



Elite Commercial REIT

First UK-focused Singapore REIT, Leased to the UK Government

Investor Presentation

20 May 2020

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Oversea-Chinese Banking Corporation Limited ("OCBC") and UBS AG, Singapore Branch ("UBS") are the joint issue managers for the Offering. OCBC, UBS, CGS-CIMB Securities (Singapore) Pte. Ltd. and China International Capital Corporation (Singapore) Pte. Limited are the joint bookrunners and underwriters for the Offering (collectively, the "Joint Bookrunners").

Contents

- Overview of Elite Commercial REIT
- Key Investment Highlights
- 1Q 2020 Business Updates
- Appendix



First & Only UK-Focused S-REIT with Over 99% Leased to the AA-rated UK Government¹



**97
Office Assets**

**£319m
Valuation²**

**99%
Freehold³**

**Long WALE
8.6 years⁴**

**100%
Unencumbered**

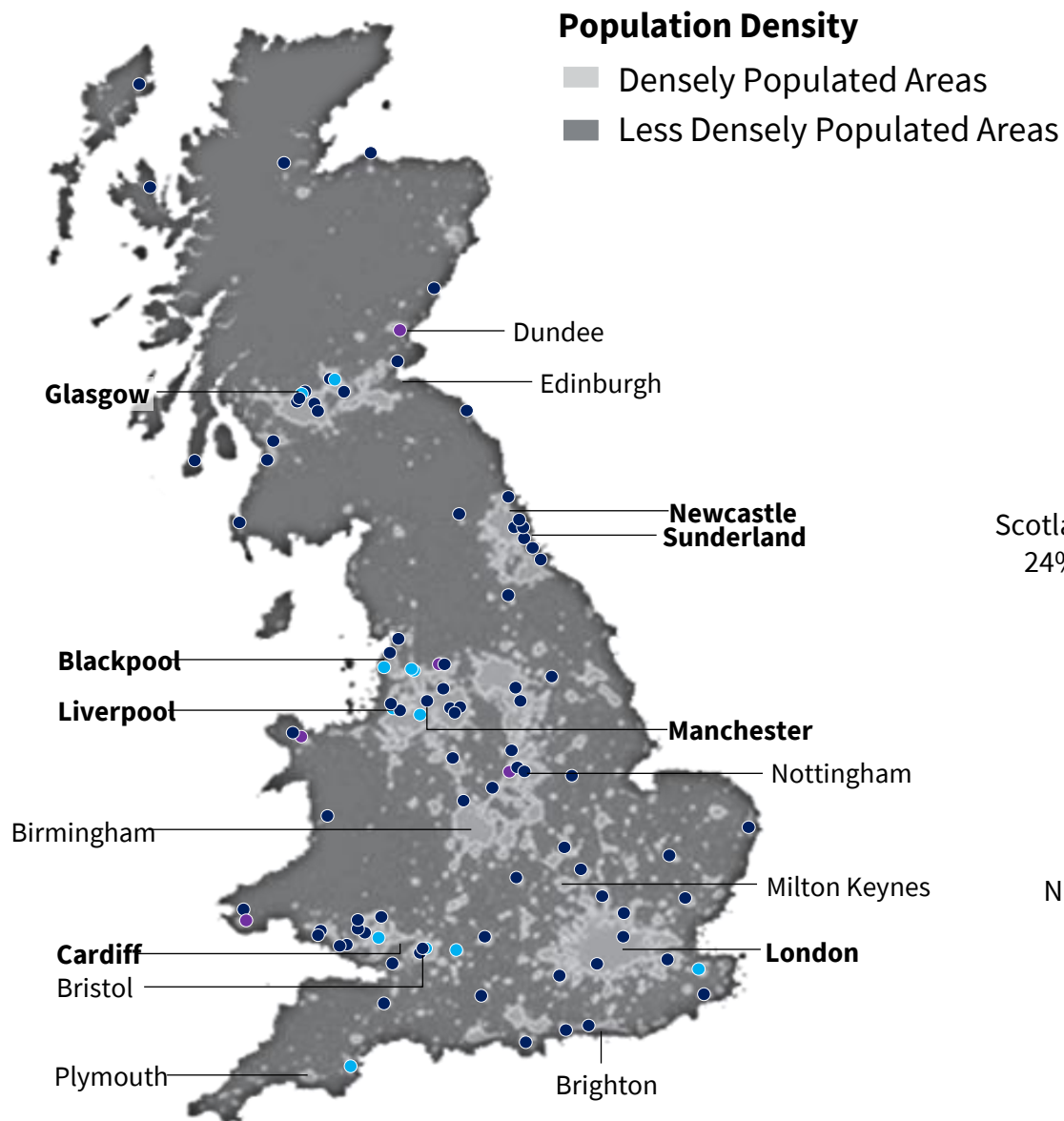
**7.1%
NPI Yield^{2,5}**



Notes:

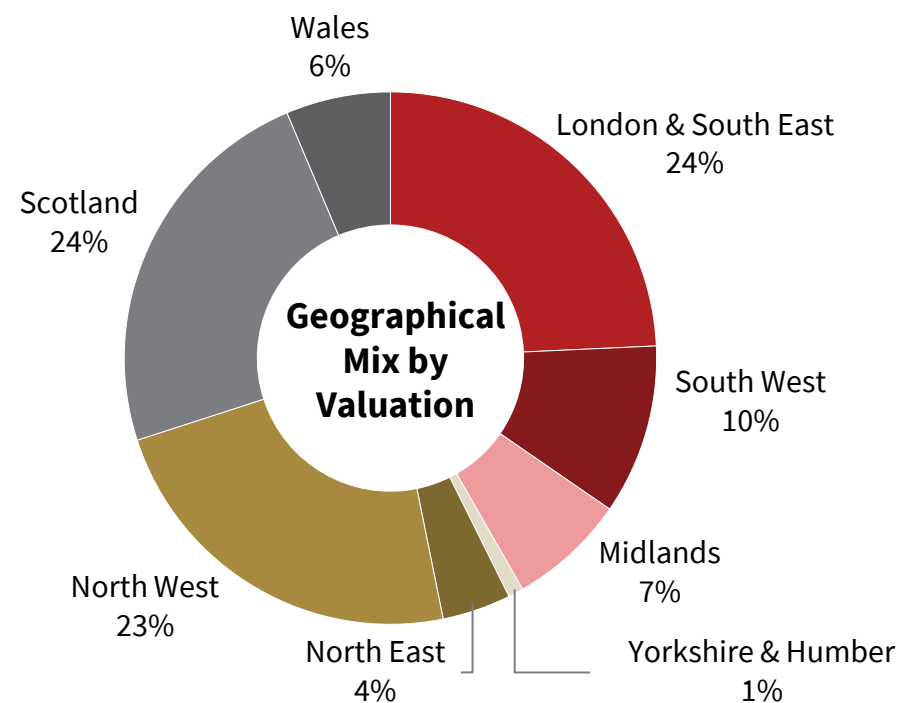
1. The leases are signed by the Secretary of State for Housing, Communities and Local Government, which is a Crown Body
2. Based on the valuation report prepared by Colliers International Valuation UK LLP (as at 31 August 2019)
3. 96 properties are freehold properties and one Property is on a long leasehold tenure expiring on 19 May 2255 (c.235 years remaining)
4. As at 31 August 2019
5. Net Property Income for the Forecast Year 2020

Geographically Diversified Portfolio Located in Predominantly Populous Areas



Property Usage

- Jobcentre Plus (80 assets)¹
- Back Office (12 assets)
- Call Centre (5 assets)



Notes:

1. Including mixed use properties with a medical centre, back office or retail component in addition to the Jobcentre Plus

Occupied by UK's Largest Public Service Department, DWP, on Full Repairing and Insuring Leases

- Key occupier is **Department for Work & Pensions (DWP)**, UK's largest public service department
 - Responsible for welfare, pensions and child maintenance policy
 - Approximately **20 million claimants; £182.5 billion** benefit spent in FY'18/19
 - 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
- Long WALE of **8.6 year**¹
- Built-in upside from **inflation-linked rental uplifts**²



Department
for Work &
Pensions



Notes:

