



# Investor Presentation Slides

March 2021

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Oversea-Chinese Banking Corporation Limited and UBS AG, Singapore Branch are the Joint Issue Managers for the initial public offering of units in Elite Commercial REIT. Oversea-Chinese Banking Corporation Limited, UBS AG, Singapore Branch, CGS-CIMB Securities (Singapore) Pte. Ltd. and China International Capital Corporation (Singapore) Pte. Limited are the Joint Bookrunners and Underwriters for the initial public offering of units in Elite Commercial REIT.

# Content



## 1. Overview of Elite Commercial REIT



## 2. Key Financial Highlights

– Listing Date (6 February 2020) to 31 December 2020



## 3. Outlook



## 4. Appendix



## Section I

# Overview of Elite Commercial REIT



**Holborn House, Derby**

# First & Only UK-Focused S-REIT with Over 99% Leased to the AA-rated UK Government<sup>1</sup>

**155**  
office assets,  
100% occupied

**Portfolio value of  
£515.3m**

**97%  
Freehold<sup>2</sup>**

**Long WALE  
7.2 years<sup>3</sup>**



Notes:  
1. Majority of the leases are signed by the Secretary of State for Housing, Communities and Local Government, which is a Crown Body  
2. 150 properties are on freehold tenures and 5 properties are on long leasehold tenures  
3. As at March 2021

