

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 2022**

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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 2022, 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 3.44 million sq ft. 18 Grocery & Necessity Properties and four Self-Storage Properties were acquired on the Listing Date, whilst UHREIT made its maiden acquisition of two dominant grocery-anchored properties, Colonial Square and Penrose Plaza, in November 2021. UHREIT divested two Self-Storage properties, Elizabeth Self-Storage and Perth Amboy Self-Storage, in June 2022.

Property	State	Asset type
<u>Grocery & Necessity Properties</u>		
Hudson Valley Plaza	New York	Regional Center with Grocery
Albany ShopRite – Supermarket	New York	Grocery & Necessity
Albany ShopRite – Gas Station	New York	Grocery & Necessity
Towne Crossing	New Jersey	Grocery & Necessity
Lyncroft 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
Big Pine Center	Florida	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
<u>Self-Storage Properties</u>		
Carteret Self-Storage	New Jersey	Self-Storage
Millburn Self-Storage	New Jersey	Self-Storage

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SUMMARY OF UHREIT'S RESULTS

	1H 2022	1H 2021	Change ⁽¹⁾
	US\$'000	US\$'000	+ / (-) %
Gross revenue	31,768	26,804	18.5
Property expenses	9,298	8,451	10.0
Net property income	22,645	20,472	10.6
Net income available for distribution to Unitholders	16,305	15,204	7.2
DPU (US cents) ⁽²⁾ <i>(with Top-Ups and Stipulated Damages)</i>	2.91	3.05	(4.6)
Adjusted DPU (US cents) ⁽²⁾ <i>(without Top-Ups and Stipulated Damages)</i>	2.88	2.54	13.4

Footnotes:

- (1) Refer to Note 10 "Review of Actual Performance" for the reasons behind the variance.
 (2) DPU for the period from 1 January 2022 to 30 June 2022 (1H 2021: 1 January 2021 to 30 June 2021) was calculated based on 559,952,929 (30 June 2021: 498,500,061) issued units as at 30 June 2022.

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

	Note 1F	Group		
		1 Jan 2022 to 30 Jun 2022 US\$'000	1 Jan 2021 to 30 Jun 2021 US\$'000	Change + / (-) %
Gross revenue	3(a)	31,768	26,804	18.5
Property expenses	3(b)	(9,298)	(8,451)	10.0
Other income	3(c)	175	2,119	(91.7)
Net property income		22,645	20,472	10.6
Manager's base fee		(1,630)	(1,520)	7.2
Trustee's fee		(68)	(68)	-
Other trust expenses		(868)	(1,050)	(17.3)
Finance costs	3(d)	(4,389)	(3,530)	24.3
Finance income		-	2	(100.0)
Net income before tax, fair value changes and loss on disposal of investment properties		15,690	14,306	9.7
Loss on disposal of investment properties		(437)	-	n.m.
Fair value change in investment properties		(1,395)	(1,398)	(0.2)
Fair value change on financial derivatives		3,900	881	342.7
Net income before tax		17,758	13,789	28.8
Income tax	3(e)	(1,663)	(482)	245.0
Net income after tax		16,095	13,307	21.0
Net income after tax attributable to:				
Unitholders		15,990	13,209	21.1
Non-controlling interests		105	98	7.1
Net income for the period		16,095	13,307	21.0
Earnings per Unit ("EPU") attributable to Unitholders during the financial period:				
Basic and diluted EPU (US cents)		2.86	2.66	7.5

n.m. – not meaningful

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1(A)(ii) CONDENSED CONSOLIDATED DISTRIBUTION STATEMENT

	Group		Change + / (-) %
	1 Jan 2022 to 30 Jun 2022 US\$'000	1 Jan 2021 to 30 Jun 2021 US\$'000	
Amount available for distribution to Unitholders for the financial period			
Net income after tax attributable to Unitholders	15,990	13,209	21.1
Distribution adjustments comprise:			
Property related non-cash items ⁽¹⁾	(999)	(561)	78.1
Manager's base fee payable/paid in Units	1,630	1,520	7.2
Trustee's fees	68	68	-
Amortisation of upfront debt-related transaction costs ⁽²⁾	682	404	68.8
Loss on disposal of investment properties	437	-	n.m.
Fair value change in investment properties	1,395	1,398	(0.2)
Fair value change on financial derivatives	(3,900)	(881)	342.7
Deferred tax expense	1,393	-	n.m.
Income Top-Ups ⁽³⁾	-	434	(100.0)
Interest on lease liability	264	273	(3.3)
Ground lease rental payment	(660)	(660)	-
Other net adjustments ⁽⁴⁾	5	-	n.m.
Distribution adjustments	315	1,995	(84.2)
Net income available for distribution to Unitholders	16,305	15,204	7.2
DPU (US cents)	2.91 ⁽⁵⁾	3.05	(4.6)

Footnotes:

- (1) Mainly comprise straight-line rent adjustments and amortisation of lease commission.
 (2) Upfront debt-related transaction costs are amortised over the life of the borrowings.
 (3) Comprises income provided by the Hampshire Sponsor in relation to St. Lucie West Top-Up Agreement.
 (4) Net of non-controlling interests.
 (5) DPU of 2.91 US cents per unit for the period from 1 January 2022 to 30 June 2022, calculated based on 559,952,929 issued units as at 30 June 2022.