1 As at 31 Aug 2019

2 The leases to the UK Government have rent reviews in the fifth year (2023) based on the UK Consumer Price Index ("CPI"), subject to an annual minimum increase of 1.0% and maximum of 5.0%



ELITE COMMERCIAL REIT

Key investment highlights



Tannery House, Alfreton

Key investment highlights

1

Over 99% leased to the UK Government, providing attractive and recession-proof yields

2

Crucial public infrastructure for the provision of Department for Work and Pensions services

3

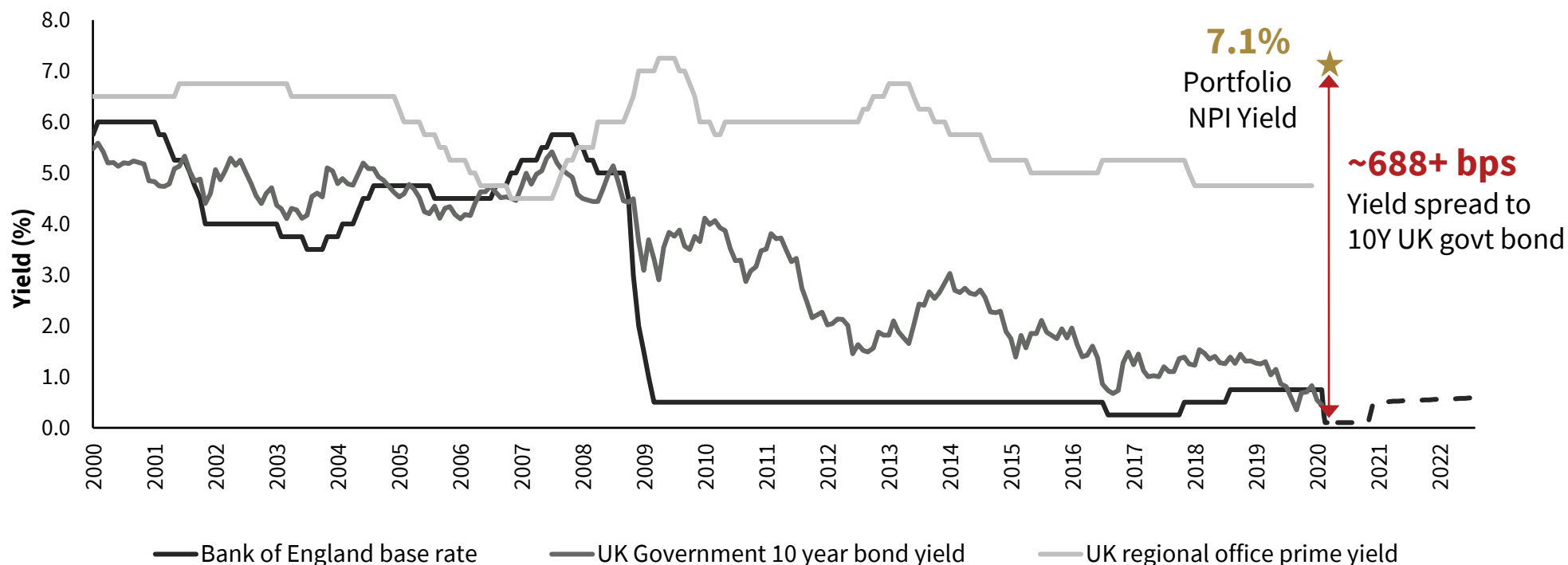
Well located assets, primarily in town centres close to public transport nodes

4

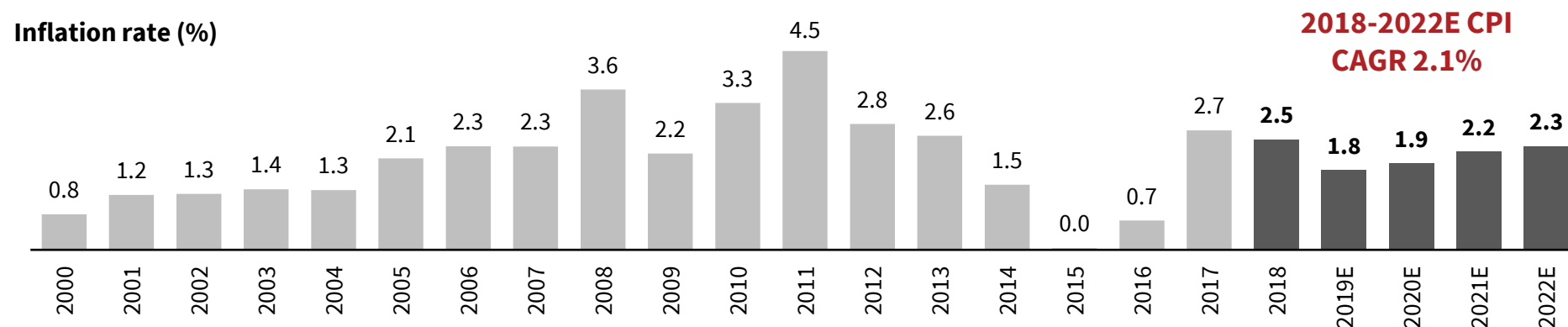
Growth potential from enhancement, redevelopment and acquisition opportunities