# Enlarged Portfolio – Diversified and More Resilient

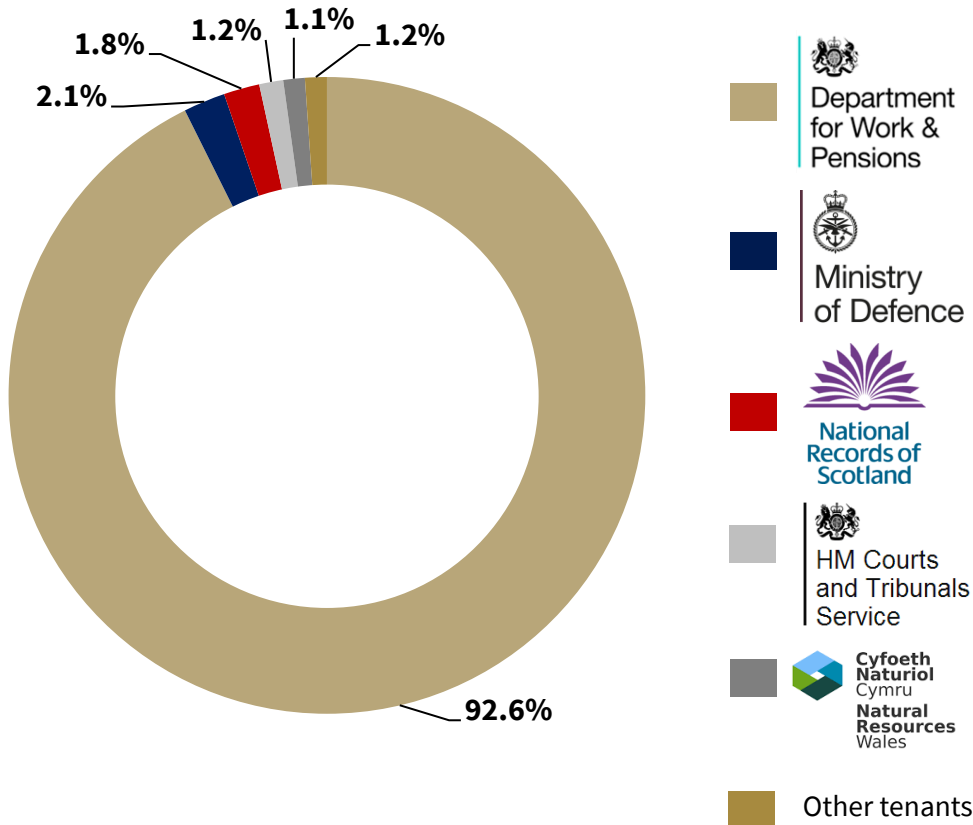


**Extends exposure to UK sovereign credit**

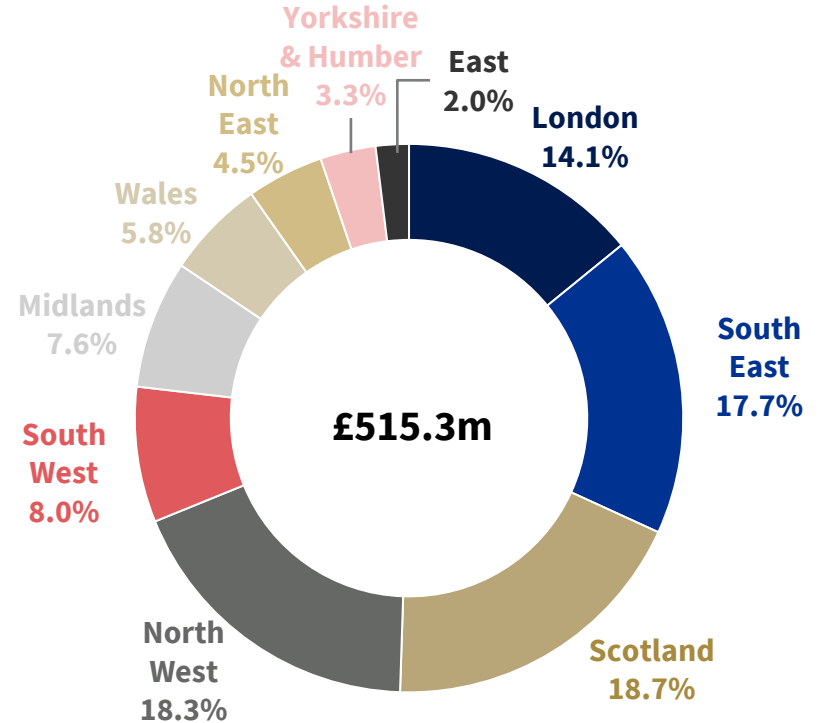
**Diversify Tenant Mix**



**Tenant Breakdown by Gross Rental Income**



**Enlarged portfolio valuation breakdown**



# About the Primary Occupier - DWP

Key occupier is **Department for Work & Pensions (DWP)**, UK's largest public service department

- Responsible for welfare, pensions and child maintenance policy
- **Over 20 million claimants; £191.8 billion** benefit spent in FY19/20
- Services provided primarily via Jobcentre Plus centres



## Full Repairing and Insuring Leases

- Tenant (UK Government) is responsible for the full maintenance and repair of external, internal and structural format of the property and landlord (Elite Commercial REIT) has no repairing or insuring liability

Built-in upside from **inflation-linked rental uplifts**



# Portfolio is Used to Provide Crucial DWP Services

## Over 20 million

DWP benefits claimants in FY19/20 (~1/3 of the UK population)

## >£9,000

Spend p.a. per DWP claimant (31% of UK median wage)

A ministerial department, supported by 14 agencies and public bodies

Integral to the social fabric of the UK

## Front of house – primarily Jobcentre Plus and other ancillary services

### 1 Jobcentre Plus - Usage highly correlated with unemployment

- Staff readily on hand to assist customers with mock interviews, “Back to Work” plan, etc.
- Computers and free wifi for customers to job-surf, write CVs or make claims

### 2 Pension Services - Usage expected to increase as population ages

- Face-to-face meetings to claim benefits
- IT training to assist retirees with no internet access or difficulty using online services

### 3 Child Maintenance Services - Stable usage regardless of economic conditions

- Face-to-face meetings to discuss more complicated child maintenance cases
- Registration and declaration of child maintenance received

### 4 Disability Services - Stable usage regardless of economic conditions

- Onsite medical examination centres as part of the Work Capability Assessment for disability benefit
- Training programmes such as Specialist Employability Support and Work and Health Programmes



Department  
for Work &  
Pensions

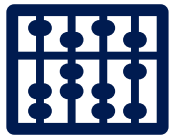
## Back of house – various support functions without public-facing element

### 5 Support functions – Usually larger, critical centres for supporting the administration of DWP services

- Service roll out planning (e.g. Universal Credit)
- Claims processing, finance and accounts
- Fraud detection and investigation
- Call centre & IT support



# Portfolio Resilience during COVID-19



## **Received in advance 99.6% of the rent for the period spanning across the months of January to March 2021, within 7 days of the due date**

Consistently achieved approximately 100% of rent collection in advance since listing, notwithstanding UK lockdown and Brexit



