

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 SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023**

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A. INTRODUCTION

Overview

United Hampshire US Real Estate Investment Trust (“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 stabilized 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 31 December 2023, 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 2 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. During the year, UHREIT divested one Grocery & Necessity property, Big Pine Center, in August 2023. The divestment proceeds were used to repay existing debt partially, lowering UHREIT’s gearing and interest expense.

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
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
Walkill 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

B. SUMMARY OF UHREIT'S RESULTS

	1 Jul 2023 to 31 Dec 2023 ("2H 2023") US\$'000	1 Jul 2022 to 31 Dec 2022 ("2H 2022") US\$'000	Change +/(-) %	1 Jan 2023 to 31 Dec 2023 ("FY 2023") US\$'000	1 Jan 2022 to 31 Dec 2022 ("FY 2022") US\$'000	Change +/(-) %
Gross revenue	36,221	35,684	1.5	72,229	67,452	7.1
Property expenses	11,384	11,271	1.0	21,581	20,569	4.9
Net property income	24,837	24,413	1.7	50,648	47,058	7.6
Net income available for distribution to Unitholders ("DI") ⁽¹⁾	13,758	16,826	(18.2)	30,421	33,131	(8.2)
Distribution per Unit ("DPU") (US cents)	2.14 ⁽²⁾	2.97	(27.9)	4.79 ⁽²⁾	5.88	(18.5)

Footnotes:

- (1) The income available for distribution to Unitholders is based on 100.0% of the taxable income available for distribution to Unitholders before deducting the capital reserve.
- (2) DPU was calculated based on the DI after deducting capital reserve of US\$1.3 million and US\$2.8 million retained for asset enhancement initiatives in 2H 2023 and FY 2023 respectively.

C. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group					
		2H 2023 US\$'000	2H 2022 US\$'000	Change +/(-) %	FY 2023 US\$'000	FY 2022 US\$'000	Change +/(-) %
Gross revenue	3	36,221	35,684	1.5	72,229	67,452	7.1
Property expenses	4	(11,384)	(11,271)	1.0	(21,581)	(20,569)	4.9
Other income		-	-	-	-	175	(100.0)
Net property income		24,837	24,413	1.7	50,648	47,058	7.6
Manager's base fee		(1,529)	(1,683)	(9.2)	(3,195)	(3,313)	(3.6)
Trustee's fee		(76)	(70)	8.6	(150)	(138)	8.7
Other trust expenses		(1,188)	(1,075)	10.5	(2,213)	(1,943)	13.9
Finance costs	5	(8,554)	(7,815)	9.5	(16,132)	(12,204)	32.2
Finance income		21	45	(53.3)	21	45	(53.3)
Net income before tax, fair value changes and gain/(loss) on divestment of investment properties		13,511	13,815	(2.2)	28,979	29,505	(1.8)
Gain/(loss) on divestment of investment properties		89	(44)	n.m.	89	(481)	(118.5)
Fair value change in investment properties		14,123	(1,584)	n.m.	13,286	(2,979)	n.m.
Fair value change on financial derivatives		(2,460)	(198)	n.m.	(2,536)	3,702	(168.5)
Net income before tax		25,263	11,989	110.7	39,818	29,747	33.9
Income tax	6	(5,236)	(1,486)	252.4	(6,827)	(3,149)	116.8
Net income after tax		20,027	10,503	90.7	32,991	26,598	24.0
Net income after tax attributable to:							
Unitholders		19,975	10,176	96.3	32,817	26,166	25.4
Non-controlling interests		52	327	(84.1)	174	432	(59.7)
Net income for the period		20,027	10,503	90.7	32,991	26,598	24.0
Earnings per Unit ("EPU") attributable to the Unitholders for the period:							
Basic and diluted EPU (US cents)	7	3.46	1.81	91.2	5.72	4.67	22.5

n.m. – not meaningful

D. CONDENSED CONSOLIDATED DISTRIBUTION STATEMENT

	Group					
	2H 2023 US\$'000	2H 2022 US\$'000	Change +/(-) %	FY 2023 US\$'000	FY 2022 US\$'000	Change +/(-) %
Amount available for distribution to Unitholders for the period						
Net income after tax attributable to Unitholders	19,975	10,176	96.3	32,817	26,166	25.4
Distribution adjustments comprise:						
Property related non-cash items ⁽¹⁾	18	(702)	(102.6)	(414)	(1,701)	(75.7)
Manager's base fee payable/paid in Units	- ⁽²⁾	1,683	(100.0)	1,666	3,313	(49.7)
Trustee's fee	76	70	8.6	150	138	8.7
Amortisation of upfront debt-related transaction costs ⁽³⁾	690	2,713	(74.6)	1,370	3,395	(59.6)
(Gain)/loss on divestment of investment properties	(89)	44	n.m.	(89)	481	(118.5)
Fair value change in investment properties	(14,123)	1,584	n.m.	(13,286)	2,979	n.m.
Fair value change on financial derivatives	2,460	198	n.m.	2,536	(3,702)	(168.5)
Deferred tax expense	5,214	1,249	n.m.	6,535	2,642	147.4
Interest on lease liability	249	258	(3.5)	504	522	(3.4)
Ground lease rental payment	(660)	(660)	-	(1,320)	(1,320)	-
Other net adjustments ⁽⁴⁾	(52)	213	(124.4)	(48)	218	(122.0)
Distribution adjustments	(6,217)	6,650	(193.5)	(2,396)	6,965	(134.4)
Net income available for distribution to Unitholders	13,758	16,826	(18.2)	30,421	33,131	(8.2)
Distribution to Unitholders	12,458 ⁽⁵⁾	16,826	(26.0)	27,621 ⁽⁵⁾	33,131	(16.6)
DPU (US cents)	2.14	2.97	(27.9)	4.79	5.88	(18.5)

n.m. – not meaningful

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 from 1 July 2023.
- (3) Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.
- (4) Net of non-controlling interests.
- (5) After deducting capital reserve of US\$1.3 million and US\$2.8 million retained for asset enhancement initiatives in 2H 2023 and FY 2023 respectively.

E. CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	Group		Trust	
		31 Dec 2023 US\$'000	31 Dec 2022 US\$'000	31 Dec 2023 US\$'000	31 Dec 2022 US\$'000
ASSETS					
Current assets					
Cash and cash equivalents		13,906	12,227	3,085	1,357
Restricted cash		1,012	1,322	-	-
Trade and other receivables	8	4,702	5,459	10,129	3,628
Prepaid expenses		2,320	1,539	65	4
Tax receivables		71	-	-	-
Derivative financial assets		803	686	-	-
Total current assets		22,814	21,233	13,279	4,989
Non-current assets					
Restricted cash		489	511	-	-
Investment properties	9	785,001	761,052	-	-
Derivative financial assets		454	3,107	-	-
Investment in subsidiaries		-	-	372,663	390,721
Total non-current assets		785,944	764,670	372,663	390,721
TOTAL ASSETS		808,758	785,903	385,942	395,710
LIABILITIES					
Current liabilities					
Trade and other payables	10	12,464	11,251	2,366	827
Loans and borrowings	11	21,140	-	-	-
Provision for taxation		-	206	-	-
Lease liability		835	816	-	-
Total current liabilities		34,439	12,273	2,366	827
Non-current liabilities					
Loans and borrowings	11	302,787	314,300	-	-
Preferred shares		125	125	-	-
Rental security deposits		901	938	-	-
Lease liability		20,726	21,561	-	-
Deferred tax liabilities		15,646	9,111	-	-
Total non-current liabilities		340,185	346,035	-	-
TOTAL LIABILITIES		374,624	358,308	2,366	827
NET ASSETS		434,134	427,595	383,576	394,883
Net assets attributable to:					
Unitholders		431,585	425,070	383,576	394,883
Non-controlling interests		2,549	2,525	-	-
		434,134	427,595	383,576	394,883
Units in issue and to be issued ('000)	12	581,668	568,278	581,668	568,278
Net asset value per Unit (US\$)	15	0.74	0.75	0.66	0.69

F. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<u>Note</u>	<u>Group</u>	
		<u>FY 2023</u> <u>US\$'000</u>	<u>FY 2022</u> <u>US\$'000</u>
Operating activities			
Net income before tax		39,818	29,747
Adjustments for:			
Property related non-cash items		(414)	(1,701)
Manager's base fee payable/paid in Units		1,666	3,313
(Gain)/loss on divestment of investment properties		(89)	481
Fair value change in investment properties		(13,286)	2,979
Fair value change on financial derivatives		2,536	(3,702)
Finance costs		16,132	12,204
Finance income		(21)	(45)
Operating cash flows before working capital changes		46,342	43,276
Changes in working capital:			
Trade and other receivables		737	(1,196)
Restricted cash		332	(1,265)
Prepaid expenses		(781)	1,118
Trade and other payables		(422)	1,784
Rental security deposits		(1)	114
Cash generated from operations		46,207	43,831
Income tax paid		(569)	(236)
Net cash generated from operating activities		45,638	43,595
Investing activities			
Acquisition of investment properties and related assets and liabilities, including loan assumption		-	(47,562)
Payment for capital expenditure relating to investment properties	a	(18,691)	(6,181)
Divestment of investment properties and related assets and liabilities		9,410	43,943
Interest received		21	45
Net cash used in investing activities		(9,260)	(9,755)
Financing activities			
Distributions paid to Unitholders	b	(27,968)	(21,408)
Dividends paid to non-controlling interests		(150)	(167)
Dividends paid to preferred shareholders		(16)	(16)
Proceeds from loans and borrowings		37,900	238,350
Payment of debt-related transaction costs		(369)	(5,353)
Finance costs paid on loans and borrowings		(13,426)	(7,893)
Repayment of loans and borrowings		(29,350)	(235,000)
Repayment of lease liability		(816)	(798)
Interest paid on lease liability		(504)	(522)
Net cash used in financing activities		(34,699)	(32,807)
Net increase in cash and cash equivalents		1,679	1,033
Cash and cash equivalents at the beginning of the period		12,227	11,194
Cash and cash equivalents at the end of the period		13,906	12,227

- 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**
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 and 7,441,227 Units amounting to approximately US\$2.9 million were issued in respect of the distribution for the period from 1 January 2023 to 30 June 2023, pursuant to UHREIT's Distribution Reinvestment Plan.