Attractive yield spread in a “lower for longer” interest rate environment

Portfolio NPI yield against comparable benchmarks

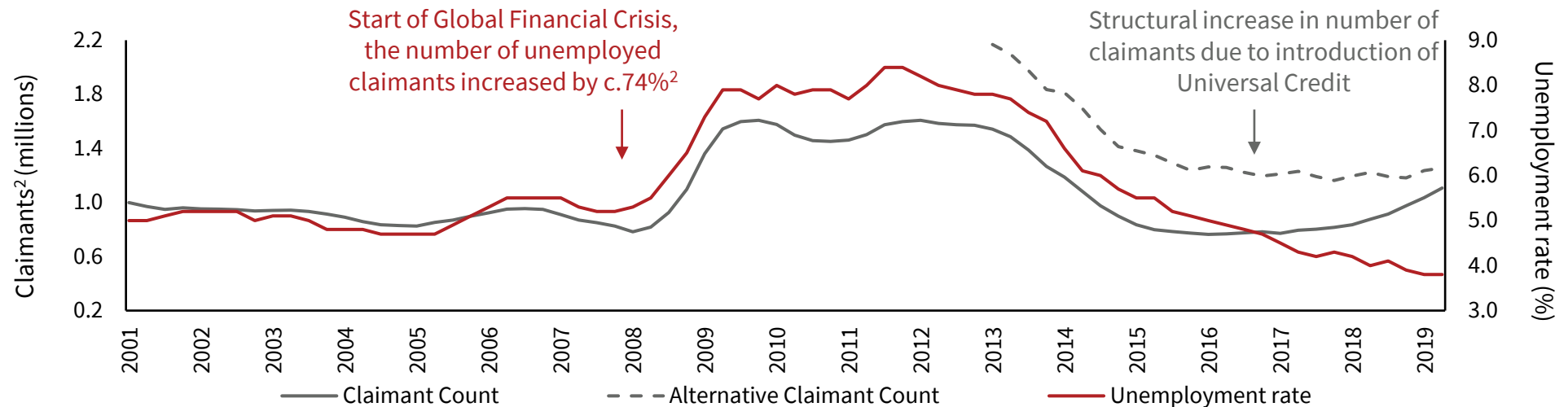


Annual increase in CPI

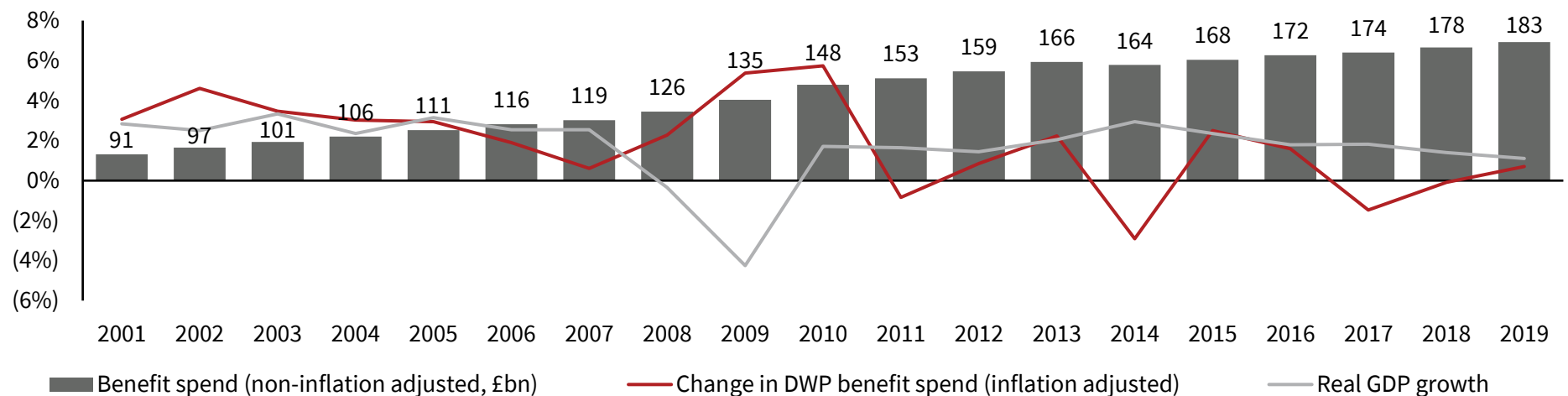


DWP is a uniquely counter-cyclical occupier

Claimant counts¹ (and therefore Jobcentre utilisation) closely tracks unemployment rate



Growth in DWP benefit spend is negatively correlated with UK economic growth



Source: Independent Market Report

Notes:

1 Monthly figure; Alternative Claimant Count includes estimates of those additional claimants who would have been searching for work under Universal Credit had it existed over the entire time period from 2013

2 Calculated as the average Claimant Count from 2009-2012 over the average Claimant Count from 2004-2007

Key investment highlights

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Over 99% leased to the UK Government, providing attractive and recession-proof yields

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Growth potential from enhancement, redevelopment and acquisition opportunities

Department for Work and Pensions (DWP)

~20 million

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

>£9,000

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

~77,000

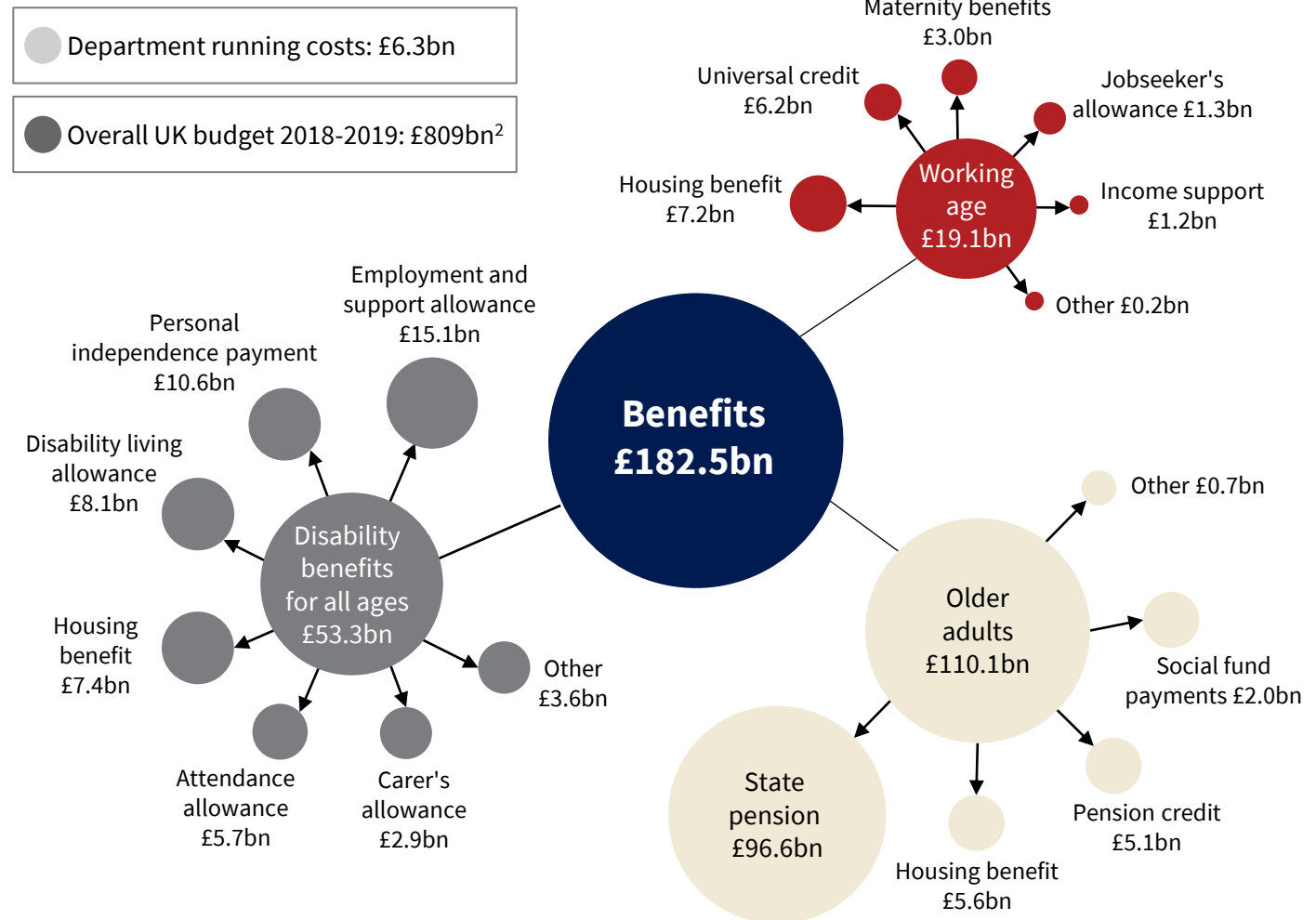
Full-time equivalent staff¹

A ministerial department, supported by 14 agencies and public bodies

Integral to the social fabric of the UK

DWP has the largest budget of any government department

DWP spending, for the financial year ended 31 March 2019



Source: Independent Market Report, Department for Work and Pensions, Gov.UK

Notes:

1 As of latest reported departmental group staffing numbers (31 March 2019). As published on www.gov.uk but does not include DWP's arm's length bodies Benefits and Pensions Digital Technology Services (BPDTS) and The Pensions Ombudsman's (TPO) whole time equivalents which were 894 at 31 March 2019

2 Public spending Total Managed Expenditure (TME) for 2018-2019 reflected in 2017 autumn budget

Portfolio is used to provide crucial DWP services

Front of house – 82%¹ of Portfolio, primarily Jobcentre Plus and other ancillary services

1 Jobcentre Plus - Usage highly correlated with unemployment

- Consultation with work coaches to build a "Back to Work" plan, review CVs, etc.
- Jobs board and mock interviews with external parties
- Staff readily on hand to assist customers
- Computers and free wifi for customers to job-surf, write CVs or make claims

2 Pension Services - Usage expected to increase as population ages

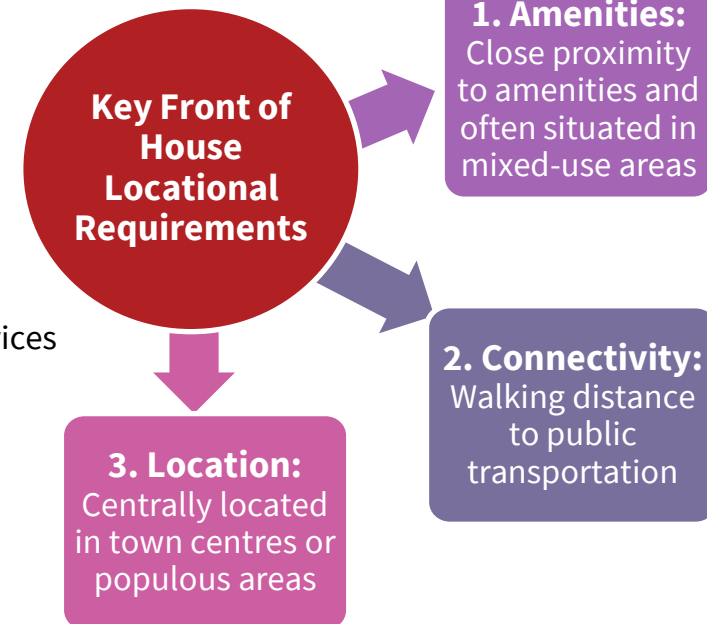
- Face-to-face meetings to claim benefits
- IT training to assist retirees with no internet access or difficulty using online services