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1(B) CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	Group		Trust	
		30 Jun 2022 US\$'000	31 Dec 2021 US\$'000	30 Jun 2022 US\$'000	31 Dec 2021 US\$'000
ASSETS					
Current assets					
Cash and cash equivalents		12,631	11,194	1,045	1,779
Restricted cash	3(f)	45,190	310	-	-
Trade and other receivables	3(g)	5,343	4,257	12,084	4,618
Tax receivable		-	65	-	-
Derivative assets		1,422	-	-	-
Prepaid expenses		1,189	1,671	35	57
Total current assets		65,775	17,497	13,164	6,454
Non-current assets					
Restricted cash	3(f)	511	258	-	-
Investment properties	3(h)	669,969	711,650	-	-
Derivative assets		2,569	91	-	-
Investment in subsidiaries		-	-	437,474	440,874
Total non-current assets		673,049	711,999	437,474	440,874
TOTAL ASSETS		738,824	729,496	450,638	447,328
LIABILITIES					
Current liabilities					
Trade and other payables	3(i)	8,179	8,040	1,088	1,234
Loans and borrowings	3(j)	94,303	6,000	-	-
Provision for taxation		29	-	-	-
Lease liability		807	798	-	-
Total current liabilities		103,318	14,838	1,088	1,234
Non-current liabilities					
Loans and borrowings	3(j)	175,104	265,639	48,262	47,816
Preferred shares		125	125	-	-
Rental security deposits		872	789	-	-
Lease liability		21,972	22,377	-	-
Deferred tax liabilities		7,862	6,469	-	-
Total non-current liabilities		205,935	295,399	48,262	47,816
TOTAL LIABILITIES		309,253	310,237	49,350	49,050
NET ASSETS		429,571	419,259	401,288	398,278
Net assets attributable to:					
Unitholders		427,373	416,999	401,288	398,278
Non-controlling interests		2,198	2,260	-	-
		429,571	419,259	401,288	398,278
Units in issue and to be issued ('000)		561,300	558,660	561,300	558,660
Net asset value per Unit (US\$)		0.76	0.75	0.71	0.71

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1(C) CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		1 Jan 2022 to 30 Jun 2022 US\$'000	1 Jan 2021 to 30 Jun 2021 US\$'000
Cash flows from operating activities			
Net income before tax		17,758	13,789
Adjustments for:			
Property related non-cash items		(999)	(561)
Manager's base fee payable/paid in Units		1,630	1,520
Loss on disposal of investment properties		437	-
Fair value change in investment properties		1,395	1,398
Fair value change on financial derivatives		(3,900)	(881)
Finance costs		4,389	3,530
Finance income		-	(2)
Operating income before working capital changes		20,710	18,793
Changes in working capital:			
Trade and other receivables		1,164	1,149
Restricted cash		(869)	(772)
Prepaid expenses		482	527
Trade and other payables		1,423	(2,952)
Rental security deposits		83	47
		22,993	16,792
Income tax paid		(176)	(709)
Net cash generated from operating activities		22,817	16,083
Cash flows from investing activities			
Proceeds from disposal of investment properties		43,987	-
Additions to investment properties	a	(4,401)	(2,037)
Deposit for acquisition of investment property		(2,250)	-
Divestment proceed held in an escrow account	1F item 3(f)	(44,264)	-
Interest received		-	2
Net cash used in investing activities		(6,928)	(2,035)
Cash flows from financing activities			
Distribution paid to Unitholders		(7,246)	(15,030)
Distribution paid to non-controlling interests		(167)	(115)
Dividends paid to preferred shareholders		(8)	(8)
Proceeds from loans and borrowings		-	7,500
Payment of debt-related transaction costs		(84)	(36)
Repayment of loans and borrowings		(3,000)	(7,500)
Finance costs paid on loans and borrowings		(3,287)	(2,809)
Repayment of lease liability		(396)	(388)
Interest paid on lease liability		(264)	(273)
Net cash used in financing activities		(14,452)	(18,659)

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	Group	
	1 Jan 2022 to 30 Jun 2022	1 Jan 2021 to 30 Jun 2021
	US\$'000	US\$'000
Net increase/(decrease) in cash and cash equivalents	1,437	(4,611)
Cash and cash equivalents at beginning of the period	11,194	13,040
Cash and cash equivalents at end of the period	12,631	8,429