G. PORTFOLIO STATEMENT

Description of property	Location	Tenure of land	Fair value	Percentage	Fair value	Percentage
			as at 31 Dec 2023	of total net assets as at 31 Dec 2023	as at 31 Dec 2022	of total net assets as at 31 Dec 2022
			US\$'000	%	US\$'000	%
<u>Grocery & Necessity Properties</u>						
Hudson Valley Plaza	New York	Freehold	51,200	11.8	48,600	11.4
Albany ShopRite – Supermarket	New York	Freehold	25,700	5.9	23,700	5.5
Albany ShopRite – Gas Station	New York	Freehold	4,590	1.1	4,400	1.0
Towne Crossing	New Jersey	Freehold	16,300	3.8	12,600	3.0
Lyncroft Center	North Carolina	Freehold	26,700	6.2	27,125	6.3
Garden City Square – BJ's Wholesale Club	New York	Freehold	57,000	13.1	49,000	11.6
Garden City Square – LA Fitness	New York	Freehold	23,100	5.3	22,300	5.2
Price Chopper Plaza	New York	Freehold	19,400	4.5	21,100	4.9
Big Pine Center ⁽²⁾	Florida	Freehold	-	-	9,500	2.2
Stop & Shop Plaza	New Jersey	Freehold	27,600	6.4	26,000	6.1
Fairhaven Plaza	Massachusetts	Freehold	20,300	4.7	18,900	4.4
Wallington ShopRite	New Jersey	Leasehold ⁽¹⁾	15,900	3.7	15,700	3.7
Parkway Crossing	Maryland	Freehold	30,000	6.9	30,300	7.1
Walkill Price Chopper	New York	Freehold	13,900	3.2	12,600	2.9
St. Lucie West	Florida	Freehold	102,500	23.5	86,500	20.3
BJ's Quincy	Massachusetts	Freehold	31,500	7.3	33,400	7.8
Arundel Plaza	Maryland	Freehold	49,000	11.3	44,200	10.3
Lawnside Commons	New Jersey	Freehold	32,700	7.5	33,850	7.9
Colonial Square	Virginia	Freehold	26,900	6.2	25,100	5.9
Penrose Plaza	Pennsylvania	Freehold	54,000	12.4	53,900	12.6
Upland Square	Pennsylvania	Freehold	82,950	19.0	86,000	20.1
<u>Self-Storage Properties</u>						
Carteret Self-Storage	New Jersey	Freehold	21,400	4.9	23,800	5.6
Millburn Self-Storage	New Jersey	Freehold	30,800	7.1	30,100	7.0
Investment properties, at valuation			763,440	175.8	738,675	172.8
Investment property – Right-of-use asset			21,561	5.0	22,377	5.2
Investment properties, at carrying value (Note 1.9 Investment Properties)			785,001 ⁽³⁾	180.8	761,052	178.0
Other assets and liabilities (net)			(350,867)	(80.8)	(333,457)	(78.0)
Net assets			434,134	100.0	427,595	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 25 August 2023.
- (3) The carrying value of the Group's investment properties as at 31 December 2023 was based on the independent valuation as at 31 December 2023 undertaken by CBRE, Inc. (FY 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 full year period.

H. CONDENSED STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

	Units in issue and to be issued	Retained earnings	Unitholders' funds	Non- controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	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 payable/paid in Units ⁽¹⁾	1,666	-	1,666	-	1,666
Issue of new 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
Operations					
Net income for the period	-	19,975	19,975	52	20,027
<u>Unitholders' transactions</u>					
Distribution to Unitholders	(5,381)	(9,787)	(15,168)	-	(15,168)
Issue of new Units for Distribution Reinvestment Plan	2,939	-	2,939	-	2,939
Total Unitholders' transactions	(2,442)	(9,787)	(12,229)	-	(12,229)
Dividends to non-controlling interests	-	-	-	(150)	(150)
As at 31 December 2023	391,645	39,940	431,585	2,549	434,134

Footnote:

⁽¹⁾ The Manager has elected to receive 100.0% of the Manager's base fee in Units for the financial period 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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	Units in issue and to be issued	Retained earnings	Unitholders' funds	Non- controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	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⁾	1,630	-	1,630	-	1,630
Total Unitholders' transactions	(1,770)	(3,846)	(5,616)	-	(5,616)
Dividends to non-controlling interests	-	-	-	(167)	(167)
As at 30 June 2022	399,237	28,136	427,373	2,198	429,571
Operations					
Net income for the period	-	10,176	10,176	327	10,503
<u>Unitholders' transactions</u>					
Distribution to Unitholders	(5,712)	(10,583)	(16,295)	-	(16,295)
Manager's base fee payable/paid in Units ⁽¹⁾	1,683	-	1,683	-	1,683
Issue of new Units for Distribution Reinvestment Plan	2,133	-	2,133	-	2,133
Total Unitholders' transactions	(1,896)	(10,583)	(12,479)	-	(12,479)
As at 31 December 2022	397,341	27,729	425,070	2,525	427,595

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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	Units in issue and to be issued	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000
Trust			
As at 1 January 2023	397,341	(2,458)	394,883
Operations			
Net income for the period	-	8,061	8,061
<u>Unitholders' transactions</u>			
Distribution to Unitholders	(6,004)	(10,819)	(16,823)
Manager's base fee payable/paid in Units ⁽¹⁾	1,666	-	1,666
Issue of new Units for Distribution Reinvestment Plan	1,084	-	1,084
Total Unitholders' transactions	(3,254)	(10,819)	(14,073)
As at 30 June 2023	394,087	(5,216)	388,871
Operations			
Net income for the period	-	6,934	6,934
<u>Unitholders' transactions</u>			
Distribution to Unitholders	(5,381)	(9,787)	(15,168)
Issue of new Units for Distribution Reinvestment Plan	2,939	-	2,939
Total Unitholders' transactions	(2,442)	(9,787)	(12,229)
As at 31 December 2023	391,645	(8,069)	383,576

Footnote:

⁽¹⁾ The Manager has elected to receive 100.0% of the Manager's base fee in Units for the financial period 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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 FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

	Units in issue and to be issued	(Accumulated losses)/ Retained earnings	Total
	US\$'000	US\$'000	US\$'000
Trust			
As at 1 January 2022	401,007	(2,729)	398,278
Operations			
Net income for the period	-	8,626	8,626
<u>Unitholders' transactions</u>			
Distribution to Unitholders	(3,400)	(3,846)	(7,246)
Manager's base fee paid in Units ⁽¹⁾	1,630	-	1,630
Total Unitholders' transactions	(1,770)	(3,846)	(5,616)
As at 30 June 2022	399,237	2,051	401,288
Operations			
Net income for the period	-	6,074	6,074
<u>Unitholders' transactions</u>			
Distribution to Unitholders	(5,712)	(10,583)	(16,295)
Manager's base fee payable/paid in Units ⁽¹⁾	1,683	-	1,683
Issue of new Units for Distribution Reinvestment Plan	2,133	-	2,133
Total Unitholders' transactions	(1,896)	(10,583)	(12,479)
As at 31 December 2022	397,341	(2,458)	394,883

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.

I. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

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 six months and full year ended 31 December 2023, 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 (“DPU”) and net asset value (“NAV”) 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 six months and full year ended 31 December 2023 have been prepared in accordance with 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 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with International Financial Reporting Standard (“IFRS”). Accordingly, this report should be read in conjunction with the Group’s financial Statements for the financial year ended 31 December 2022 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.

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 2022. The Group adopted the revised IFRS and interpretations that are effective for application for annual financial periods beginning on or after 1 January 2023.

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 2022 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 2022 are disclosed in Note I.19 Fair Value Measurements.

3. GROSS REVENUE

	Group			
	2H 2023	2H 2022	FY 2023	FY 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Rental income	28,623	27,763	57,185	53,444
Recoveries income ⁽¹⁾	7,478	7,489	14,816	13,444
Other operating income	120	432	228	564
Gross revenue	36,221	35,684	72,229	67,452

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.

4. PROPERTY EXPENSES

	Group			
	2H 2023	2H 2022	FY 2023	FY 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Real estate taxes	4,854	5,023	9,197	8,956
Repair, maintenance and utilities expenses	2,965	3,382	5,697	6,086
Property management fees	1,365	1,316	2,718	2,516
Insurance expenses	885	774	1,802	1,491
Other property expenses	1,315	776	2,167	1,520
Property expenses	11,384	11,271	21,581	20,569

5. FINANCE COSTS

	Group			
	2H 2023	2H 2022	FY 2023	FY 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expense on loans and borrowings	7,554	4,617	14,166	8,002
Dividends paid to preferred shareholders	8	8	16	16
Commitment fees and amortisation of upfront debt-related transaction costs	743	2,932	1,446	3,664
Interest on lease liability	249	258	504	522
Finance costs	8,554	7,815	16,132	12,204

6. INCOME TAX

Tax 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			
	2H 2023	2H 2022	FY 2023	FY 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Current income tax	22	237	292	507
Deferred tax	5,214	1,249	6,535	2,642
Income tax	5,236	1,486	6,827	3,149

7. EARNINGS PER UNIT (“EPU”) AND DISTRIBUTION PER UNIT (“DPU”) FOR THE FINANCIAL PERIOD

	Group			
	2H 2023	2H 2022	FY 2023	FY 2022
	US\$'000	US\$'000	US\$'000	US\$'000
EPU (basic and diluted)				
Net income for the period (US\$'000)	19,975	10,176	32,817	26,166
Weighted average number of Units in issue ⁽¹⁾ ('000)	577,503	562,761	573,276	560,658
Basic and diluted EPU ⁽¹⁾ (US cents)	3.46	1.81	5.72	4.67
DPU				
Income available for distribution to Unitholders (US\$'000)	13,758	16,826	30,421	33,131
Number of Units in issue ('000) ⁽²⁾	581,668	566,433	581,668	566,433
DPU (US cents)	2.14 ⁽³⁾	2.97	4.79 ⁽³⁾	5.88

Footnotes:

⁽¹⁾ Based on the weighted average number of Units in issue during the relevant period.

⁽²⁾ Based on number of Units in issue as at the end of period (FY 2022: Number of Units in issue as at date of announcement, 22 February 2023).

⁽³⁾ DPU is calculated based on the distributable income to Unitholders after deducting capital reserve retained for asset enhancement initiatives in 2H 2023 and FY 2023, respectively.

8. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	31 Dec 2023 US\$'000	31 Dec 2022 US\$'000	31 Dec 2023 US\$'000	31 Dec 2022 US\$'000
Trade receivables	2,069	2,928	-	-
Allowance for expected credit loss	(219)	(138)	-	-
Net trade receivables	1,850	2,790	-	-
Other receivables ⁽¹⁾	2,852	2,669	78	12
Other receivables from subsidiaries	-	-	10,051	3,616
	4,702	5,459	10,129	3,628

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.

9. INVESTMENT PROPERTIES

	Group	
	31 Dec 2023 US\$'000	31 Dec 2022 US\$'000
At the beginning of the period	761,052	711,650
Acquisition (including acquisition costs)	-	88,031
Additions in capital expenditure, tenant improvements and leasing commissions	19,712	7,073
Divestment of investment properties	(9,463)	(44,424)
Fair value change in investment properties	13,700	(1,278)
Carrying value of investment properties	785,001	761,052
<u>Consolidated statement of comprehensive income</u>		
Fair value change in investment properties	13,700	(1,278)
Property related non-cash items	(414)	(1,701)
Net fair value change in investment properties	13,286	(2,979)

Information on the fair value assessment of investment properties is disclosed in Note I.19 Fair Value Measurements.

10. TRADE AND OTHER PAYABLES

	Group		Trust	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables	73	626	21	75
Other payables	256	385	-	90
Deferred income ⁽¹⁾	3,193	2,955	-	-
Accrued real estate taxes	107	1,447	-	-
Accrued capital expenditure	3,202	2,056	-	-
Accrued expenses ⁽²⁾	5,633	3,782	2,345	662
	12,464	11,251	2,366	827

Footnotes:

(1) Deferred income pertains to rental 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 development management fee, various professional fees for audit, tax, valuation, and other professional services incurred for the relevant period.