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



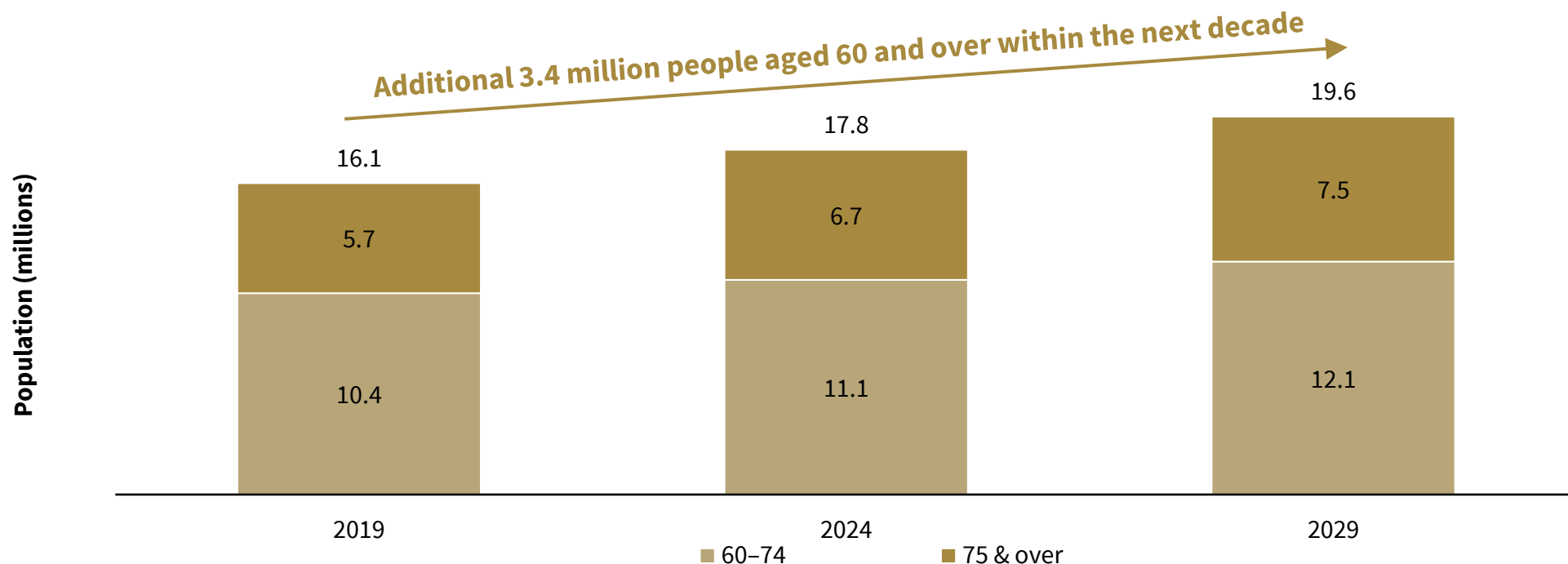
Back of house – 18%¹ of Portfolio, various support functions without public-facing element

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

Long-term relevance of the Portfolio to DWP

- **Fresh 10-year leases signed on the Portfolio in 2018, separate leases for each asset, with 1 year notice required for DWP to exercise break clauses**
 - Location of the Jobcentre Plus took into account of the population catchment, travel time for claimants, and distance from alternative centres
 - 86%¹ of the Jobcentre Plus in the Portfolio have no alternative Jobcentre Plus within a 3-mile radius
- **An ageing population driving long-term structural demand for DWP services**
- **As one of the largest owners of DWP assets in the UK, the Manager maintains regular dialogue with DWP and pursues an active tenancy management strategy**



Source: Independent Market Report

Note:

1 Based on number of assets

Key investment highlights

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Well located assets, primarily in town centres close to public transport nodes

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Growth potential from enhancement, redevelopment and acquisition opportunities

Well-located, predominantly freehold office assets

Centrally Located¹

74% located in town centres, city centres and suburbs

Easily Accessible¹

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

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

Proximity to Amenities

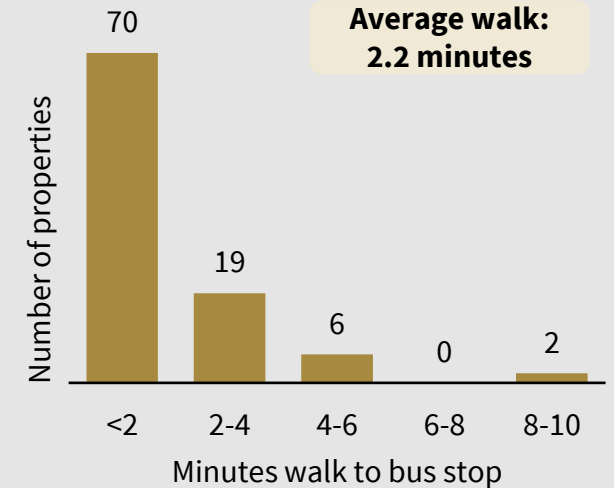
Average **4** supermarkets² within ½ mile radius

Average **5** medical facilities³ within ½ mile radius

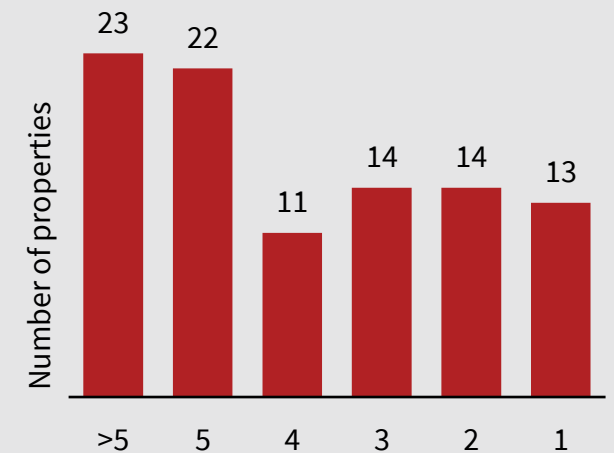
Average **4** schools⁴ within ½ mile radius

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

Proximity to bus stops



Proximity to supermarkets²



Notes:

96 properties are freehold properties and one Property is on a long leasehold tenure expiring on 19 May 2255 (c.235 years remaining)

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

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Growth potential from enhancements

Blackpool case study

~75% (11.7 ha) of the Peel Park, Blackpool asset is currently undeveloped grassland

Blackpool's Council Plan 2019-2024

- £300m investment into Blackpool Central
- New conference facilities and museums
- Improved transport and housing infrastructure
- 144 ha Airport Enterprise Zone



Overview

- Blackpool is located on the coast of north west England, and is an established UK holiday and leisure destination
- Situated within the Blackpool Fylde Industrial Estate. Neighbouring land uses includes a mix of industrial occupiers
- The property is currently used by DWP as a technology hub to spearhead DWP's digital and change transformation (e.g. Universal Credit)

Key statistics

- Site area: 15.65 ha
- NIA: 156,542 sq ft
- Freehold
- Valuation: £28.2m
- Rent: £1.7m pa; £10.83psf
- Lease terms¹: 10 year lease with no break

