

UNITED HAMPSHIRE US REIT ACHIEVES HIGHER OCCUPANCY AND 2.4% GROWTH IN GROSS REVENUE FOR 1H 2024

- **Grocery & Necessity Properties' committed occupancy increased to 96.3%**
- **Strong tenant retention rate of 92% coupled with a long WALE of 7.7 years¹**
- **Strong leasing momentum continues into 1H 2024, with 9.1% of the portfolio, representing 349,090 sq ft of new and renewal leases signed**
- **Minimal lease rollover with only 1.0% expiring in 2024²**
- **Signed a new 10-year lease at Hudson Valley Plaza with DICK'S Sporting Goods, a Fortune 500 Company, one of the largest sporting goods retailers in the U.S.**
- **Divestment of Freestanding Lowe's and Freestanding Sam's Club properties above valuation within Hudson Valley Plaza, New York**
 - **Aggregate leverage lower to 39.0%³ from 41.7%⁴**
 - **Adjusted interest coverage ratio improves to 3.2 times³ from 2.9 times⁴**
- **Self-Storage occupancy edged up to 94.3%**
- **No refinancing requirements until November 2026⁵**

SINGAPORE, 14 AUGUST 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 half ended 30 June 2024 (“**1H 2024**”) grew by 2.4% year-on-year (“**y-o-y**”) to US\$36.9 million. The growth was generated by new leases and rental escalations from existing leases. In addition, the new Academy Sports + Outdoors (“**Academy Sports**”) store at St. Lucie West, which commenced operations ahead of schedule in November 2023, also contributed to the higher gross revenue.

1H 2024 net property income (“**NPI**”) of US\$25.4 million was slightly lower by 1.7% y-o-y, largely due to the absence of contribution from Big Pine Center which was divested in August 2023. 1H 2024 distributable income of US\$12.7 million was lower y-o-y due mainly to higher interest costs.

To preserve unitholder value and minimise unit base dilution, the Manager has elected to receive 100% of its 1H 2024 base fee in cash instead of units. 1H 2024 Distribution Per Unit (“**DPU**”) after payment of management in cash is lower y-o-y at 2.01 US cents. However, excluding the effect of management fee in cash, on a like-to-like basis, the adjusted 1H 2024 DPU would have been higher at 2.24 US cents. 1H 2024 net asset value per unit remained stable at US\$0.74.

Mr. Gerard Yuen, Chief Executive Officer of the Manager said, “We have delivered another set of strong operating performance fuelled by healthy leasing momentum and backed by high tenant retention, as well as attractive demand-supply dynamics within the Grocery and Necessity segment. Occupancy for both the Grocery & Necessity and Self-Storage properties are higher than the previous quarter.

¹ Computation included forward committed leases for Grocery & Necessity Properties only. Excluding forward committed leases, the WALE is 7.6 years as at 30 June 2024.

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

³ Pro forma basis, assuming that the divestment was completed on 31 December 2023.

⁴ As at 31 December 2023.

⁵ Assuming the loan extension option is fully exercised.

We have successfully backfilled several larger vacancies and can look forward to improved NPI contribution once the respective store fitouts are completed. We are delighted that the new 47,000 sq ft DICK'S Sporting Goods store at Upland Square recently had its grand opening. We are also excited to announce a new 10-year, 53,000 sq ft lease with DICK'S Sporting Goods at Hudson Valley Plaza. This new lease will further improve our overall financial performance once the store opens.

Since the end of June, we have also executed several long-term lease renewals between 6 to 12 years with Lowe's, TGI Fridays, and Crunch Fitness at Hudson Valley Plaza, Towne Crossing and Walkkill respectively. This will further enhance the overall portfolio WALE.

As part of our proactive portfolio and asset management strategy, the divestment of the Freestanding Lowe's and Freestanding Sam's Club properties within Hudson Valley Plaza at a 4.3% premium to valuation⁶ will enable us to lower gearing and pursue higher yielding growth opportunities to enhance the overall resiliency, diversification and value of the portfolio. We remain focused on building a high-quality and resilient portfolio and our proactive asset management strategies to maximise unitholder value."