11. LOANS AND BORROWINGS

	Nominal interest rate per annum	Maturity	Group	
			31 Dec 2023	31 Dec 2022
			US\$'000	US\$'000
<u>Secured loans and borrowings</u>				
Amount repayable within one year:				
Arundel Plaza Mortgage Loan ⁽¹⁾	3.88% and 4.23%	March 2024	21,143	-
Less: Unamortised upfront debt-related transaction costs ⁽⁵⁾			(3)	-
			21,140	-
Amount repayable after one year:				
SOF RCF ("RCF") ⁽²⁾	USD SOFR + Margin	December 2025	25,900	17,350
SOF R Term Loan 1 ("TL1") ⁽²⁾	USD SOFR + Margin	December 2025	50,000	50,000
SOF R Term Loan 2 ("TL2") ⁽²⁾	USD SOFR + Margin	December 2026	60,000	60,000
SOF R Term Loan 3 ("TL3") ⁽²⁾	USD SOFR + Margin	March 2027	90,000	90,000
Arundel Plaza Mortgage Loan ⁽¹⁾	3.88% and 4.23%	March 2024	-	21,143
St. Lucie West Mortgage Loan ⁽³⁾	3.42%	February 2028	40,000	40,000
Upland Square Mortgage Loan ⁽⁴⁾	3.62%	November 2026	41,000	41,000
			306,900	319,493
Less: Unamortised upfront debt-related transaction costs ⁽⁵⁾			(4,113)	(5,193)
			302,787	314,300
Total secured loans and borrowings			323,927	314,300

Footnotes:

(1) This is 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 St. Lucie West.
- (4) This is secured by, among others, a mortgage over Upland Square.
- (5) Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.

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 Facilities").

Arundel Plaza Mortgage Loan

Mortgage loans of US\$15.0 million and US\$6.1 million ("Arundel Plaza Mortgage Loan") with a fixed interest rate of 3.88% and 4.23% per annum respectively, is secured by, among others, a mortgage over Arundel Plaza. 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 FY 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 31 December 2023, the Group has total gross loans and borrowings of US\$328.0 million (31 December 2022: US\$319.5 million) and US\$24.1 million (31 December 2022: US\$32.6 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. 78.8% (31 December 2022: 81.4%) 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 4.74% (31 December 2022: 3.83%). Excluding upfront debt-related transaction costs, the year-to-date average interest rate is 4.32% (31 December 2022: 2.77%).

Aggregate leverage, as defined in the Property Funds Appendix set out in CIS Code, as at 31 December 2023 was 41.7% (31 December 2022: 41.8%). Interest coverage ratio as at 31 December 2023 was 2.77 times (31 December 2022: 3.27 times) in accordance with the Property Funds Appendix of the CIS Code.

As at 31 December 2023, the Group is in a net current liabilities position of US\$11.6 million mainly due to the Arundel Plaza Mortgage Loan which is maturing in March 2024. The Group has sufficient undrawn revolving credit facilities of US\$24.1 million as at 31 December 2023 to cover the net current liabilities of the Group. Subsequent to year end, the Manager has successfully refinanced the Arundel Plaza Mortgage Loan.

12. UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust	
	FY 2023	FY 2022
Units in issue:		
At beginning of the period	564,933,198	557,374,344
New Units issued:		
- Issue of Manager's base fee ⁽¹⁾	5,237,485	2,552,528
- Issue of Manager's performance fee	-	26,057
- Issue of Distribution Reinvestment Plan	2,233,101	-
Total Units in issue as at 30 June	572,403,784	559,952,929
New Units issued:		
- Issue of Manager's base fee ⁽¹⁾	1,823,313	1,346,601
- Issue of Distribution Reinvestment Plan	7,441,227	3,633,668
Total Units in issue as at 31 December	581,668,324	564,933,198
Units to be issued:		
Manager's base fee payable in Units ^{(1) (2)}	-	1,499,395
Manager's base fee payable in Units ^{(1) (3)}	-	1,845,885
Total Units in issue and to be issued as at the end of the financial year	581,668,324	568,278,478

Footnotes:

- (1) During the financial period 1 January 2023 to 30 June 2023 and the previous financial year, the Manager has 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.
- (2) This pertains to Manager's base fee in Units in respect of the period from 1 July 2022 to 30 September 2022 issued on 19 January 2023.
- (3) This pertains to Manager's base fee in Units in respect of the period from 1 October 2022 to 31 December 2022 issued on 10 March 2023.

13. TOTAL NUMBER OF ISSUED UNITS

UHREIT does not hold any treasury Units as at 31 December 2023 and 31 December 2022. The total number of issued Units as at 31 December 2023 was 581,668,324 (31 December 2022: 564,933,198).

14. SALES, TRANSFERS, DISPOSALS, CANCELLATION AND/OR USE OF TREASURY UNITS

Not applicable.

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

	Group		Trust	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Net assets ⁽¹⁾ (US\$'000)	431,585	425,070	383,576	394,883
Number of Units in issue and to be issued ⁽²⁾ ('000)	581,668	568,278	581,668	568,278
NAV and NTA per Unit ⁽³⁾ (US\$)	0.74	0.75	0.66	0.69

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 is the same as there are no intangible asset as at the end of the period.

16. 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:

	2H 2023			2H 2022		
	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	34,301	1,920	36,221	33,806	1,878	35,684
Property expenses	(10,851)	(533)	(11,384)	(10,676)	(595)	(11,271)
Other income	-	-	-	-	-	-
Net property income	23,450	1,387	24,837	23,130	1,283	24,413
Gain/(loss) on divestment of investment properties	89	-	89	-	(44)	(44)
Fair value change in investment properties	15,823	(1,700)	14,123	(8,784)	7,200	(1,584)
Unallocated expenses ⁽¹⁾			(19,022)			(12,282)
Net income after tax			20,027			10,503

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	FY 2023			FY 2022		
	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	68,442	3,787	72,229	63,032	4,420	67,452
Property expenses	(20,574)	(1,007)	(21,581)	(19,105)	(1,464)	(20,569)
Other income	-	-	-	-	175	175
Net property income	47,868	2,780	50,648	43,927	3,131	47,058
Gain/(loss) on divestment of investment properties	89	-	89	-	(481)	(481)
Fair value change in investment properties	14,986	(1,700)	13,286	(10,179)	7,200	(2,979)
Unallocated expenses ⁽¹⁾			(31,032)			(17,000)
Net income after tax			32,991			26,598

	As at 31 Dec 2023			As at 31 Dec 2022		
	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	740,702	52,890	793,592	715,765	54,414	770,179
Unallocated assets ⁽²⁾			15,166			15,724
Consolidated assets			808,758			785,903
Segment liabilities	132,213	548	132,761	133,306	523	133,829
Unallocated liabilities ⁽²⁾			241,863			224,479
Consolidated liabilities			374,624			358,308
Other segment items						
Capital expenditures	19,712	-	19,712	7,049	24	7,073

Footnotes:

(1) Unallocated expenses include manager's base fee, trustee's fee, other trust expenses, finance costs, finance income, fair value change on 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, loan 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.

