 11 July 2024

⁹ Green Street, "Self-Storage Sector Update" 20 May 2024

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12 DISTRIBUTIONS

(a) Current financial period reported on

Any distribution recommended for the current financial period reported on?

Yes.

Distribution period:	Tenth distribution for the period from 1 January 2024 to 30 June 2024
Distribution type/rate:	Distribution of US 2.01 cents per Unit comprising of: a. Tax-exempt income: US 1.33 cents per Unit b. Capital: US 0.68 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 Thursday, 12 September 2024 date will be subject to 37.4525% U.S. withholding taxes on the distribution.
Book closure date:	22 August 2024
Date payable:	27 September 2024

(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) Eighth distribution for the period from 1 January 2023 to 30 June 2023 (ii) Ninth distribution for the period from 1 July 2023 to 31 December 2023
Distribution type/rate:	Eighth distribution for the period from 1 January 2023 to 30 June 2023 (i) Distribution of US 2.65 cents per Unit comprising of: a. Tax-exempt income: US 1.71 cents per Unit b. Capital: US 0.94 cents per Unit Ninth distribution for the period from 1 July 2023 to 31 December 2023 (ii) Distribution of US 2.14 cents per Unit comprising of: a. Tax-exempt income: US 1.32 cents per Unit b. Capital: US 0.82 cents per Unit

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(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 INTERESTED PERSON TRANSACTIONS

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review			
		excluding transactions less than S\$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920		transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
		1H 2024 US\$'000	1H 2023 US\$'000	1H 2024 US\$'000	1H 2023 US\$'000
United Hampshire US REIT Management Pte. Ltd. Base fee	The Manager of UHREIT	1,408	1,666	-	-
Perpetual (Asia) Limited Trustee fee	Trustee of UHREIT	77	74	-	-
The Hampshire Companies, LLC Property management fee	Shareholder of the Manager/Hampshire Sponsor	829	806	-	-
Burlington 2000 L.L.C. Rental income Assumption of a building lease	Subsidiary of an affiliated fund of the Hampshire Sponsor	99 354	197 -	- -	- -

The Group has not obtained a general mandate from Unitholders for Interested Person Transactions for the financial period under review.

14 CONFIRMATION PURSUANT TO RULE 704(13) OF THE LISTING MANUAL

Pursuant to Rule 704(13) of the Listing Manual of Singapore Exchange Securities Trading Limited, the Manager confirms that there is no person occupying managerial position in the Manager who is a relative of a director, chief executive officer, substantial shareholder of the Company or substantial Unitholder of UHREIT, save for Mr. Gerard Yuen Wei Yi, the Chief Executive Officer, who is the spouse of a director's cousin.

15 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.

16 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

14 August 2024

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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. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events. The value of Units in UHREIT (the “Units”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, Perpetual (Asia) Limited (as Trustee of United Hampshire US Real Estate Investment Trust) or any of their affiliates.

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

This announcement is not to be distributed or circulated outside of Singapore. Any failure to comply with this restriction may constitute a violation of United State securities laws or the laws of any other jurisdiction.

The past performance of UHREIT is not necessarily indicative of its future performance.

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

14 August 2024