Growth potential from redevelopment

Preston case study

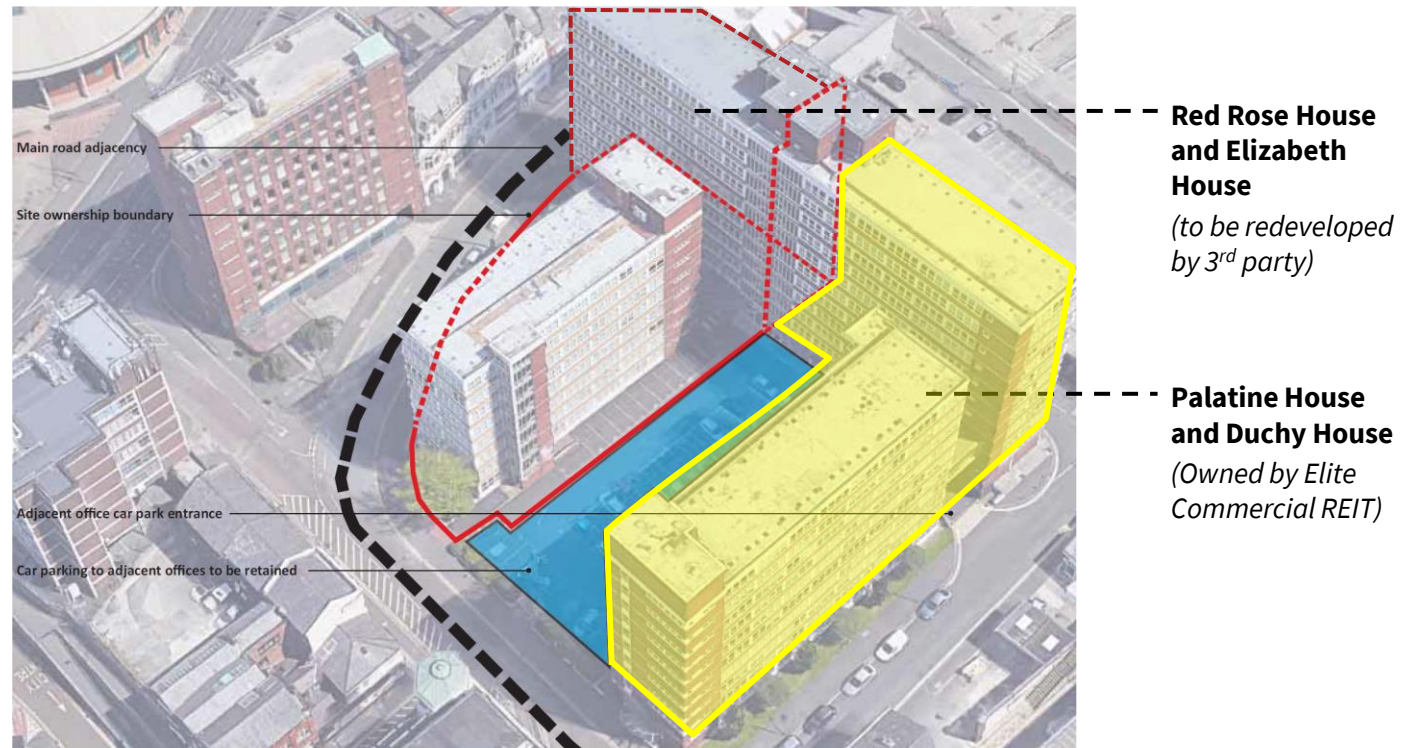
An island site complex of four buildings

Palatine and Duchy House

- Owned by Elite Commercial REIT and occupied by DWP

Red Rose House and Elizabeth House

- Owned by a 3rd party
- To be redeveloped into a residential-led mixed use development, with 130 apartments proposed



Overview	<ul style="list-style-type: none"> Preston is c.33 miles north west of Manchester and c.36 miles north east of Liverpool Situated on the north-eastern side of the city centre and is accessed via Lancaster Road, off the A59. Surrounding properties include St John's shopping centre, the bus interchange, Law Court buildings, and other offices Ample parking in the central courtyard of four properties
Key statistics	<ul style="list-style-type: none"> Site area: 0.04 ha (Palatine), 0.06 ha (Duchy) NIA: 36,257 sq ft (Palatine), 43,805 sq ft (Duchy) Freehold Valuation: £3.5m (Palatine), £4.2m (Duchy) Rent: £0.2m pa; £5.67psf (same for both) Lease terms¹: 10 year lease with no break (same for both)

Source: Red Rose House and Elizabeth House planning permission submission

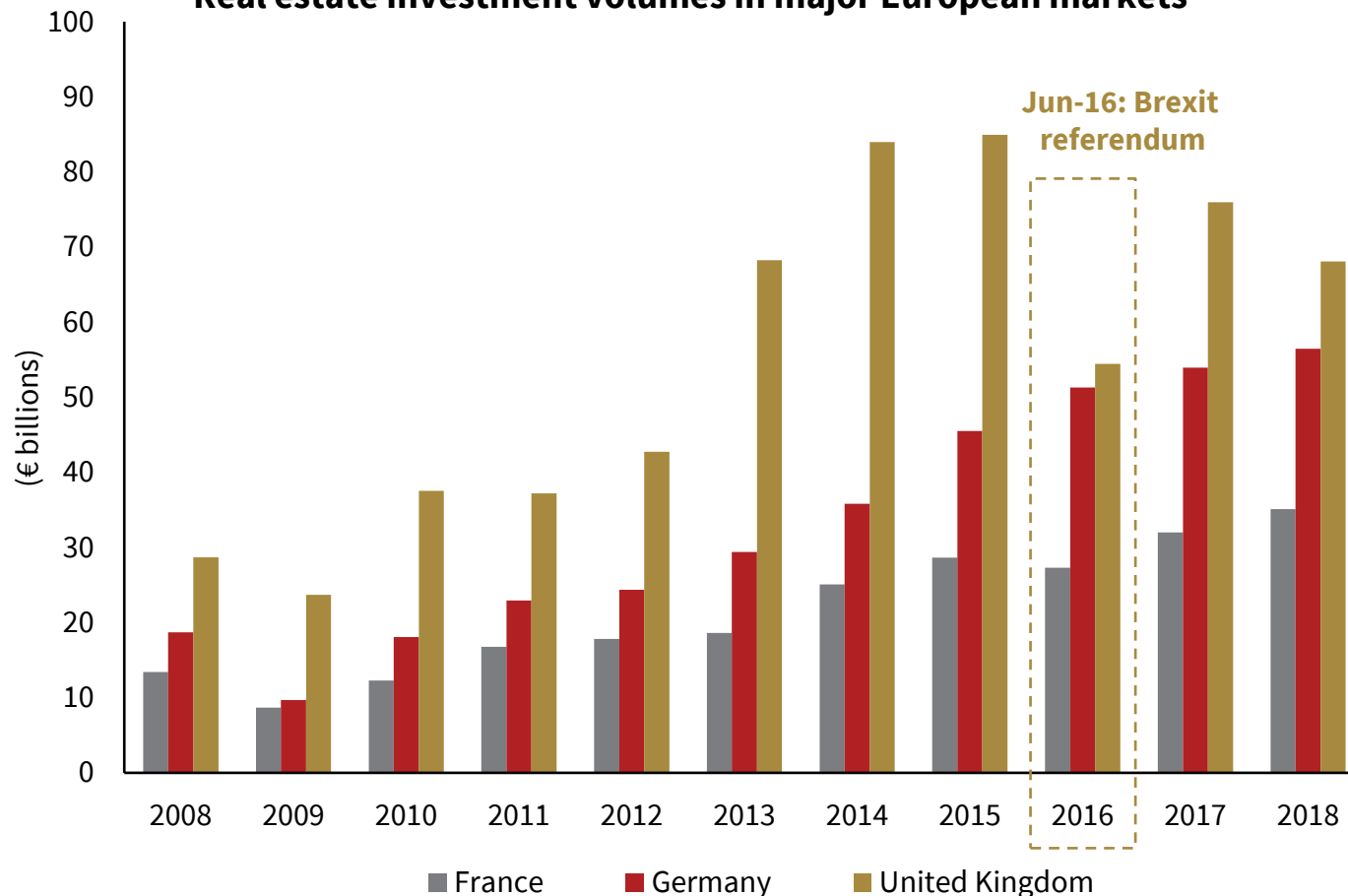
Note:

1 As of lease renewal on 31 March 2018

Growth potential from acquisitions

- Each Sponsor will provide **ROFRs** over all future UK commercial acquisitions
- Granted ROFR over **62 commercial properties** in the UK, primarily long-term leased to the **UK Government**

Real estate investment volumes in major European markets



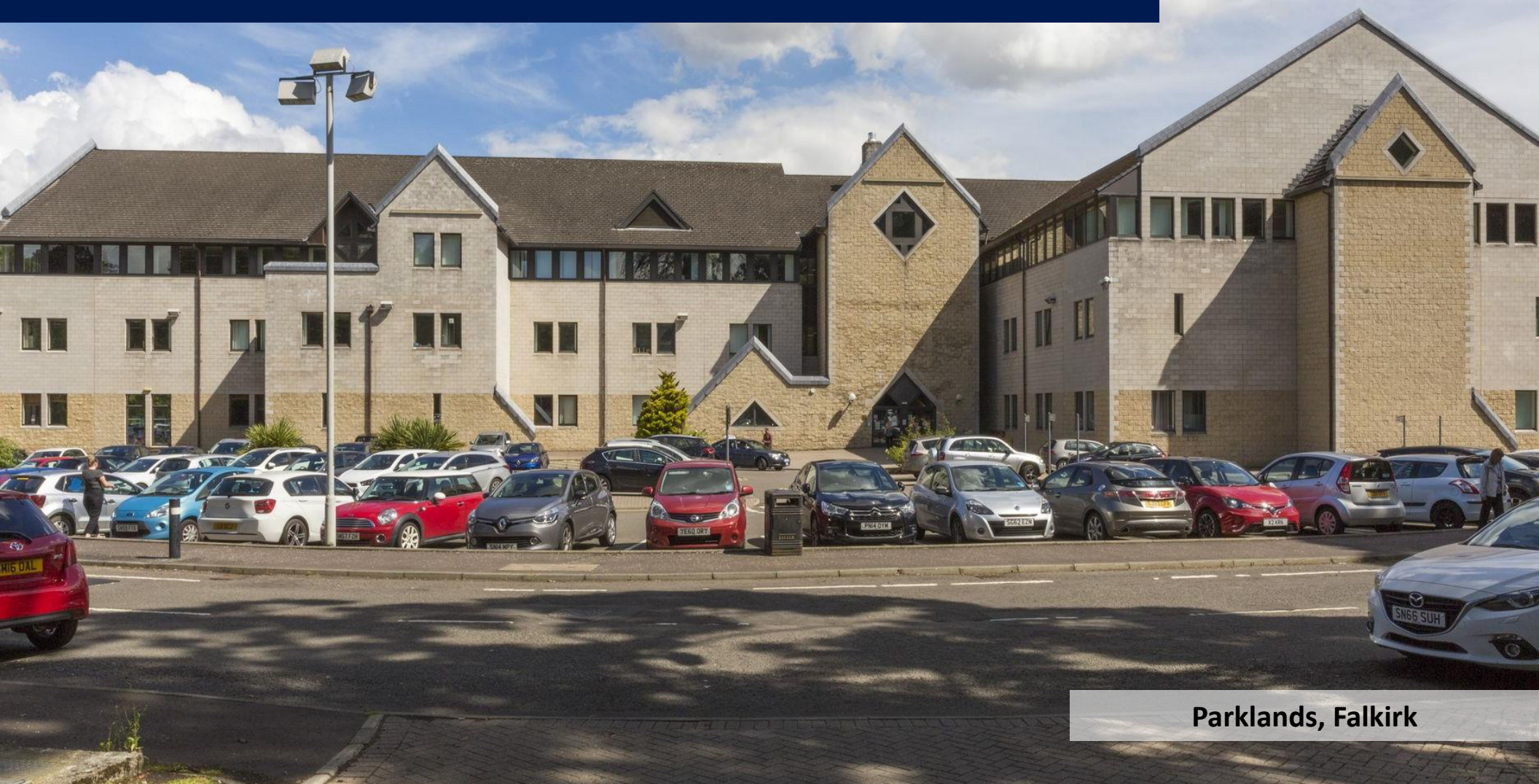
Advantages of investing in the UK:

- ✓ **Highly liquid market**, even for larger lot sizes
- ✓ **Well developed professional and legal framework**
- ✓ **Long history of respect for property rights**
- ✓ **Few restrictions on foreign ownership**
- ✓ **The English language**
- ✓ **Resilient economy** with stable long-term fundamentals
- ✓ **Familiarity** with London and other key UK locations
- ✓ **Favourable lease terms** – long leases with overheads mainly paid by the tenant



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1Q 2020 Business Updates



Parklands, Falkirk

Steady and resilient cash flow underpinned by uniquely counter-cyclical tenant

✓ **Minimal business disruption caused by Covid-19**

- In late March 2020, the UK Government announced a lockdown to contain Covid-19
- Public is discouraged from visiting the Jobcentre Plus (JCP), however JCP remain open 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

✓ **Received three months advance rent (1 Apr 20 to 30 Jun 20) from the UK Government**

✓ **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



Key financial highlights

6 February 2020 (listing date) – 31 March 2020

	Actual ¹ £'000	Forecast ² £'000	Variance %
Revenue	3,520	3,497	0.7
Profit before tax	722	627	15.2
Profit after tax	390	211	84.8
Income available for distribution to Unitholders	2,457	2,424	1.4
Distribution per unit (“DPU”) - pence	0.74	0.73	1.4

Notes:

1. Actual financial results from Listing Date to 31 March 2020 is the first 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 March 2020 was derived by pro-rating the forecast results as disclosed in the Prospectus.

Strong Balance Sheet

As at 31 March 2020

	£'000
Non-current assets	295,968 ^{1,2}
Current assets	18,511
Total assets	314,479
Non-current liabilities	104,008
Current liabilities	11,092
Total liabilities	115,100
Net assets / Unitholders' funds	199,379
Units in issue ('000)	332,220
Net asset value per unit (£)	0.60

Notes:

1. Non-current assets comprise of investment properties, which are stated at their fair values based on the average of the valuations of the Properties as at 31 August 2019 by Colliers and Knight Frank based on the price that would be received for the sale of each Property, in accordance with the relevant accounting standard.
2. Colliers are of the opinion that the aggregate market value, as at 31 August 2019, of the 97 properties is £319,055,000. This figure represents the aggregate of the individual values of the properties and the fact the portfolio is held within an SPV.