17. SEASONAL OPERATIONS

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

18. RELATED PARTY TRANSACTIONS

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

<u>Description of transactions</u>	Group	
	FY 2023 US\$'000	FY 2022 US\$'000
Base fee payable/paid to the Manager		
- in units	1,666	3,313
- In cash	1,529	-
Development management fee payable to the Manager	615	-
Acquisition fee paid to the Manager	-	857
Divestment fee paid to the Manager	49	228
Trustee's fee payable/paid to the Trustee	150	138
Property management fees payable/paid to the Hampshire Sponsor	1,614	1,530
Leasing commission fee paid to the Hampshire Sponsor	-	251
Rental income from an affiliated fund of the Hampshire Sponsor	395	395

19. FAIR VALUE MEASUREMENTS

The Group categorises 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.

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 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
As at 31 December 2022				
Non-financial assets				
Investment properties (including right-of-use assets)	-	-	761,052	761,052
Derivatives				
Derivative financial instruments	-	3,793	-	3,793

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 categorized under Level 3 of the fair value hierarchy as at 31 December 2023 and 31 December 2022.

Valuation techniques	Significant unobservable inputs	Sensitivity
Discounted cash flow approach	Grocery & Necessity Properties	Increase in discount rate or terminal capitalisation rate would result in a decrease in fair value and vice versa
	Discount rate of 6.5% – 9.5% (2022: 7.0% – 9.0%)	
	Terminal capitalisation rate of 6.0% – 8.25% (2022: 6.5% – 8.25%)	
	Self-Storage Properties	
Direct capitalization method	Discount rate of 8.0% – 8.25% (2022: 7.75% – 8.0%)	Increase in capitalisation rate would result in a decrease in fair value and vice versa
	Terminal capitalisation rate of 5.75% – 6.0% (2022: 5.25%)	
	Grocery & Necessity Properties	
	Capitalisation rate of 5.75% – 8.25% (2022: 6.0% – 7.75%)	
	Self-Storage Properties	
	Capitalisation rate of 5.5% – 5.75% (2022: 5.0%)	

As at 31 December 2023, investment properties with a fair value of approximately US\$234.5 million (31 December 2022: US\$216.7 million) have been pledged as security for mortgage loan facilities granted by financial institutions to the Group (Note 1.11). All the investment properties are located in the U.S.

The investment properties were stated at fair value based on independent valuation undertaken by CBRE, Inc. (FY 2022: Cushman & Wakefield of New Jersey LLC, Inc.). The independent valuer has the appropriate professional qualifications and recent experience in the location and category of the properties being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair values were calculated using the Income Approach. The two primary income approaches that may be used are the Discounted Cash Flow ("DCF") and the Direct Capitalisation Method ("DCM"). DCF calculates the present values of future cash flows over a specified time period, including the potential proceeds of a deemed disposal, to determine the fair value. DCM determines value by applying a capitalisation rate to the property's stabilised net operating income, normally at the first year. Both the DCF and DCM approaches convert the earnings of a property into an estimate of value. The Market of Direct Comparison approach may also be used, which is based on sound considerations for similarity and comparability between properties that have recently been sold. Considerations may include geographic location, physical, legal, and revenue generating characteristics, market conditions and financing terms and conditions. The final step in the valuation process involves the reconciliation of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property.

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The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal capitalisation rate and capitalisation rate, which are unobservable. In relying on the valuation reports, the Manager has exercised its judgment and is satisfied that the valuation methods and estimates used are reflective of the current market conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

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:

	<u>Group</u>		<u>Trust</u>	
	<u>31 Dec</u>	<u>31 Dec</u>	<u>31 Dec</u>	<u>31 Dec</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Financial assets</u>				
Financial assets at amortised cost				
Cash and cash equivalents	13,906	12,227	3,085	1,357
Restricted cash	1,501	1,833	-	-
Trade and other receivables	4,702	5,459	10,129	3,628
	20,109	19,519	13,214	4,985
Financial assets measured at fair value:				
Interest rate swaps at FVTPL (net-settled)	1,257	3,793	-	-
	21,366	23,312	13,214	4,985
<u>Financial liabilities</u>				
Lease liability	21,561	22,377	-	-
Financial liabilities at amortised cost:				
Trade and other payables	9,271	8,296	2,366	827
Loans and borrowings	323,927	314,300	-	-
Preferred shares	125	125	-	-
Rental security deposits	901	938	-	-
	334,224	323,659	2,366	827
	355,785	346,036	2,366	827

20. FINANCIAL RATIOS

	Group	
	2023	2022
	%	%
Ratio of expenses to weighted average net assets ⁽¹⁾		
– Including Manager’s performance fee	1.31	1.26
– Excluding Manager’s performance fee	1.31	1.26
Portfolio turnover rate ⁽²⁾	-	10.43

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 financial year ended 31 December 2023.
- (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.

21. SUBSEQUENT EVENTS

(i) Refinancing of Mortgage Loan

On 20 February 2024, the Manager has successfully refinanced the Arundel Plaza Mortgage Loan.

