

ELITE COMMERCIAL REIT

# 4<sup>th</sup> Annual General Meeting

29 April 2024

Peel Park, Blackpool

# Elite REIT

Government facilities providing critical services to local communities<sup>(1)</sup>



**100%**

Freehold and Long Leasehold Assets<sup>(2)</sup>



**Triple Net**

Full Repairing & Insuring Leases<sup>(3)</sup>



**3.8**

Million Square Feet of Net Lettable Area



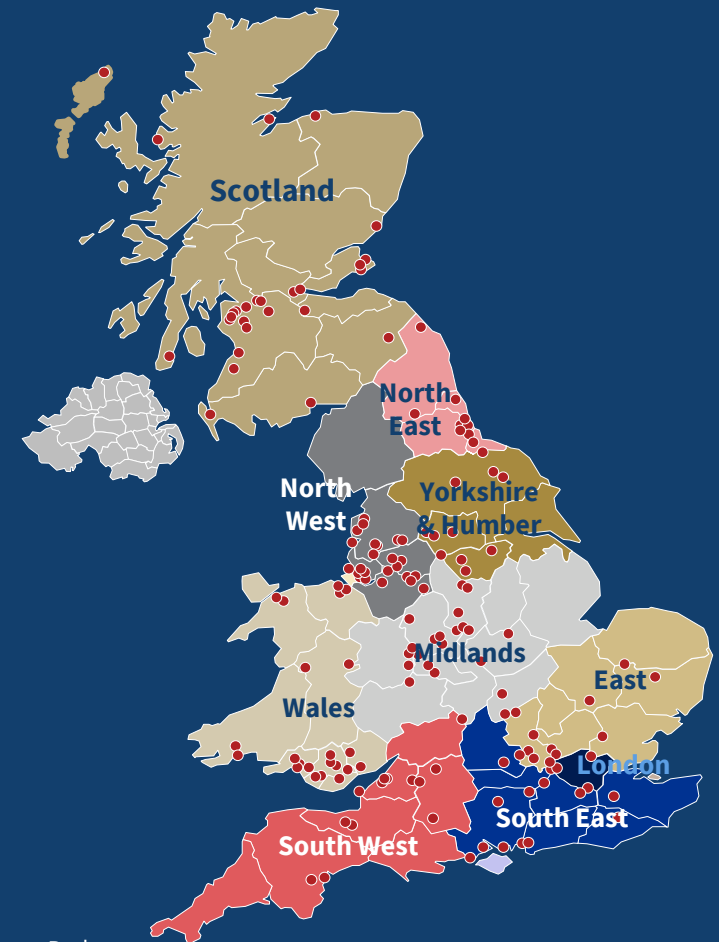
**4.2**

Years Weighted Average Lease Expiry

Elite REIT's Sponsors:



Geographically Diversified with a network of strategically well-located assets across the UK



- Notes:**
- (1) A majority of the leases are signed with the Secretary of State for Levelling Up, Housing and Communities, which is a Crown Body.
  - (2) 145 properties are on freehold tenures and five properties are on long leasehold tenures.
  - (3) Under a full repairing and insuring lease, commonly known as triple net lease, the responsibility for the repair of the external and internal parts as well as the structure of the property is placed with the tenant for occupied assets.

# Elite REIT's Competitive Strengths

The only Singapore-listed UK REIT, with government-backed cashflow



## Unique Financial Structure



**Pound Sterling-Denominated**  
*UK pure-play exposure*



**Tax-Efficient Structure**  
*On par with other UK REITs*



**Government-Backed Cashflow**  
*AA-rated sovereign credit strength*



**Natural Hedge**  
*Assets, debts & distributions in Pound sterling*

## Competitive Asset Features



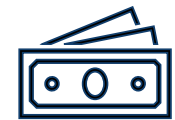
**Strategically Located**  
*In town centres, near amenities & transport nodes*



**Geographically Diversified**  
*Covers key cities & regions across the UK*



**Social Infrastructure**  
*Key occupier is UK's Department for Work & Pensions*



**Resilient Tenants**  
*Consistently achieved ~100% advance rent collection since listing*

Section I

# FY2023 Key Highlights



ELITE COMMERCIAL REIT



Crown House, Romford

# Key Highlights of FY2023

What Elite REIT delivered in FY2023

## 1 Rental Escalation Across Majority of Portfolio



*Executed  
**lease term extensions**  
or lease break removals*



***Partnership with tenant**  
to co-invest in energy-efficient  
and sustainable features*

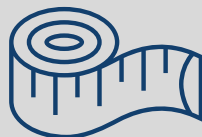
**13.1%**

***Rental escalation**  
achieved across  
136 assets in the portfolio*

## 2 Recycled Gross Proceeds of £11.4m<sup>(1)</sup>



***Recycled capital**  
through disposal of vacant  
assets to unlock value*



*Agreed reasonable  
**dilapidation**  
settlements*



*Disposal value  
completed at  
**12.2% above valuation***

**Note:**

(1) Includes dilapidation settlements and gross disposal proceeds from the divestment of assets.