a) Additions to investment properties

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

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1(D) PORTFOLIO STATEMENT

Description of property	Location	Tenure of land	Fair value as at	Percentage of total net	Fair value as at	Percentage of total net
			30 June 2022	assets as at 30 June 2022	31 December 2021	assets as at 31 December 2021
			US\$'000	%	US\$'000	%
<u>Grocery & Necessity Properties</u>						
Hudson Valley Plaza	New York	Freehold	49,373	11.5	49,200	11.7
Albany ShopRite – Supermarket	New York	Freehold	23,700	5.5	23,700	5.7
Albany ShopRite – Gas Station	New York	Freehold	4,400	1.0	4,400	1.0
Towne Crossing	New Jersey	Freehold	12,504	2.9	12,300	2.9
Lyncroft Center	North Carolina	Freehold	25,083	5.8	25,000	6.0
Garden City Square – BJ's Wholesale Club	New York	Freehold	48,000	11.2	48,000	11.4
Garden City Square – LA Fitness	New York	Freehold	21,000	4.9	21,000	5.0
Price Chopper Plaza	New York	Freehold	20,900	4.9	20,900	5.0
Big Pine Center	Florida	Freehold	9,157	2.1	9,100	2.2
Stop & Shop Plaza	New Jersey	Freehold	25,500	5.9	25,500	6.1
Fairhaven Plaza	Massachusetts	Freehold	19,570	4.6	19,500	4.7
Wallington ShopRite	New Jersey	Leasehold ⁽¹⁾	16,300	3.8	16,300	3.9
Parkway Crossing	Maryland	Freehold	27,426	6.4	27,300	6.5
Walkkill Price Chopper	New York	Freehold	13,001	3.0	13,000	3.1
St. Lucie West	Florida	Freehold	88,292	20.6	86,100	20.5
BJ's Quincy	Massachusetts	Freehold	34,800	8.1	34,800	8.3
Arundel Plaza	Maryland	Freehold	45,218	10.5	45,200	10.8
Lawnside Commons	New Jersey	Freehold	34,575	8.0	34,575	8.2
Colonial Square	Virginia	Freehold	26,452	6.2	26,400	6.3
Penrose Plaza	Pennsylvania	Freehold	55,239	12.9	55,100	13.2
<u>Self-Storage Properties</u>						
Carteret Self-Storage	New Jersey	Freehold	22,200	5.2	22,200	5.3
Millburn Self-Storage	New Jersey	Freehold	24,500	5.7	24,500	5.8
Elizabeth Self-Storage ⁽²⁾	New Jersey	Freehold	-	-	24,000	5.7
Perth Amboy Self-Storage ⁽²⁾	New Jersey	Freehold	-	-	20,400	4.9
Investment properties, at valuation			647,190	150.7	688,475	164.2
Investment property – Right-of-use asset			22,779	5.3	23,175	5.5
Investment properties, at carrying value (Note 1F item 3(h))			669,969 ⁽³⁾	156.0	711,650	169.7
Other assets and liabilities (net)			(240,398)	(56.0)	(292,391)	(69.7)
Net assets			429,571	100.0	419,259	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) Divested on 22 June 2022.
- (3) The carrying value of the Group's investment properties as at 30 June 2022 was based on the independent valuation as at 31 December 2021 undertaken respectively by Cushman & Wakefield of New Jersey LLC, Newmark Knight Frank Valuation & Advisory, LLC and CBRE, 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 2022	401,007	15,992	416,999	2,260	419,259
Operations					
Net income for the period	-	15,990	15,990	105	16,095
<u>Unitholders' transactions</u>					
Distribution to Unitholders	(3,400)	(3,846)	(7,246)	-	(7,246)
Manager's base fee paid in Units ⁽¹⁾	814	-	814	-	814
Manager's base fee payable in Units ⁽¹⁾	816	-	816	-	816
Total Unitholders' transactions	(1,770)	(3,846)	(5,616)	-	(5,616)
Distribution to non-controlling interests	-	-	-	(167)	(167)
As at 30 June 2022	399,237	28,136	427,373	2,198	429,571
Trust					
As at 1 January 2022	401,007	(2,729)	398,278	-	398,278
Operations					
Net income for the period	-	8,626	8,626	-	8,626
<u>Unitholders' transactions</u>					
Distribution to Unitholders	(3,400)	(3,846)	(7,246)	-	(7,246)
Manager's base fee paid in Units ⁽¹⁾	814	-	814	-	814
Manager's base fee payable in Units ⁽¹⁾	816	-	816	-	816
Total Unitholders' transactions	(1,770)	(3,846)	(5,616)	-	(5,616)
As at 30 June 2022	399,237	2,051	401,288	-	401,288

Footnote:

⁽¹⁾ The Manager has elected to receive 100.0% of the Manager's base fee in Units for the period from 1 January 2022 to 30 June 2022. 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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	<u>Units in issue and to be issued</u>	<u>(Accumulated losses)/ Retained earnings</u>	<u>Unitholders' funds</u>	<u>Non- controlling interests</u>	<u>Total</u>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group					
As at 1 January 2021	376,851	(1,532)	375,319	1,910	377,229
Operations					
Net income for the period	-	13,209	13,209	98	13,307
<u>Unitholders' transactions</u>					
Distribution to Unitholders	(4,811)	(10,219)	(15,030)	-	(15,030)
Manager's base fee paid in Units ⁽¹⁾	1,520	-	1,520	-	1,520
Total Unitholders' transactions	(3,291)	(10,219)	(13,510)	-	(13,510)
Distribution to non-controlling interests	-	-	-	(115)	(115)
As at 30 June 2021	373,560	1,458	375,018	1,893	376,911
Trust					
As at 1 January 2021	376,851	(2,847)	374,004	-	374,004
Operations					
Net income for the period	-	18,329	18,329	-	18,329
<u>Unitholders' transactions</u>					
Distribution to Unitholders	(4,811)	(10,219)	(15,030)	-	(15,030)
Manager's base fee paid in Units ⁽¹⁾	1,520	-	1,520	-	1,520
Total Unitholders' transactions	(3,291)	(10,219)	(13,510)	-	(13,510)
As at 30 June 2021	373,560	5,263	378,823	-	378,823

Footnote:

⁽¹⁾ The Manager has elected to receive 100.0% of the Manager's base fee in Units for the period. 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 2022

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 2022, 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

This condensed consolidated interim financial statements for the half year ended 30 June 2022 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 2021. 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 2021 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), except when 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 2021. The Group adopted the revised IFRS and interpretations that are effective for application for annual financial periods beginning on or after 1 January 2022. 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 financial period.