(ii) Distribution

On 22 February 2024, the Manager announced a distribution of US 2.14 cents per Unit for the financial period from 1 July 2023 to 31 December 2023.

J. OTHER INFORMATION

1. 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.

2. 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 I.2.2 "Changes in accounting policies".

- (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 I.2.2 "Changes in accounting policies".

3. REVIEW OF PERFORMANCE OF ACTUAL AGAINST FORECAST

The Group has not disclosed any forecast to the market.

4. REVIEW OF ACTUAL PERFORMANCE

	Group					
	2H 2023	2H 2022	+/(-)	FY 2023	FY 2022	+/(-)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<u>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</u>						
Gross revenue	36,221	35,684	1.5	72,229	67,452	7.1
Property expenses	(11,384)	(11,271)	1.0	(21,581)	(20,569)	4.9
Other income	-	-	-	-	175	(100.0)
Net property income	24,837	24,413	1.7	50,648	47,058	7.6
Manager's base fee	(1,529)	(1,683)	(9.2)	(3,195)	(3,313)	(3.6)
Trustee's fee	(76)	(70)	8.6	(150)	(138)	8.7
Other trust expenses	(1,188)	(1,075)	10.5	(2,213)	(1,943)	13.9
Finance costs	(8,554)	(7,815)	9.5	(16,132)	(12,204)	32.2
Finance income	21	45	(53.3)	21	45	(53.3)
Net income before tax, fair value changes and gain/(loss) on divestment of investment properties	13,511	13,815	(2.2)	28,979	29,505	(1.8)
Gain/(loss) on divestment of investment properties	89	(44)	n.m.	89	(481)	(118.5)
Fair value change in investment properties	14,123	(1,584)	n.m.	13,286	(2,979)	n.m.
Fair value change on financial derivatives	(2,460)	(198)	n.m.	(2,536)	3,702	(168.5)
Net income before tax	25,263	11,989	110.7	39,818	29,747	33.9
Income tax	(5,236)	(1,486)	252.4	(6,827)	(3,149)	116.8
Net income after tax	20,027	10,503	90.7	32,991	26,598	24.0
Net income after tax attributable to:						
Unitholders	19,975	10,176	96.3	32,817	26,166	25.4
Non-controlling interests	52	327	(84.1)	174	432	(59.7)
Net income for the period	20,027	10,503	90.7	32,991	26,598	24.0
<u>DISTRIBUTION STATEMENT</u>						
Net income after tax attributable to Unitholders	19,975	10,176	96.3	32,817	26,166	25.4
Distribution adjustments	(6,217)	6,650	(193.5)	(2,396)	6,965	(134.4)
Net income available for distribution to Unitholders	13,758	16,826	(18.2)	30,421	33,131	(8.2)

Review of performance for FY 2023 vs FY 2022

Gross revenue of US\$72.2 million for FY 2023 was higher than FY 2022 by 7.1% largely due to the contributions from (i) new leases and rent escalation from the existing leases (ii) Upland Square which was acquired in July 2022 as well as (iii) new Academy Sports store at St. Lucie West which opened in November 2023.

Property expenses of US\$21.6 million for FY 2023 were higher than FY 2022 by 4.9% mainly attributable to Upland Square.

Other trust expenses of US\$2.2 million for FY 2023 were higher than FY 2022 by 13.9% due to higher professional fees incurred.

Finance costs of US\$16.1 million for FY 2023 were 32.2% higher than FY 2022, largely due to the additional loans taken up to partially finance the acquisition of Upland Square, rising interest rates as well as the additional RCF drawn during FY 2023 to finance capital expenditures and tenant improvements.

Net fair value gain in investment properties for FY 2023, after taking into consideration the capital expenditure and tenant improvements spent in FY 2023, was US\$13.3 million as compared with a net fair value loss of US\$3.0 million in FY 2022.

Fair value loss of US\$2.5 million on derivatives in FY 2023 as compared to FY 2022 fair value gain of US\$3.7 million was due to movement in interest rates for the respective periods.

Consequently, FY 2023 net income before tax of US\$39.8 million was higher than FY 2022 by 33.9%. The tax expense of US\$6.8 million in FY 2023 was higher than FY 2022 by 116.8%, attributable to the deferred tax liabilities recognised on the fair value gain in investment properties. Due to the net effects of the above, net income for FY 2023 was US\$33.0 million, which is 24.0% higher than FY 2022.

Review of performance for 2H 2023 vs 2H 2022

Gross revenue of US\$36.2 million for 2H 2023 was higher than 2H 2022 by 1.5% largely due to the contributions from the new leases and rent escalations from the existing leases as well as contribution from Upland Square which was acquired in July 2022.

Property expenses of US\$11.4 million for 2H 2023 were higher than 2H 2022 by 1.0%, mainly attributable to higher non-cash amortisation of leasing commission.

Other trust expenses of US\$1.2 million 2H 2023 were higher than 2H 2022 by 10.5% due to higher professional fees incurred.

Finance costs of US\$8.6 million for 2H 2023 were 9.5% higher than 2H 2022, largely due to rising interest rates as well as the additional RCF drawn during 2H 2023 to finance capital expenditures and tenant improvements.

Net fair value gain in investment properties for 2H 2023, after taking into consideration the capital expenditure and tenant improvements spent in 2H 2023, was US\$14.1 million as compared with a net fair value loss of US\$1.6 million in 2H 2022.

Fair value loss on derivatives of US\$2.5 million in 2H 2023 was higher than 2H 2022 fair value loss of US\$0.2 million due to movement in interest rates for the respective periods.

Consequently, 2H 2023 net income before tax of US\$25.3 million was higher than 2H 2022 by 110.7%. The tax expense of US\$5.2 million in 2H 2023 was higher than 2H 2022 by 252.4%, attributable to the deferred tax liabilities recognized on the fair value gain in investment properties. Due to the net effects of the above, net income for 2H 2023 was US\$20.0 million, which is 90.7% higher than 2H 2022.