## **Portfolio income visibility enhanced**

Lodge House, Bristol – break option not exercised, lease will expire on 31 March 2028  
John Street, Sunderland – extended the break option by 12 months to 31 March 2022



## **Minimal business disruption caused by COVID-19**

Jobcentre Plus (“JCP”) locations remained open throughout the nation’s first, second and third lockdowns to process and disburse benefits to claimants

COVID-19 situation does not trigger force majeure or termination clauses of the leases with the UK Government

The UK Government have committed to increase the number of work coaches at job centres to 27,000 by March 2021 as part of an economic recovery package

# IPO portfolio made up of well-located office assets

## Centrally Located<sup>1</sup>

**74%** located in town centres, city centres and suburbs

## Easily Accessible<sup>1</sup>

**100%** within **10** minutes walk from bus stop

**60%** within **15** minutes walk from train station

## Proximity to Amenities

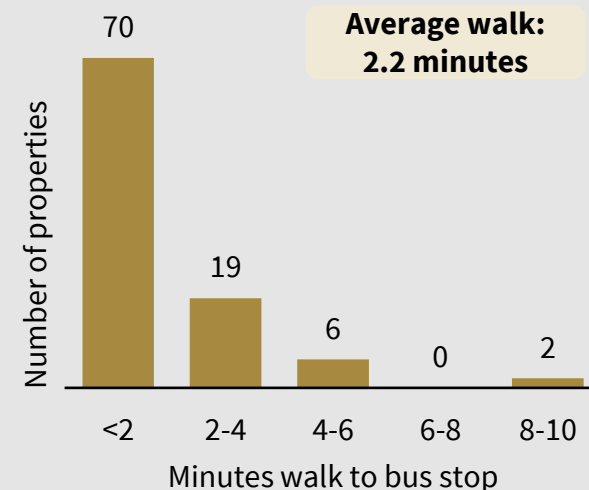
Average **4** supermarkets<sup>2</sup> within ½ mile radius

Average **5** medical facilities<sup>3</sup> within ½ mile radius

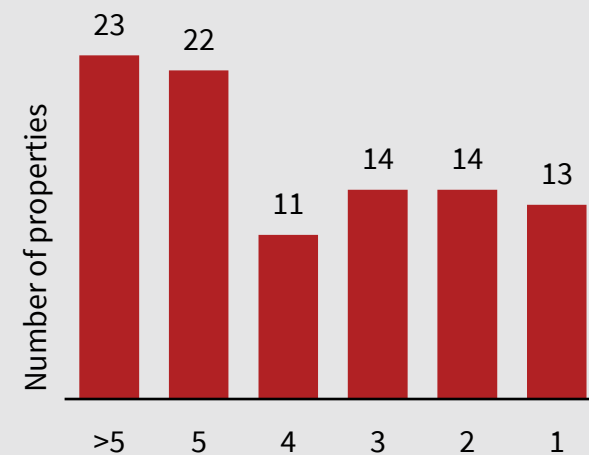
Average **4** schools<sup>4</sup> within ½ mile radius

Average **12** F&B outlets within ½ mile radius

### Proximity to bus stops



### Proximity to supermarkets<sup>2</sup>



#### Notes:

- 1 Percentage based on number of properties
- 2 Supermarkets comprises small to large supermarkets
- 3 Medical facilities comprise hospitals and general practices
- 4 Schools comprise primary schools, secondary schools and independent schools

# Elite Commercial REIT Sponsors



## Elite Partners Holdings Pte. Ltd. ("EPH")

- The investment holding firm for Elite Partners Group, established to deliver lasting value for investors based on common interests, long-term perspectives and a disciplined approach
- Backed by a team with proven expertise in private equity and REITs
- Investment philosophy aims to protect investors' initial capital, enhance investment value and create new growth opportunities

## Ho Lee Group Pte. Ltd. ("HLG")

- Incorporated in 1996 through the amalgamation of various construction-related businesses, and acquired Wee Poh Construction Co. Pte. Ltd. in 2005
- Extensive experience in development of industrial and residential properties
- One of the major sponsors of Viva Industrial Trust during its IPO listing in November 2013