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 2021 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 2021 are disclosed in Note 1F item 3(e) (Income tax) and Note 1F item 3(n) (Fair value measurement).

3. EXPLANATORY NOTES

(a) Gross revenue

	Group		
	1 Jan 2022 to 30 Jun 2022	1 Jan 2021 to 30 Jun 2021	Change
	US\$'000	US\$'000	+/(-) %
Rental income	25,681	21,321	20.4
Recoveries income ⁽¹⁾	5,955	5,371	10.9
Other operating income	132	112	17.9
Gross revenue	31,768	26,804	18.5

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		
	1 Jan 2022 to 30 Jun 2022	1 Jan 2021 to 30 Jun 2021	Change
	US\$'000	US\$'000	+/(-) %
Real estate taxes	3,933	3,820	3.0
Repair, maintenance, and utilities expenses	2,704	2,279	18.6
Property management fees	1,200	1,093	9.8
Insurance expenses	717	587	22.1
Other property expenses	744	672 ⁽¹⁾	10.7
Property expenses	9,298	8,451	10.0

Footnote:

⁽¹⁾ Inclusive of a provision of US\$0.1 million for expected credit loss.

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(c) Other income

	Group		
	1 Jan 2022 to 30 Jun 2022	1 Jan 2021 to 30 Jun 2021	Change
	US\$'000	US\$'000	+/(-) %
Elizabeth Self-Storage Top-Up ⁽¹⁾	88	645	(86.4)
Perth Amboy Self-Storage Top-Up ⁽¹⁾	87	786	(88.9)
Compensatory stipulated damages ⁽²⁾	-	688	(100.0)
Other income	175	2,119	(91.7)

Footnotes:

⁽¹⁾ This comprises income Top-Ups provided by the Hampshire Sponsor, which have been fully depleted during the current financial period.

⁽²⁾ This is in connection with the delay in completion of construction of Perth Amboy Self-Storage.

(d) Finance costs

	Group		
	1 Jan 2022 to 30 Jun 2022	1 Jan 2021 to 30 Jun 2021	Change
	US\$'000	US\$'000	+/(-) %
Interest expense on loans and borrowings	3,385	2,790	21.3
Dividends paid to preferred shareholders	8	8	-
Commitment fees and amortisation of upfront debt-related transaction costs	732	459	59.5
Interest on lease liability	264	273	(3.3)
Finance costs	4,389	3,530	24.3

(e) Income tax

Tax expense comprises current and net deferred tax expenses. 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		
	1 Jan 2022 to 30 Jun 2022	1 Jan 2021 to 30 Jun 2021	Change
	US\$'000	US\$'000	+/(-) %
Current income tax	270	482	(44.0)
Deferred tax	1,393	-	n.m.
Income tax	1,663	482	245.0

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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.

(f) Restricted cash

The restricted cash is mainly comprised of the net proceeds, from the divestment of Self-Storage properties, held in an escrow.

(g) Trade and other receivables

	Group		Trust	
	30 Jun 2022 US\$'000	31 Dec 2021 US\$'000	30 Jun 2022 US\$'000	31 Dec 2021 US\$'000
Trade receivables	1,468	2,724	-	-
Allowance for expected credit loss	(64)	(113)	-	-
Net trade receivables	1,404	2,611	-	-
Other receivables ⁽¹⁾	3,939	1,239	94	193
Other receivables from subsidiaries	-	-	11,990	4,425
Top-Ups receivables ⁽²⁾	-	407	-	-
	5,343	4,257	12,084	4,618

Footnotes:

⁽¹⁾ Other receivables of the Group relate to accrued recoveries income for the relevant period which have been billed subsequent to the end of the reporting period and deposit placed for the acquisition of Upland Square Shopping Center.

⁽²⁾ Top-Ups have been fully depleted during the current financial period.

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(h) Investment properties

	Group	
	30 Jun 2022	31 Dec 2021
	US\$'000	US\$'000
At the beginning of the period	711,650	608,667
Acquisition of investment properties (including acquisition costs)	-	81,003
Disposal of investment properties	(44,424)	-
Additions in capital expenditure, tenant improvements and leasing commissions	3,139	1,695
Fair value change in investment properties	(396)	20,285
Carrying value of investment properties	669,969	711,650 ⁽¹⁾

Footnote:

⁽¹⁾ Fair value of properties includes Perth Amboy Top-Up and Elizabeth Top-Up, which are inseparable from its underlying assets.