5. 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.

U.S. real gross domestic product (“GDP”) increased at an annual rate of 3.3%¹ in Q4 2023, led by increases in private inventory investment, consumer spending and government spending. The U.S. labour market remains resilient with the unemployment rate remain unchanged to 3.7%² and nonfarm payroll employment increased by 353,000 in January 2024. Meanwhile, the annual inflation rate in the U.S. continued to ease to 3.1%³ in January 2024.

On the consumer spending front, sales for retail and food services for January 2024 were up 0.6% year-on-year. U.S. retail sales has normalised after a large increase in spending during the holiday season. Grocery sales however continued to rise with a 2.3% year-on year increase⁴.

The Strip Center Sector continues to witness positive comparable sales growth especially for the discounters, grocers, and quick-service restaurant tenants. Also, the heavy exposure to essentials will result in a steadier flow of visitors to Strip Centers as compared to enclosed malls, which are more reliant on discretionary spending. On the supply front, the sector continues to see a lack of new supply as the elevated construction cost makes new development difficult in most markets⁵.

In the Self-Storage Sector, while occupancy for 2024 is projected to be flat relative to 2023, the pool of potential customers is estimated to be deeper today due to the rise of new users throughout Covid. Meanwhile, new construction of self-storage facilities continues to face headwinds due to higher construction costs and limited equipment and labour availability⁶.

Looking Ahead

Whilst global macroeconomic and geopolitical uncertainties remain, the U.S. Fed has indicated the possibility of interest rate cuts in 2024. The Manager will remain nimble, proactive and focused on strengthening UHREIT’s income streams and balance sheet by evaluating asset enhancement and development initiatives, potential accretive acquisitions and opportunistic divestments.

For more details, please refer to United Hampshire US REIT’s Press Release for the full year ended 31 December 2023.

¹ U.S. Bureau of Economic Analysis, “Gross Domestic Product, Fourth Quarter and Year 2023 (Advance Estimate)”, 25 January 2024.

² U.S. Bureau of Labor Statistics, “The Employment Situation – January 2024”, 2 February 2024.

³ U.S. Bureau of Labor Statistics, “Consumer Price Index – January 2024”, 13 February 2024.

⁴ U.S. Census Bureau, “Advance monthly sales for retail and food services – January 2024”, 15 February 2024.

⁵ Green Street, “Strip Center Sector Update”, 4 December 2023.

⁶ Green Street, “Self-Storage Sector Update”, 5 December 2023.

6. DISTRIBUTIONS

(a) Current financial period reported on

Any distribution recommended for the current financial period reported on?

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
Tax rate:	Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders. 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.
Book closure date:	Ninth Distribution: 1 March 2024
Date payable:	Ninth Distribution: 28 March 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) Sixth distribution for the period from 1 January 2022 to 30 June 2022 (ii) Seventh distribution for the period from 1 July 2022 to 31 December 2022
Distribution type/rate:	Sixth distribution for the period from 1 January 2022 to 30 June 2022 (i) 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 Seventh distribution for the period from 1 July 2022 to 31 December 2022 (ii) Distribution of US 2.97 cents per Unit comprising of: a. Tax-exempt income: US 1.91 cents per Unit b. Capital: US 1.06 cents per Unit

(c) **If no distribution has been declared / recommended, a statement to that effect**

Other than as disclosed in J.6 “Distributions” (a), no distribution has been declared / recommended.

7. INTERESTED PERSON TRANSACTIONS

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year 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)	
		FY 2023 US\$'000	FY 2022 US\$'000	FY 2023 US\$'000	FY 2022 US\$'000
United Hampshire US REIT Management Pte. Ltd. Base fee - in units - In cash Development management fee Acquisition fee Divestment fee	The Manager of UHREIT	1,666 1,529 615 - 49 ⁽¹⁾	3,313 - - - 857 228	- - - - - -	- - - - - -
Perpetual (Asia) Limited Trustee fee	Trustee of UHREIT	150	138	-	-
The Hampshire Companies, LLC Property management fee Leasing commission fee	Shareholder of the Manager/Hampshire Sponsor	1,614 -	1,530 251	- -	- -
Burlington 2000 L.L.C. Rental income	Subsidiary of an affiliated fund of the Hampshire Sponsor	395	395	-	-

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

Footnote:

⁽¹⁾ These Interested Person Transactions include transactions of less than S\$100,000 each.

8. BREAKDOWN OF REVENUE

	Group		
	FY 2023 US\$'000	FY 2022 US\$'000	+/(-) %
First half-year			
(a) Gross revenue reported	36,008	31,768	13.3
(b) Net income after tax reported	12,964	16,095	(19.5)
Second half-year			
(c) Gross revenue reported	36,221	35,684	1.5
(d) Net income after tax reported	20,027	10,503	90.7

9. BREAKDOWN OF TOTAL DISTRIBUTIONS

	FY 2023 US\$'000	FY 2022 US\$'000
Distribution for the period from 1 January 2022 to 30 June 2022 (paid)	-	16,295
Distribution for the period from 1 July 2022 to 31 December 2022 (paid)	-	16,823
Distribution for the period from 1 January 2023 to 30 June 2023 (paid)	15,168	-
Distribution for the period from 1 July 2023 to 31 December 2023 ⁽¹⁾	12,458	-
	27,626	33,118

Footnote:

⁽¹⁾ To be paid in FY 2024 as disclosed in J.6 "Distributions" (a).

10. MATERIAL CHANGES IN CONTRIBUTION BY OPERATING SEGMENTS

In the review of the performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments.

Please refer to J.4 "Review of Actual Performance" above for the review of performance.

11. UPDATE 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 REIT Manager confirm that there is no person occupying managerial position in the REIT 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.

12. 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.

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

22 February 2024

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 (in its capacity 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
22 February 2024