## Sunway RE Capital Pte. Ltd. ("Sunway")

- Wholly-owned subsidiary of Sunway Berhad, one of Malaysia's largest conglomerates
- Has businesses in property development, property investment and REIT, construction, healthcare, hospitality, leisure, quarry, building materials, and trading and manufacturing
- Sunway Berhad Group comprises three public listed entities: Sunway Berhad, Sunway Construction Group Berhad and Sunway REIT



ELITE COMMERCIAL REIT

## Section II

# Key Financial Highlights

Listing Date (6 February 2020) to 31 December 2020



Nutwood House, Canterbury

# Outperformance in a challenging environment

6 February 2020 (Listing date) – 31 December 2020

- **Outperformance of actual distributable income to unitholders and DPU against IPO Forecast**
  - Actual distributable income to unitholders **exceeds 2.1% : £14.8 million** vs £14.5 million
  - Actual DPU **exceeds 2.3%: 4.44 pence** vs 4.34 pence
- **Uplift in portfolio valuation**
  - Fair value gain of investment properties of **£15.9 million**
- **Stable cashflow with approximately 100% rent collection achieved in advance, despite UK lockdowns and Brexit**
  - Received in advance 99.6% of the rent for the period spanning across the months of January to March 2021, within 7 days of the due date
  - Backed by AA-rated tenant (the UK Government) with DWP's uniquely counter-cyclical operations despite Brexit and UK's battle against COVID-19
- **Resilient and fully occupied portfolio with enhanced income visibility**
  - 82.5% of the 97 assets in the portfolio are used to provide key front-of-house services, primarily Jobcentre Plus unemployment services
  - Secured waivers/ extension of break option for two properties, enhancing income visibility
- **Prudent capital management and strong balance sheet**
  - Adequate working capital and debt headroom to meet ongoing obligations
  - Sound aggregate leverage and interest coverage ratios



# Key Highlights

6 February 2020 (Listing date) – 31 December 2020

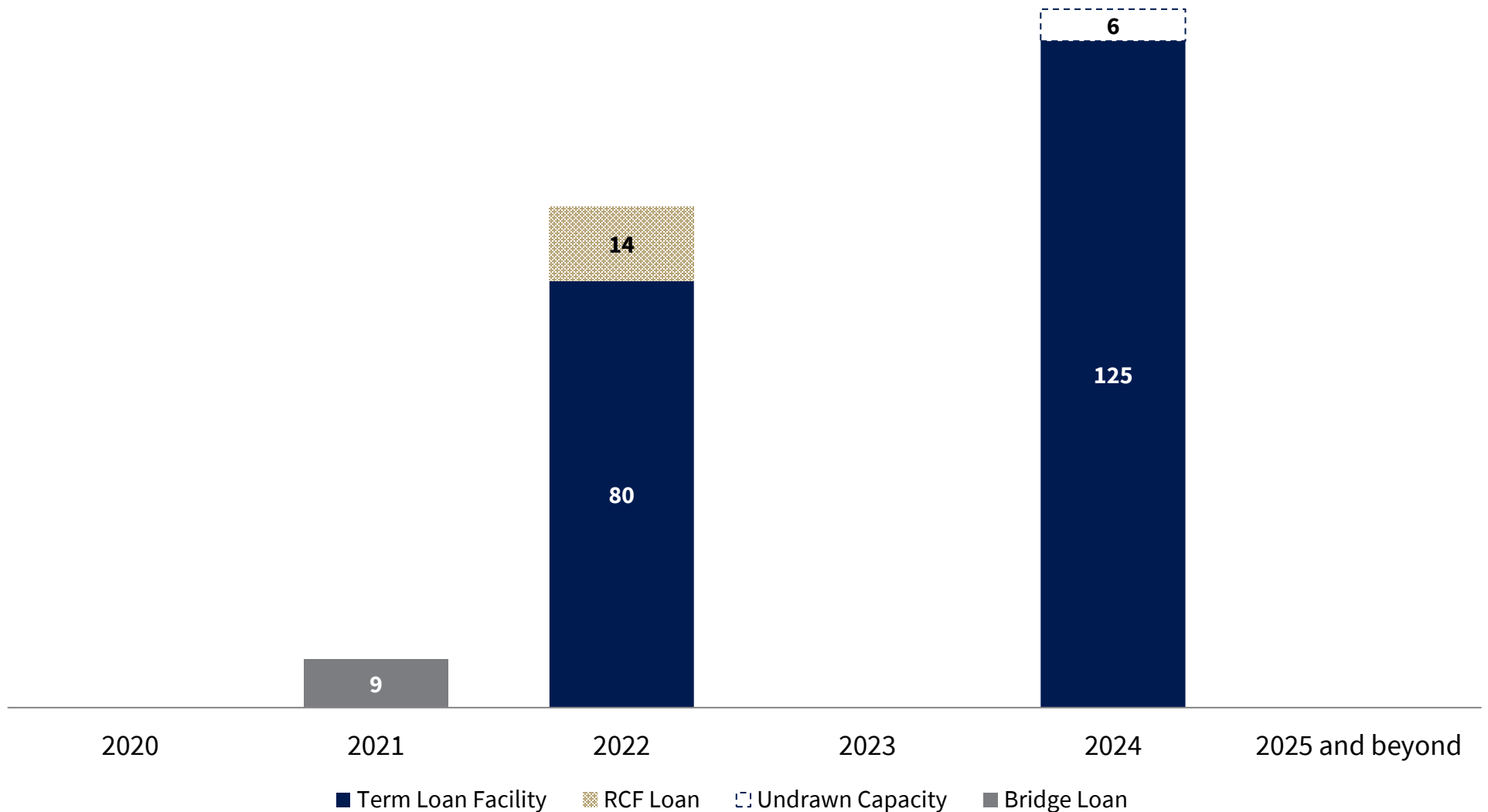
6 Feb to 31 Dec 2020			
	Actual <sup>1</sup> £'000	Forecast <sup>2</sup> £'000	Variance %
Revenue	20,963	20,985	▼ 0.1
Profit before tax <sup>3</sup>	29,099	13,019	▲ 123.5
Profit after tax <sup>3</sup>	23,358	10,521	▲ 122.0
Income available for distribution to Unitholders	14,841	14,536	▲ 2.1
Distribution per unit (“DPU”) - pence	4.44	4.34	▲ 2.3