	Group	
	30 Jun 2022	31 Dec 2021
	US\$'000	US\$'000
<u>Consolidated statement of comprehensive income</u>		
Fair value change in investment properties	(396)	20,285
Property related non-cash item	(999)	(1,670)
Net fair value change in investment properties	(1,395)	18,615

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

(i) Trade and other payables

	Group		Trust	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables	222	70	206	91
Other payables	277	101	243	2
Deferred income ⁽¹⁾	2,011	3,187	-	-
Accrued expenses ⁽²⁾	5,669	4,682	639	1,141
	8,179	8,040	1,088	1,234

Footnotes:

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

⁽²⁾ Accrued expenses relate to the deferred maintenance credit from the Sellers and the accrual of various professional fee for audit, tax, valuation, and other professional services incurred for the relevant period.

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(j) Loans and borrowings

	Nominal interest rate per annum	Maturity	Group		Trust	
			30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
			US\$'000	US\$'000	US\$'000	US\$'000
Secured loans and borrowings						
Amount repayable within one year:						
Revolving Credit Facility ("RCF") ⁽¹⁾	USD LIBOR + Margin	March 2023	3,000	6,000	-	-
Term Loan 1 Facility ("TL1") ⁽¹⁾	USD LIBOR + Margin	March 2023	91,500	-	-	-
			<u>94,500</u>	<u>6,000</u>	<u>-</u>	<u>-</u>
Less: Unamortised upfront debt-related transaction costs ⁽⁵⁾			(197)	-	-	-
			<u>94,303</u>	<u>6,000</u>	<u>-</u>	<u>-</u>
Amount repayable after one year:						
Term Loan 1 Facility ("TL1") ⁽¹⁾	USD LIBOR + Margin	March 2023	-	91,500	-	-
Term Loan 2 Facility ("TL2") ⁽¹⁾	USD LIBOR + Margin	March 2024	66,500	66,500	-	-
Term Loan 3 Facility ("TL3") ⁽²⁾	USD SOFR + Margin	November 2024	50,000	50,000	50,000	50,000
Arundel Plaza Mortgage Loan ⁽³⁾	3.88% and 4.23%	March 2024	21,143	21,143	-	-
St. Lucie West Mortgage Loan ⁽⁴⁾	3.42%	February 2028	40,000	40,000	-	-
			<u>177,643</u>	<u>269,143</u>	<u>50,000</u>	<u>50,000</u>
Less: Unamortised upfront debt-related transaction costs ⁽⁵⁾			(2,539)	(3,504)	(1,738)	(2,184)
			<u>175,104</u>	<u>265,639</u>	<u>48,262</u>	<u>47,816</u>
Total secured loans and borrowings			<u>269,407</u>	<u>271,639</u>	<u>48,262</u>	<u>47,816</u>

Footnotes:

- (1) These facilities are secured by, amongst other collateral:
- A perfected first priority lien over the shares of the borrowers and the relevant subsidiaries.
 - Assignments of certain bank accounts.
 - Subordination of an inter-company loan within the Group.
- (2) This is secured by security interests in each of the property-owning entities for Colonial Square and Penrose Plaza, as pledged securities.
- (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) Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.

As at 30 June 2022, the Group has total gross loans and borrowings of US\$272.1 million (31 December 2021: US\$275.1 million) and US\$17 million (31 December 2021: US\$14 million) undrawn revolving credit facility to meet its future obligations. The interest rate on the TL1 and TL2 facilities have been hedged using floating-for-fixed interest rate swaps. The weighted average interest rate on loans and borrowings as at 30 June 2022 was 3.03% (31 December 2021: 2.63%) (taking into account the interest rate swaps but excluding commitment fee on the undrawn revolving credit facility).

Aggregate leverage, as defined in the Property Funds Appendix, as at 30 June 2022 was 38.0%. Interest coverage ratio as at 30 June 2022 was 6.0 times in accordance with the requirements under its loan facilities and 4.6 times in accordance with the Property Funds Appendix of the CIS Code.

As at 30 June 2022, the Group's current liabilities exceeded its current assets by US\$37.5 million. The Group is in a net current liability position mainly due to TL1 and RCF, which are maturing in March 2023. Notwithstanding, the Manager is confident that the outcome of refinancing negotiations with the lenders to refinance these borrowings will be favorable and will be completed prior to the loan maturity date.

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(k) 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:

	1 Jan 2022 to 30 Jun 2022			1 Jan 2021 to 30 Jun 2021		
	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	29,226	2,542	31,768	25,140	1,664	26,804
Property expenses	(8,429)	(869)	(9,298)	(7,438)	(1,013)	(8,451)
Other income	-	175	175	-	2,119	2,119
Net property income	20,797	1,848	22,645	17,702	2,770	20,472
Fair value change in investment properties	(1,395)	-	(1,395)	(1,398)	-	(1,398)
Loss on disposal of investment properties	-	(437)	(437)	-	-	-
Unallocated expenses ⁽¹⁾			(4,718)			(5,767)
Net income after tax			16,095			13,307

	As at 30 Jun 2022			As at 31 Dec 2021		
	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	675,569	47,597	723,166	627,502	92,010	719,512
Unallocated assets ⁽²⁾			15,658			9,984
Consolidated assets			738,824			729,496
Segment liabilities	139,140	598	139,738	138,340	553	138,893
Unallocated liabilities ⁽²⁾			169,515			171,344
Consolidated liabilities			309,253			310,237
Other segment items						
Capital expenditures	3,115	-	3,115	1,677	18	1,695

Footnotes:

- (1) Unallocated expenses include Manager's base fee, Trustee's fee, other trust expenses, finance costs, finance income, fair value change in derivatives and income tax expense.
- (2) Unallocated items comprise certain cash and cash equivalents, certain restricted cash, derivative assets, certain other receivables, certain trade and other payables, loans and borrowings (excluding Arundel Plaza Mortgage Loan, St. Lucie West Mortgage Loan and TL3), preferred shares and deferred tax liabilities.