Prudent capital structure and no refinancing requirements till FY2024



32.8% Aggregate Leverage

%


Effective interest rate of **~2.30%**; **50%** of borrowings on fixed rate



7.1x interest coverage ratio

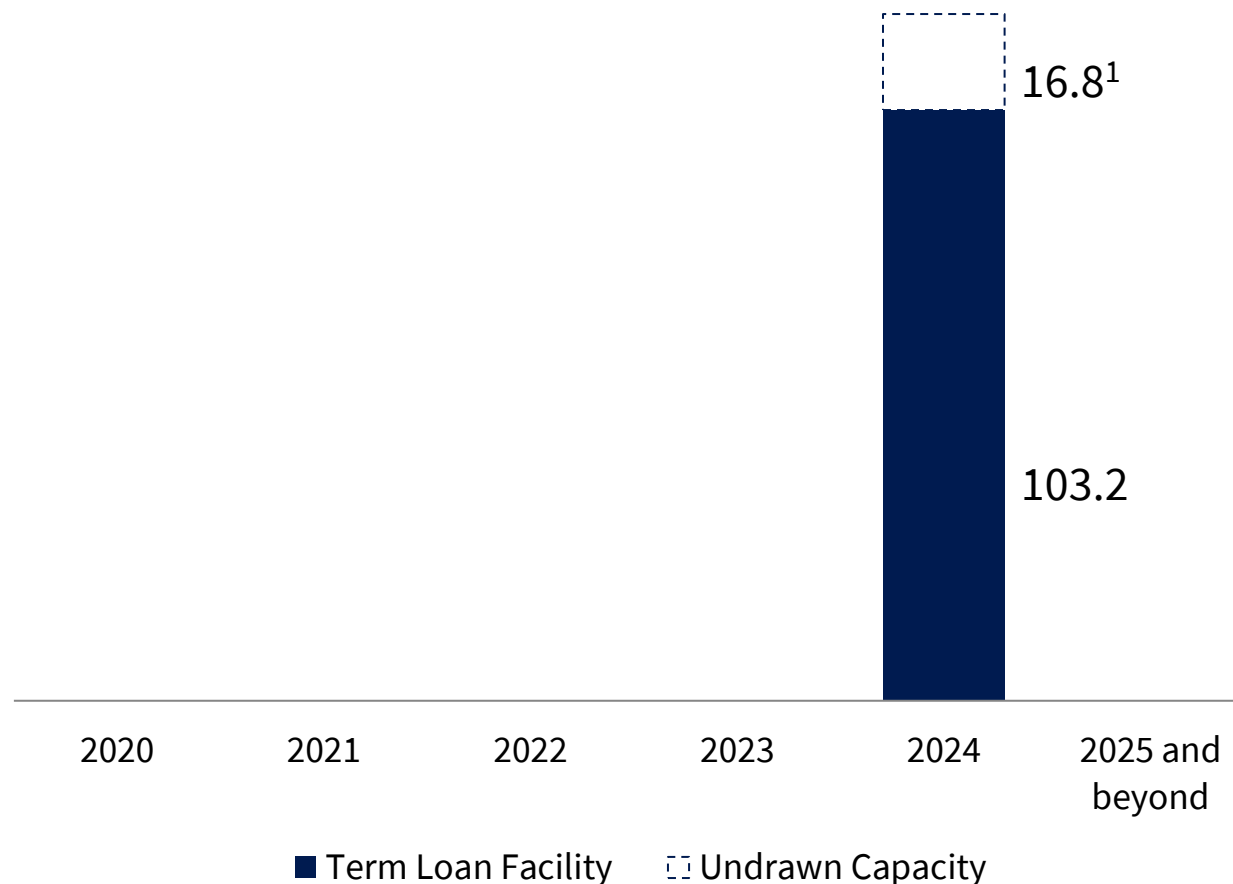


100% unencumbered, Unsecured Facility - Portfolio



No FX exposure as assets and liabilities are GBP denominated

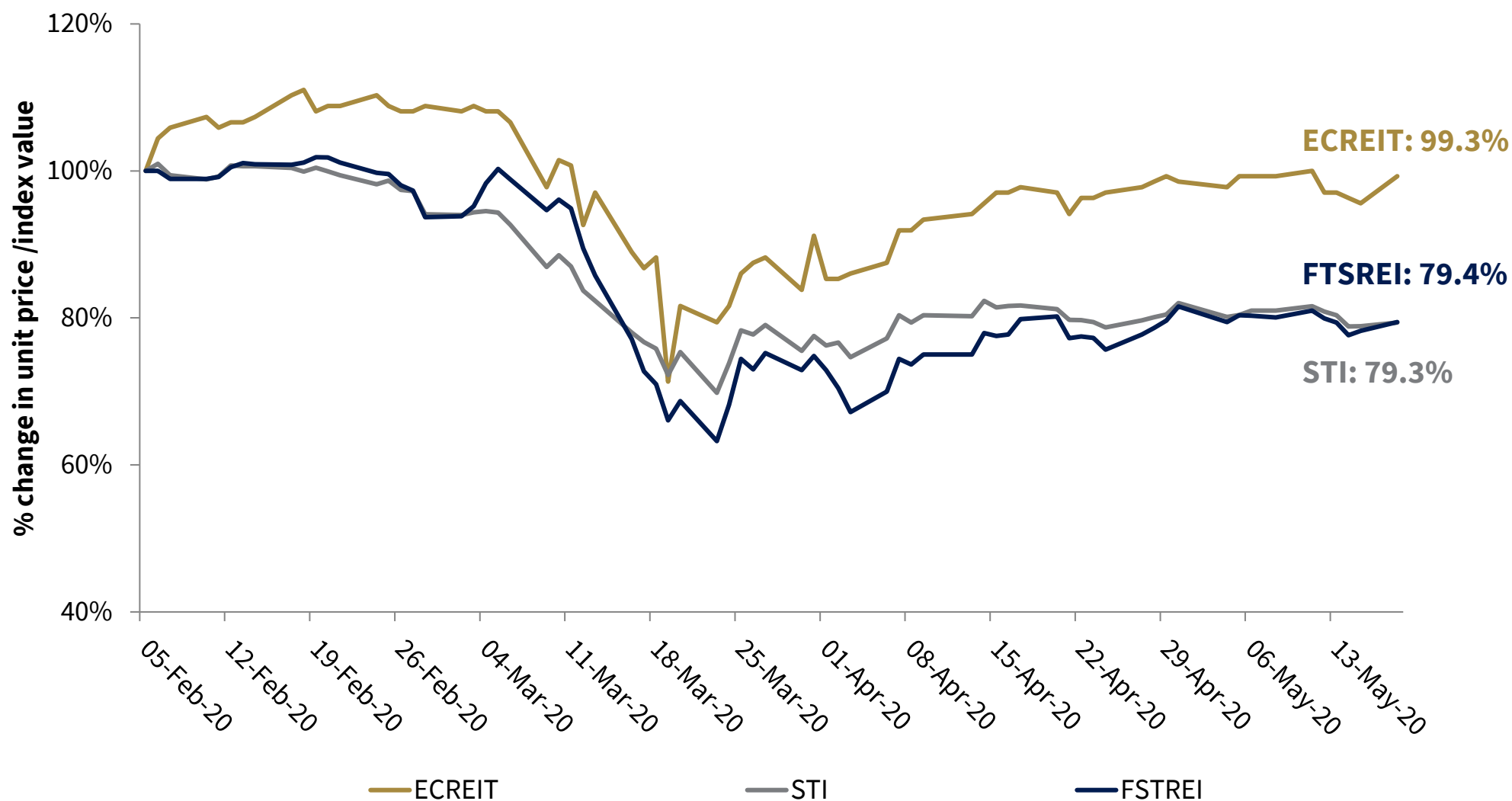
Debt Maturity Profile (£ m)



Note:

1. Debt headroom to reach 45% Aggregate Leverage limit, assuming equivalent increase in Deposited Property.

Resilient trading performance amid Covid-19



Outlook

- In late Mar 2020, the UK Government announced a lockdown. Public is discouraged from visiting the Jobcentre Plus, but they remain open to process and disburse benefits
- IMF forecasted significant downturn in the global economy and the British economy could shrink by 6.5% in 2020 due to the pandemic
- The Office for Budget Responsibility (OBR) forecasted a decline in real GDP by 35% and unemployment to increase by >2 mil to 10% in 2Q 2020. However, real GDP is expected to recover by 1Q 2021, and the unemployment rate will fall to ~6.0% at the end of 2021, returning to pre-Covid-19 level by 2023
- DWP reported there had been more than 1.8 million claims since the lockdown and have stabilised at 20,000 to 25,000 claims per day, double that of a standard week pre Covid-19
- UK Government has put in place various support measures such as Coronavirus Job Retention Scheme (CJRS) and self-employed income support scheme
- Elite Commercial REIT continues to provide stable income to its unitholders as Covid-19 has minimal impact on business and rent collection
- Remains well capitalised, with adequate working capital and debt headroom to meet ongoing obligations



Thank You

For enquiries, please contact:

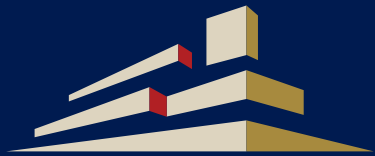
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Appendix