# Key Highlights of FY2023

What Elite REIT delivered in FY2023

## 3 Successful £28 million Equity Fund Raising



Launched in  
Dec 2023 and  
**first EFR to be  
completed in 2024**

**121%**

Subscribed



**First**  
**Pound sterling-**  
**denominated**  
follow-on EFR  
on the SGX

**89%**

Backed by sponsors  
and substantial  
unitholders

### PRO-FORMA FY2023 CAPITAL MANAGEMENT

Including the effects of the £28m Preferential Offering



Net Gearing<sup>(1)</sup>

**40.9%**

31 Dec 2023: 47.5%  
31 Dec 2022: 44.9%



Fixed Rate Debt

**66%**

31 Dec 2023: 63%  
31 Dec 2022: 69%



Interest Coverage

**3.1 times**

31 Dec 2022: 4.6 times



Debt Headroom

**£55.9 million**

31 Dec 2022: £40.0 million

#### Note:

(1) Net gearing is calculated as aggregate debt less cash over total assets less cash. Aggregate Leverage calculated as per the Property Funds Appendix would be 43.7% including the effects of the £28m Preferential Offering and 50.0% as at 31 Dec 2023 respectively.

# Key Highlights of FY2023



## ACTUAL FY2023



Revenue

**£37.6 million**

31 Dec 2022: £37.1 million

▲ 1.5% y-o-y



Net Property Income

**£41.4 million**

31 Dec 2022: £35.7 million

▲ 15.7% y-o-y



Net Asset Value

**£0.43 per Unit**

31 Dec 2022: £0.52 per Unit

▼ 17.3% y-o-y



Distributable Income

**£18.0 million**

31 Dec 2022: £23.1 million

▼ 21.9% y-o-y



Distribution per Unit<sup>(1)</sup>

**3.42 pence**

31 Dec 2022: 4.81 pence

▼ 28.9% y-o-y



Distribution yield<sup>(2)</sup>

**11.0%**

31 Dec 2022: 10.2%

▲ 7.8% y-o-y

### Notes:

(1) Based on 100% payout ratio. At 90% payout ratio, the DPU in respect of FY2023 is 3.07 pence.

(2) Distribution yield for FY2023 is based on the closing Unit price of £0.28 as at 29 December 2023 and DPU for FY2023 at 90% payout ratio. Distribution yield for FY2022 was based on 100% payout ratio.