Notes:

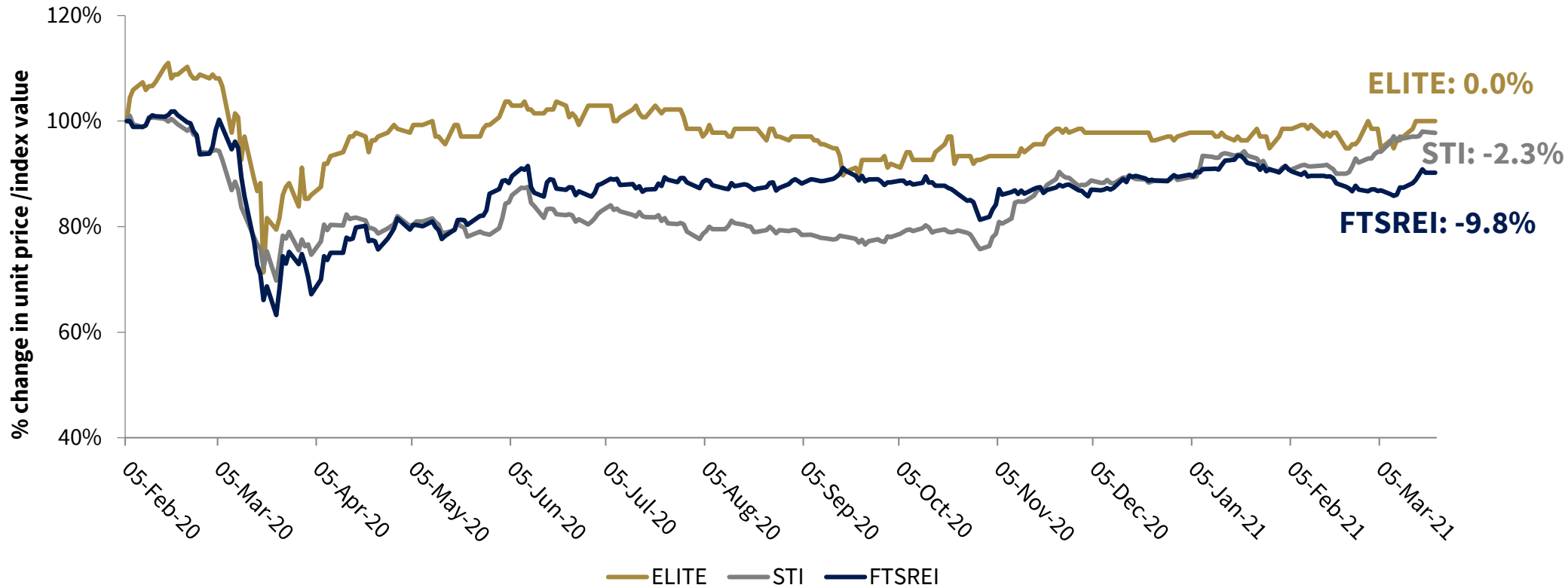
1. Consolidated financial results from Listing Date to 31 December 2020 is the first reporting period incorporating the results of the Initial Portfolio held by Elite Commercial REIT. Although Elite Commercial REIT was constituted on 7 June 2018, the initial public offering was completed on 6 February 2020 which was the official listing date of Elite Commercial REIT.
2. Other than unit issue costs which were charged to the statement of comprehensive income, the forecast results for the period from the Listing Date to 31 December 2020 was derived by pro-rating the forecast results as disclosed in the Prospectus.
3. Actual profit before tax includes fair value gains on investment properties of £15.9 million while the profit after tax includes the net fair value gains on investment properties of £12.3 million.