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(l) Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

(m) Related party transactions

Significant related party transactions took place at terms agreed between the parties as follows:

<u>Description of transactions</u>	Group	
	1 Jan 2022 to 30 Jun 2022	1 Jan 2021 to 30 Jun 2021
	US\$'000	US\$'000
Base fee payable/paid to the Manager	1,630	1,520
Trustee's fee payable/paid to the Trustee	68	68
Property management fee payable/paid to the Hampshire Sponsor	757	752
Construction management fee payable/paid to the Hampshire Sponsor	-	27
Rental income from an affiliated fund of the Hampshire Sponsor	197	197
Advance to a subsidiary of the Hampshire Sponsor	-	650
Compensatory stipulated damage income received from affiliated funds of the Hampshire Sponsor	-	688
Divestment fee paid to the Manager	228	-

(n) 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 level 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.

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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 2022				
Non-financial assets				
Investment properties (including right-of-use assets)	-	-	669,969	669,969
Derivatives				
Derivative financial instruments	-	3,991	-	3,991
As at 31 December 2021				
Non-financial assets				
Investment properties (including right-of-use assets)	-	-	711,650	711,650
Derivatives				
Derivative financial instruments	-	91	-	91

Level 2 fair value measurements

The fair value measurement for financial derivatives have 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 2022 and 31 December 2021.

Valuation techniques	Significant unobservable inputs	Sensitivity
Discounted cash flow approach	Grocery & Necessity Properties Discount rate of 6.75% – 9.0% Terminal capitalisation rate of 6.25% – 8.25%	Slight increase in discount rate or terminal capitalisation rate would result in a significant decrease in fair value and vice versa
	Self-Storage Properties Discount rate of 8.0% Terminal capitalisation rate of 5.5%	
Direct capitalisation method	Grocery & Necessity Properties Capitalisation rate of 5.75% – 8.0%	Slight increase in capitalisation rate would result in a significant decrease in fair value and vice versa
	Self-Storage Properties Capitalisation rate of 5.25%	

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Investment properties with a fair value of approximately US\$133.5 million (31 December 2021: US\$131.3 million) have been pledged as security for mortgage loan facilities granted by financial institutions to the Group (Note 1F item 3(j)). 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 2022, the carrying value of the Group's investment properties was based on the independent valuations as at 31 December 2021, taking into account capitalised expenditure, 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 2021, 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 2022. A full valuation of the Group's investment properties will be performed for the financial year ending 31 December 2022, in line with the Property Fund Guidelines on annual valuation.

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 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Financial assets</u>				
Financial assets at amortised cost:				
Cash and cash equivalents	12,631	11,194	1,045	1,779
Restricted cash	45,701	568	-	-
Trade and other receivables	5,343	4,257	12,084	4,618
	63,675	16,019	13,129	6,397
Financial assets measured at fair value:				
Interest rate swaps at FVTPL (net-settled)	3,991	91	-	-
	67,666	16,110	13,129	6,397
<u>Financial liabilities</u>				
Lease liability	22,779	23,175	-	-
Financial liabilities at amortised cost:				
Trade and other payables	6,168	4,853	1,088	1,234
Loans and borrowings	269,407	271,639	48,262	47,816
Preferred shares	125	125	-	-
Rental security deposits	872	789	-	-
	276,572	277,406	49,350	49,050
	299,351	300,581	49,350	49,050

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(o) Financial ratios

	Group	
	30 Jun 2022	30 Jun 2021
Ratio of expenses to weighted average net assets ⁽¹⁾		
– Including Manager’s performance fee	1.28	1.41
– Excluding Manager’s performance fee	1.28	1.40
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.
- (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.

(p) Subsequent event

Acquisition of Upland Square Shopping Center

On 28 July 2022, the Manager announced that UHREIT, through its indirect wholly owned subsidiary, UH US Upland 2022 LLC, has successfully completed the acquisition of Upland Square Shopping Center.

Distribution

On 12 August 2022, the Manager announced a distribution of 2.91 US cents per Unit (1H 2021: 3.05 US cents per Unit) for the financial period from 1 January 2022 to 30 June 2022 (1H 2021: 1 January 2021 to 30 June 2021).

2 DETAILS OF ANY CHANGES IN UNITS

	Group and Trust	
	1 Jan 2022 to 30 Jun 2022	1 Jan 2021 to 30 Jun 2021
Units in issue:		
At beginning of the period	557,374,344	496,054,925
New Units issued:		
Issue of Manager’s base fees ⁽¹⁾	2,552,528	2,362,983
Issue of Manager’s performance fees ⁽¹⁾	26,057	82,153
Total Units issued as at the end of the period	559,952,929	498,500,061
Units to be issued:		
Manager’s base fee payable in Units ⁽¹⁾	1,346,601	1,034,754
Total Units issued and to be issued as at the end of the period	561,299,530	499,534,815

Footnote:

- (1) During the current financial period, the Manager has elected to receive 100.0% of the Manager’s base fee and performance 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 2022 and 30 June 2021. The total number of issued Units as at 30 June 2022 was 559,952,929 (30 June 2021: 498,500,061).