Divestment of two freestanding properties within Hudson Valley Plaza

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. The divestment consideration represents a premium of US\$5.4 million, or 17.5% above the purchase price of US\$31.1 million, and a premium of US\$1.5 million, or 4.3% above the independent valuation of the properties as at 30 June 2024.

This divestment is part of UHREIT's proactive portfolio management strategy to maximise the operational performance of assets and capitalise on opportunities to improve financial flexibility of UHREIT. Net proceeds from the divestment may be used to repay existing debt, finance capital expenditure, fund potential higher yielding acquisition opportunities and/or for other general corporate requirements. The divestment is also expected to lower UHREIT's aggregate leverage to 39.0%³ from 41.7%⁴, while improving its adjusted interest coverage ratio to 3.2 times³ from 2.9 times⁴.

Portfolio Review and Management

As at 30 June 2024, the Grocery & Necessity portfolio continues to record a high committed occupancy of 96.3% and long WALE of 7.7 years¹. UHREIT's lease expiry profile is well distributed with minimal leasing risk of only 1.0%² and 4.1%² of leases expiring in 2024 and 2025 respectively.

For UHREIT's Self-Storage properties, the occupancy increased from the previous quarter. As at 30 June 2024, the occupancy for Carteret and Millburn remains high at 95.6% and 93.1% respectively. Average quarterly net rental rates remained high, despite some normalisation of rental rates observed across the broader sector.

⁶ As determined by independent valuers as at 30 June 2024.

Capital Management

Following the successful refinancing of the Arundel Plaza loan in February 2024, UHREIT has no refinancing requirements until November 2026⁵. UHREIT has a long weighted average debt maturity of 2.8 years⁵ and 67.8% of total loans are either fixed rate loans or floating rate loans that have been hedged to fixed rates. For 1H 2024, the weighted average interest rate was 4.93%⁷, with an aggregate leverage of 41.9%, and interest coverage ratio of 2.5 times⁸.

Summary of UHREIT 1H 2024 Results

	1H 2024 US\$'000	2H 2023 US\$'000	Variance %	1H 2024 US\$'000	1H 2023 US\$'000	Variance %
Gross Revenue	36,858	36,221	1.8	36,858	36,008	2.4
Net Property Income	25,369	24,837	2.1	25,369	25,811	(1.7)
Distributable Income	12,667	13,758	(7.9)	12,667	16,663	(24.0)
DPU (US Cents) (before management fee in cash)	2.24	2.40	(6.7)	2.24	2.65	(15.5)
DPU (US Cents) (after Management fee in cash)	2.01	2.14	(6.1)	2.01	2.65	(24.2)

Outlook

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%⁹, 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-y¹⁰, and grocery sales up 1.7% y-o-y¹⁰. Overall, total retail sales for the period April 2024 through June 2024 period were up 2.5% from the same period a year ago¹⁰.

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 2022¹¹. 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%¹² whilst nonfarm payroll employment rose by a less than expected 114,000¹², further increasing calls for the Fed to cut interest rates.

⁷ Trailing 12-month and excludes upfront debt-related transaction costs.

⁸ 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).

⁹ U.S. Bureau of Economic Analysis, "Gross Domestic Product, Second Quarter 2024 (Advance Estimate)", 25 July 2024.

¹⁰ U.S. Census Bureau, "Advance monthly sales for retail and food services – June 2024", 16 July 2024.

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

¹² U.S. Bureau of Labor Statistics, "The Employment Situation – July 2024", 02 August 2024.

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 space¹³. Retailers are leveraging stores to lower costs of distributing products sold online, with evidence showing that instore and online shopping feed one another¹⁴.

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 2024¹⁵.

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.

ENDS



Market 32 @ Albany-Supermarket



Dicks Sporting Goods @ Upland Square

¹³ Green Street, "Self-Storage Sector Update", 30 May 2024.

¹⁴ Green Street, "Strip Center Insights", 11 July 2024.

¹⁵ Green Street, "Self-Storage Sector Update", 20 May 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-based¹⁶ 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 platforms¹⁷.

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\$768.3 million¹⁸ 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\$3.8 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, retails, 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 billion¹⁹.

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.

¹⁶ “**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.

¹⁷ “**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).

¹⁸ Based on carrying value of investment properties as at 30 June 2024.

¹⁹ As at 31 December 2023.

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