# Diversified Debt Maturity Profile

## Debt Maturity Profile (£ m)



# Resilient Trading Performance Amid COVID-19 & Brexit





job  
centre  
plus



## Section III Outlook



Crown House, Grantham

# Outlook



- Analysts forecast a **GDP contraction of 1.5%** in Q1 2021 while the Office for Budget Responsibility opined that UK GDP will be 4% lower in the long-term



- DWP's claimant count more than doubled to 2.7 million in November 2020 with **increased utilisation of its services.**



- Approximately 2.4 million people on the government's furlough scheme as at September 2020. **Unemployment rate is expected to increase** once the furlough scheme ends in September 2021.



- Elite Commercial REIT continues to provide stable income to its unitholders as COVID-19 has minimal impact on business and rent collection



- The Manager remains focused on realising opportunities for growth via acquisition of assets which have been leased long-term by various ministries of the UK government. These opportunities are available to the REIT through the ROFR pipeline from sponsors and open market supply.



# Thank You

*For information on Elite Commercial REIT, do visit our website at [www.elitecreit.com](http://www.elitecreit.com)  
or reach out to us at [enquiry@elitecreit.com](mailto:enquiry@elitecreit.com) to find out more.*



# Appendix



Tannery House, Alfretton

# Typical Lease Arrangements for the UK Office Sector



- **Lease terms:**
  - Lease terms are fixed and typically for 5-10 years
- **Rent increase/review:**
  - Rents are reviewed against the open market rent typically every 5 years. Reviews for shorter leases may be more frequent. Commercial leases typically impose upward only rent reviews which allow for rents to be increased but never decreased
- **Service charge:**
  - The tenant is responsible for pro-rated share in addition to the rent, payable quarterly
- **Break clauses:**
  - The landlord may grant a break clause which gives one or either party the right to end the lease sooner by giving notice either at any time or between specified dates
- **Assignment/Subletting:**
  - Landlords' approval for subletting and assignment is generally not to be unreasonably withheld but parameters are set out in the lease terms. Subleases are often granted outside the protection of the Landlord and Tenant Act 1954 (as amended)
- **Repairs and insurance:**
  - Usually the tenant will have direct responsibility for repairing the internal parts included in the lease terms and the landlord will agree to repair and insure the external structure and the common parts retained by the landlord. The landlord's costs for repairs and insurance are typically borne by the tenants via the service charge
  - Tenants will usually be made responsible for the regular redecoration of the premises let out under the leases
- **Alterations:**
  - The landlord may restrict alterations that can be made to the demise and alterations will usually require the landlord's consent. The landlord has the right to insist that the tenant removes the alterations and restores the premises at the end of the lease
- **Dilapidations:**
  - The tenant has the responsibility to return the building to its original condition at the end of the lease. The term 'dilapidations' is normally used to cover defects and disrepair that the tenant will be required to deal with or pay to have remedied when they vacate the premises at the end of the lease. Landlords cannot generally make dilapidations claims earlier than three years before the end of the lease