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	
	1 Jan 2022 to 30 Jun 2022	1 Jan 2021 to 30 Jun 2021
EPU (basic and diluted)		
Net income attributable to Unitholders for the period (US\$'000)	15,990	13,209
Weighted average number of Units in issue ⁽¹⁾ ('000)	558,520	496,471
Basic and diluted EPU ⁽²⁾ (US cents)	2.86	2.66
DPU		
Income available for distribution to Unitholders (US\$'000)	16,305	15,204
Number of Units in issue at the end of the period ⁽³⁾ ('000)	559,953	498,500
DPU (US cents)	2.91	3.05

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.

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

	Group		Trust	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Net assets ⁽¹⁾ (US\$'000)	427,373	416,999	401,288	398,278
Number of Units in issue and to be issued ⁽²⁾ ('000)	561,300	558,660	561,300	558,660
NAV and NTA per Unit ⁽³⁾ (US\$)	0.76	0.75	0.71	0.71

Footnotes:

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

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

	Group		
	1 Jan 2022 to 30 Jun 2022	1 Jan 2021 to 30 Jun 2021	Change +/(-) %
	US\$'000	US\$'000	%
<u>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</u>			
Gross revenue	31,768	26,804	18.5
Property expenses	(9,298)	(8,451)	10.0
Other income	175	2,119	(91.7)
Net property income	22,645	20,472	10.6
Manager's base fee	(1,630)	(1,520)	7.2
Trustee's fee	(68)	(68)	-
Other trust expenses	(868)	(1,050)	(17.3)
Finance costs	(4,389)	(3,530)	24.3
Finance income	-	2	(100.0)
Net income before tax, fair value changes and loss on disposal of investment properties	15,690	14,306	9.7
Loss on disposal of investment properties	(437)	-	n.m.
Fair value change in investment properties	(1,395)	(1,398)	(0.2)
Fair value change on financial derivatives	3,900	881	342.7
Net income before tax	17,758	13,789	28.8
Income tax	(1,663)	(482)	245.0
Net income after tax	16,095	13,307	21.0
Net income after tax attributable to:			
Unitholders	15,990	13,209	21.1
Non-controlling interests	105	98	7.1
Net income for the period	16,095	13,307	21.0
<u>DISTRIBUTION STATEMENT</u>			
Net income after tax attributable to Unitholders	15,990	13,209	21.1
Distribution adjustments	315	1,995	(84.2)
Net income available for distribution to Unitholders	16,305	15,204	7.2

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Review of actual performance for 1H 2022 vs 1H 2021

1H 2022 gross revenue was US\$31.8 million, an increase of US\$5.0 million or 18.5% from 1H 2021. This was mainly due to the contributions from Colonial Square and Penrose Plaza and the improved performance of the Self-Storage Properties. The Grocery & Necessity Properties performed consistently over the period.

Other income of US\$0.2 million was US\$1.9 million lower than 1H 2021, this is primarily due to the lower Top-Ups as well as the absence of the compensatory stipulated damage income of US\$0.7 million in connection with the delayed completion of construction of Perth Amboy Self-Storage.

Property operating expenses for 1H 2022 was US\$9.3 million, an increase of US\$0.8 million or 10.0% from 1H 2021 of US\$8.5 million. This was mainly due to the acquisition of Colonial Square and Penrose Plaza.

Net property income excluding other income was US\$22.5 million for 1H 2022, an increase of US\$4.1 million or 22.4% from US\$18.4 million in 1H 2021.

The net increase in net property income was further offset by higher finance costs than 1H 2021, due to a new loan obtained to finance the acquisition of Colonial Square and Penrose Plaza. Finance costs of US\$4.4 million was 24.3% or US\$0.9 million higher than the prior period.

Manager's base fee of US\$1.6 million was 7.2% higher than 1H 2021, this is in line with the higher 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).

Other trust expenses of US\$0.9 million was 17.3% or US\$0.2 million lower than 1H 2021 due to lower professional and legal fees.

Fair value on financial derivatives resulted in a gain of US\$3.9 million due to interest rates trending upwards. This is a non-cash item and therefore does not affect income available for distribution to Unitholders.

Due to the net effects of the above, net income available for distribution to Unitholders was US\$16.3 million, 7.2% higher than US\$15.2 million in 1H 2021.

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.