# Capital Management

Refinancing is well progressed with lenders currently seeking credit approvals



**Naturally hedged**  
against foreign exchange  
fluctuations

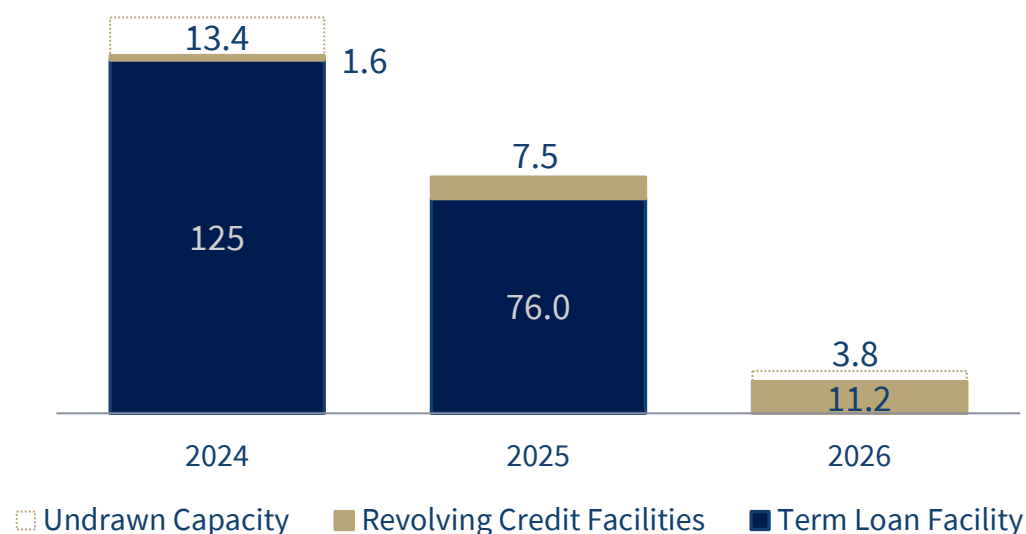


**Compliant**  
with all debt facilities'  
financial covenants

**66%**

Interest rate exposure  
**fixed or hedged**  
to fixed rates<sup>(1)</sup>

## Elite REIT's Debt Maturity Profile



- ✓ **Advanced stages of credit approvals** with potential lenders on 3-year loan refinancing
- ✓ Every 100 basis points increase in interest rate will impact DPU by ~6%
- ✓ Every £5m of debt repayment will reduce gearing by ~49 basis points

**Note:**

(1) Including the effects of the £28m Preferential Offering.



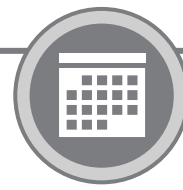
# Full Income Visibility from Government Leases



High Portfolio  
Occupancy Rate  
**92.3%**



On-time Advance  
Rent Collection  
**~100%**



Weighted Average  
Lease Expiry  
**4.2 years**



Portfolio  
Value<sup>(1)</sup>  
**£412.5m**

## Lease Renewals



Bradmarsh Business Park,  
Rotherham



Phoenix House, Bradford

- ✓ Successfully executed **lease term extensions** or **lease break removal**, as well as **rental escalations for 139 assets** in 2023
- ✓ Lease renewals for another **five years straight** for Bradmarsh Business Park, Rotherham and Phoenix House, Bradford
- ✓ Elite REIT has started early dialogue with the tenants, with the objectives of **extending and diversifying leases** ending in 2028
- ✓ Strong relationship with tenants, aided by partnerships with government tenants to **co-invest in energy-efficient and sustainable features** in the property portfolio
- ✓ Elite REIT is amongst the **largest providers of critical social infrastructure** to the DWP and other government departments

### Note:

(1) As at 31 December 2023.