The U.S. economy experienced a rapidly changing economic environment in 1H 2022. U.S. real GDP decreased by 0.9%¹ in 2Q 2022. Due to a combination of factors including pent up consumer demand from COVID lockdowns, supply chain disruptions and excessive government stimulus issued during the pandemic, inflation accelerated at the onset of 2022 and reached a high of 9.1%² in June 2022. The high inflation has pushed the Federal Reserve to increase interest rates aggressively, which has in turn dragged down stock and bond markets and negatively impacted consumer confidence. However, U.S. unemployment rate remained at a record low at 3.5%³ in July 2022, and consumer spending, a key driver for growth, while showing some signs of deceleration in certain discretionary sectors of the economy, has demonstrated strong resiliency over the first half of the year. Adding to the complexity of the situation, geopolitical unrest from the war in Ukraine continues to cause worldwide disruptions that are driving the sharp rise in energy prices and contributing to disruptions in supply chains. Tightening Federal monetary policy will mean higher interest rates for all borrowers including mortgage loans, which has cooled down the US housing markets.

¹ U.S. Bureau of Economic Analysis, *Gross Domestic Product, Second Quarter 2022 (Advance Estimate)*, 28 July 2022

² U.S. Bureau of Labor Statistics, *"Consumer Price Index – June 2022"*, 13 July 2022

³ U.S. Bureau of Labor Statistics, *"The Employment Situation – July 2022"*, 5 August 2022.

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Due to the resilient, necessity-based nature of its Grocery & Necessity properties, UHREIT has been able to maintain a high committed occupancy of 96.2% as at 30 June 2022, with only 0.8% of leases by base rental income expiring in 2H 2022. Coupled with the high occupancy and rising rental rates in the Self-Storage properties, UHREIT's portfolio remains in a resilient position. The Manager continues to focus on maintaining high occupancy rates, optimizing both tenant retention and the lease up of vacant space. The portfolio's weighted average lease expiry was 8.0 years as at 30 June 2022 which is slightly higher than the previous quarter. These positive trends are expected to continue, backed by factors such as hybrid work-from-home dynamics, and continued suburban migration.

The Manager will continue to focus on strengthening the portfolio, whilst maintaining a prudent approach to capital management. Although UHREIT has substantially hedged most of its existing borrowings to fixed rates, when these loans are refinanced, however, they are expected to be impacted by the higher interest rate. The Manager will continue to monitor the U.S. macroeconomic situation closely, optimize the assets and seek opportunities to strengthen the income streams. The Manager believes that UHREIT's resilient portfolio remains well-positioned to weather the challenges ahead and will continue to selectively look for suitable accretive acquisition opportunities.

12 DISTRIBUTIONS

(a) Current financial period reported on

Any distribution recommended for the current financial period reported on?

Yes.

Distribution period:	Sixth distribution for the period from 1 January 2022 to 30 June 2022
Distribution type/rate:	Distribution of US 2.91 cents per Unit comprising of: a. Tax-exempt income: US 1.89 cents per Unit b. Capital: US 1.02 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, 8 September 2022 date will be subject to 30% U.S. withholding taxes on the distribution.
Book closure date:	22 August 2022
Date payable:	28 September 2022

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(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) Third distribution for the period from 1 January 2021 to 30 June 2021 (ii) Fourth (advanced) distribution for the period from 1 July 2021 to 13 October 2021 (iii) Fifth distribution for the period from 14 October 2021 to 31 December 2021
Distribution type/rate:	<p>Third distribution for the period from 1 January 2021 to 30 June 2021</p> <p>(i) Distribution of US 3.05 cents per Unit comprising of:</p> <p>a. Tax-exempt income: US 1.89 cents per Unit</p> <p>b. Capital: US 1.16 cents per Unit</p> <p>Fourth (advanced) distribution for the period from 1 July 2021 to 13 October 2021</p> <p>(ii) Distribution of US 1.75 cents per Unit comprising of:</p> <p>a. Tax-exempt income: US 1.14 cents per Unit</p> <p>b. Capital: US 0.61 cents per Unit</p> <p>Fifth distribution for the period from 14 October 2021 to 31 December 2021</p> <p>(iii) Distribution of US 1.30 cents per Unit comprising of:</p> <p>a. Tax-exempt income: US 0.69 cents per Unit</p> <p>b. Capital: US 0.61 cents per Unit</p>

(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.

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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	
		1H 2022 US\$'000	1H 2021 US\$'000
United Hampshire US REIT Management Pte. Ltd.	The Manager of UHREIT		
Base fee		1,630	1,520
Divestment fee		228	-
Perpetual (Asia) Limited	Trustee of UHREIT		
Trustee fee		68	68
HH Acquisition Partners LLC	Subsidiary of the Hampshire Sponsor		
Advance in relation to target acquisition		-	650
The Hampshire Companies, LLC	Shareholder of the Manager/Hampshire Sponsor		
Property management fee		757	752
Construction management fee		-	27

The Group has not obtained a general mandate from Unitholders for interested party transactions.

14 ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 706A OF THE LISTING MANUAL

Establishment of wholly owned subsidiary

Pursuant to Rule 706A of the Listing Manual, the Manager wishes to announce that the following wholly owned subsidiary was established with respect to the acquisition of Upland Square Shopping Center.

Name	Date and Place of incorporation	Principal Activities	Interest held by UHREIT
UH US Upland 2022 LLC	19 May 2022, United States	Property holding company	100%

The incorporation of the aforementioned subsidiary is not expected to have any material impact on the earnings per year or net tangible assets per Unit of UHREIT for the financial period ended 30 June 2022.

15 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 Financial Officer, who is the spouse of a director's cousin.

16 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.

17 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

12 August 2022

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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

12 August 2022