# Diversified & Stable Portfolio



## Unique Asset Class

Network of social infrastructure assets serving local communities



## Geographically Diversified

Located across the UK covering regional cities



## Strategically Located

Primarily in town centres, close to key transport nodes and amenities



## Credit Stability & Income Certainty

Leases signed directly with the Secretary of State<sup>(1)</sup>



## Secured Distributions

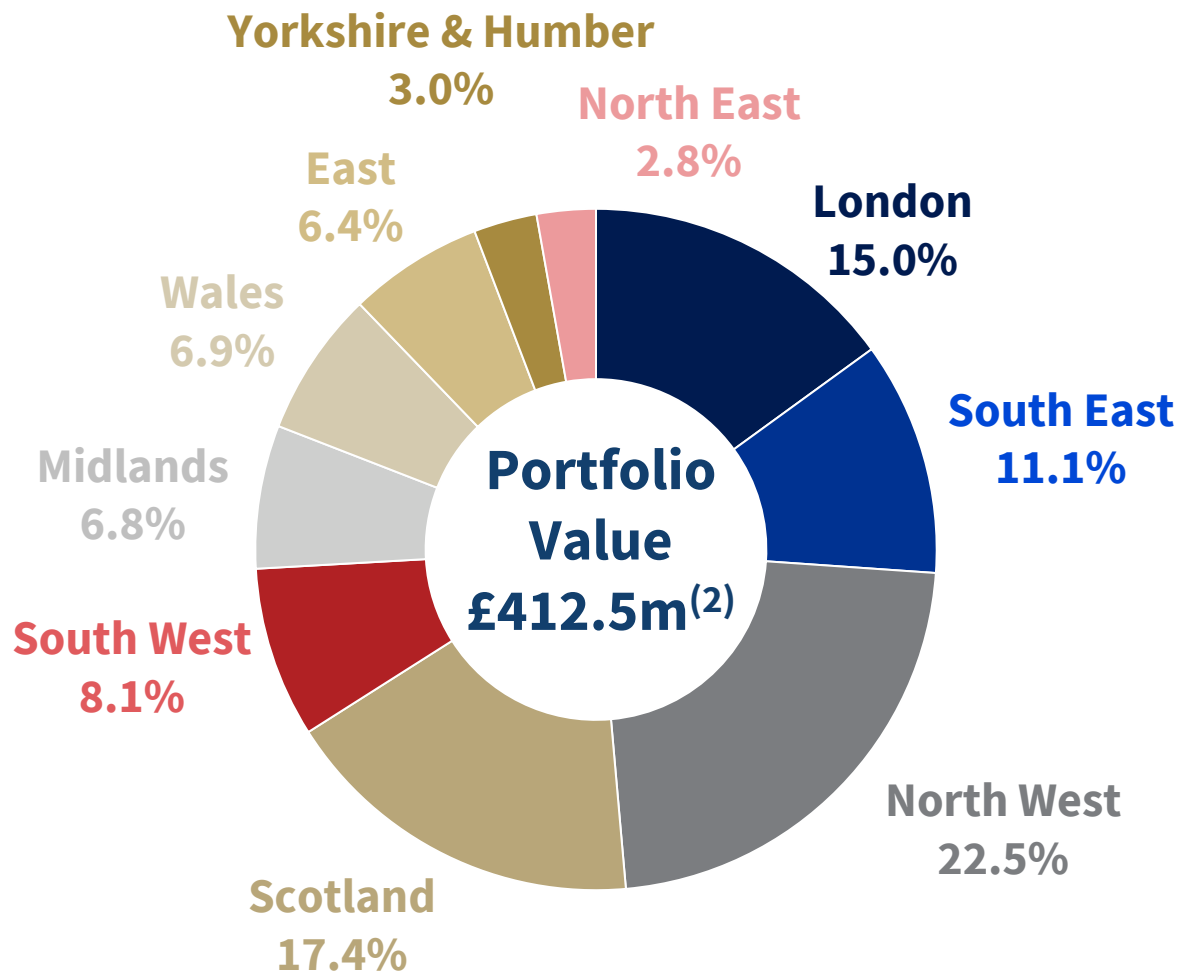
Consistent rental collection in advance since listing



## Resilient Tenant Base

Tenancies backed by AA-rated UK sovereign credit strength

## Geographical Breakdown by Valuation<sup>(2)</sup>



### Notes:

(1) A majority of the leases are signed with the Secretary of State for Levelling Up, Housing and Communities, which is a Crown Body.

(2) Asset valuation as at 31 Dec 2023, excluding the completed divestments of Openshaw Jobcentre, Manchester; Cardwell Place, Blackburn; Leeds Road, Bradford; John Street, Sunderland and Crown House, Burton On Trent as at 31 Dec 2023.

job  
centre  
plus



Section II

# Expansion of Investment Strategy

Crown House, Grantham

# What does the future look like?

Elite REIT will broaden its portfolio mix to other defensive sectors

## Long-term vision for Elite REIT

Defensive cashflow  
backed by  
non-discretionary  
assets

Multi-sector and  
focused market  
exposure to the UK

Asset management-led  
value creation

## Expansion of Investment Strategy

UK Focus with Dual Sector Emphases

Social Infrastructure Assets



NEW

Living Sector Assets



Jobcentre Plus



Government  
infrastructure  
and  
workplaces



Infrastructure  
assets with long-  
term offtake  
arrangements



Student  
Housing



Build-to-Rent  
Residential



Senior  
Living



Social Housing  
and other  
government  
housing

# Expansion of Investment Strategy

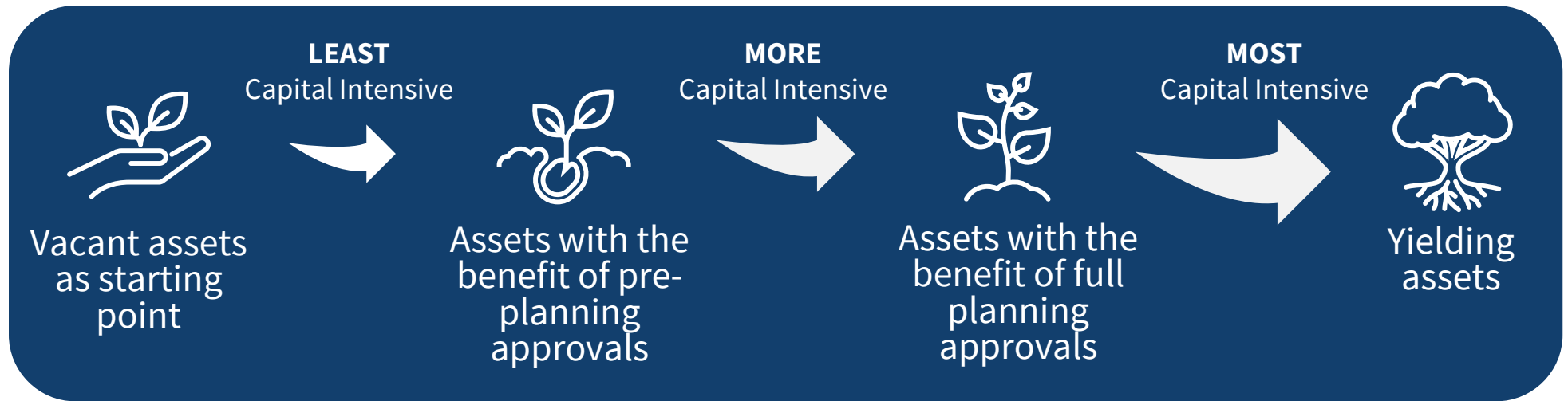
Strategic pivot for Elite REIT to position for Growth



- 1 Positioning for growth:**  
Through diversification in asset class and tenancy
- 2 Unlock latent value:**  
Through proactive asset management
- 3 Favourable demand-supply dynamics:**  
Highly accessible location of Elite REIT's assets – close to key transport nodes and amenities – is complementary to the Living Sector
- 4 UK pure play:**  
Increased institutional investment appeal is positive for long-term income growth and capital appreciation

# Asset Repositioning Strategy

Vacant assets may be relet, repositioned or recycled

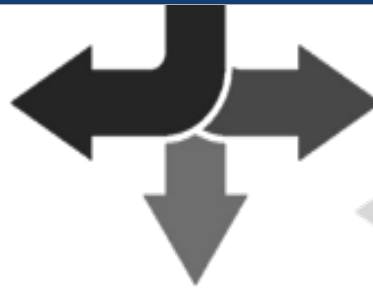


Jobcentre Plus



Government  
Infrastructure and  
Workplaces

**RELET**



**REPOSITION**



Student  
Housing



Built-to-Rent  
Residential

**RECYCLE**

## Section III

# Key Priorities



ELITE COMMERCIAL REIT



High Road, Ilford

# 2024 Key Priorities

## Management's focus areas in the near-term

01

### Proactive Asset Management

- Seek planning consent for 'highest and best use' for assets with viable alternative uses
- Focus on high-value assets to unlock value and increase portfolio base
- Diversify lease expiry profile and extend leases ahead of expiries
- Expand sustainability collaboration project to include more properties



02

### Capital Management

- Reduce gearing through capital recycling and proactive asset management
- Diversify funding sources by expanding financier relationships and accessing new sources of capital
- Opportunistic divestments to fund asset enhancement and manage gearing
- Long-term gearing target of less than 40%



03

### Improve Trading Liquidity

- Broaden research analyst and media coverage
- Step up investor engagement through regular investor roadshows and participation in webinars and conferences
- Improve liquidity via a larger asset base as Elite REIT grows in the future and is included as part of a relevant equity index







Acacia Walk, Nottingham

# Thank You

For enquiries, please contact:

Ms CHAI Hung Yin, Investor Relations

Elite Commercial REIT Management Pte. Ltd.

DID: +(65) 6955 9977 Main: +(65) 6955 9999 Email: [hungyin.chai@elitecreit.com](mailto:hungyin.chai@elitecreit.com)

Address: 8 Temasek Boulevard, #37-02 Suntec Tower Three, Singapore 038988

<https://www.elitecreit.com/>



Follow us on LinkedIn:

<https://www.linkedin.com/company/elitecreit>



LinkedIn  
Page



ELITECREIT  
Website



# Disclaimer



This announcement is for information only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for units in Elite Commercial REIT (“**Units**”) in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. This presentation 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. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view on future events. No representation or warranty express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Neither the Manager nor any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use of, reliance on or distribution of this presentation or its contents or otherwise arising in connection with this presentation.

The past performance of Elite Commercial REIT is not indicative of future performance. The listing of the Units on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) does not guarantee a liquid market for the Units. The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by Elite Commercial REIT, the Manager or any of their respective affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. The Unitholders 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 the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.