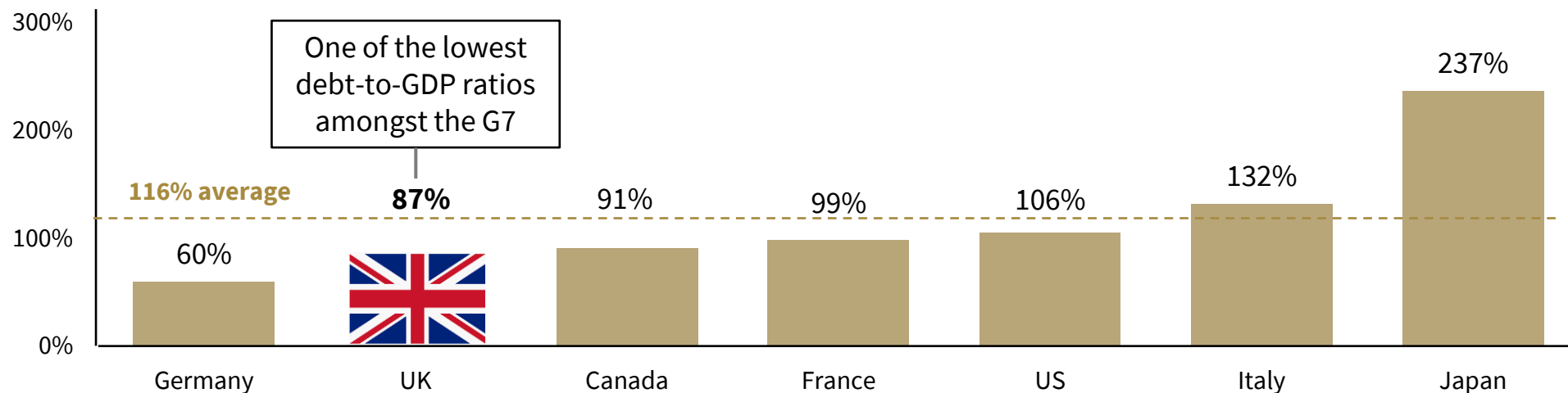


Holborn House, Derby

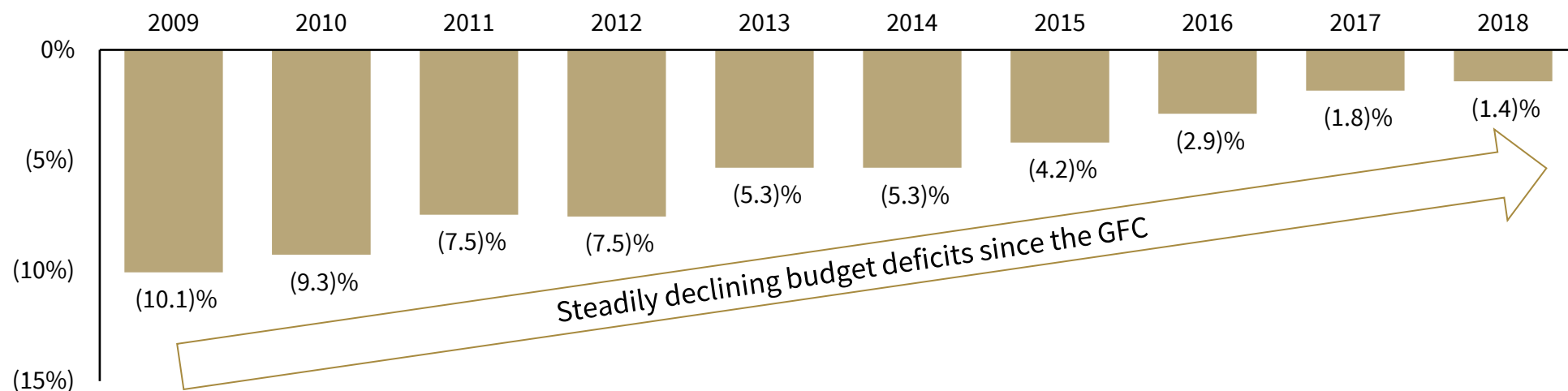
Stable cash flow backed by UK sovereign credit

UK Government is rated AA and Aa2 by S&P and Moody's respectively

UK Debt-to-GDP ratio¹ vs. G7 countries (2018)



Budget deficits (% of GDP)



Source: Independent Market Report

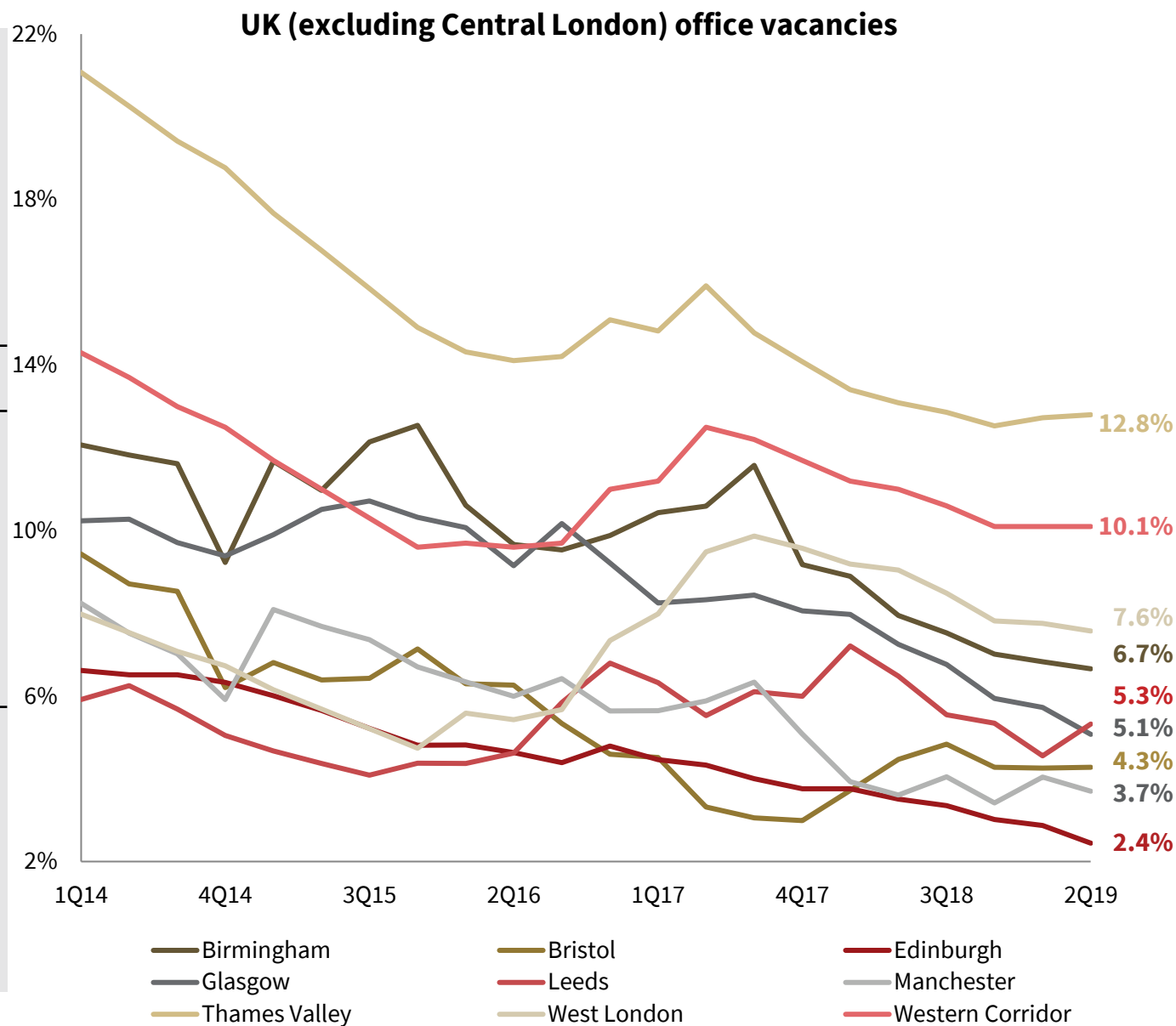
Note:

1 On gross debt basis

Steadily improving office occupancy across the UK

UK office fundamentals remain robust, as limited new supply combined with rising take-up has contributed to declining vacancies and continued rental growth

	Rental Growth	
	Last 5 years ¹	Y-o-Y ²
Bristol	27%	7.7%
Thames Valley	26%	n.a
Leeds	20%	3.4%
Birmingham	19%	3.0%
Western Corridor	17%	2.2%
Glasgow	14%	1.6%
Cardiff	14%	n.a
Manchester	13%	5.9%
West London	11%	n.a.



Source: Independent Market Report

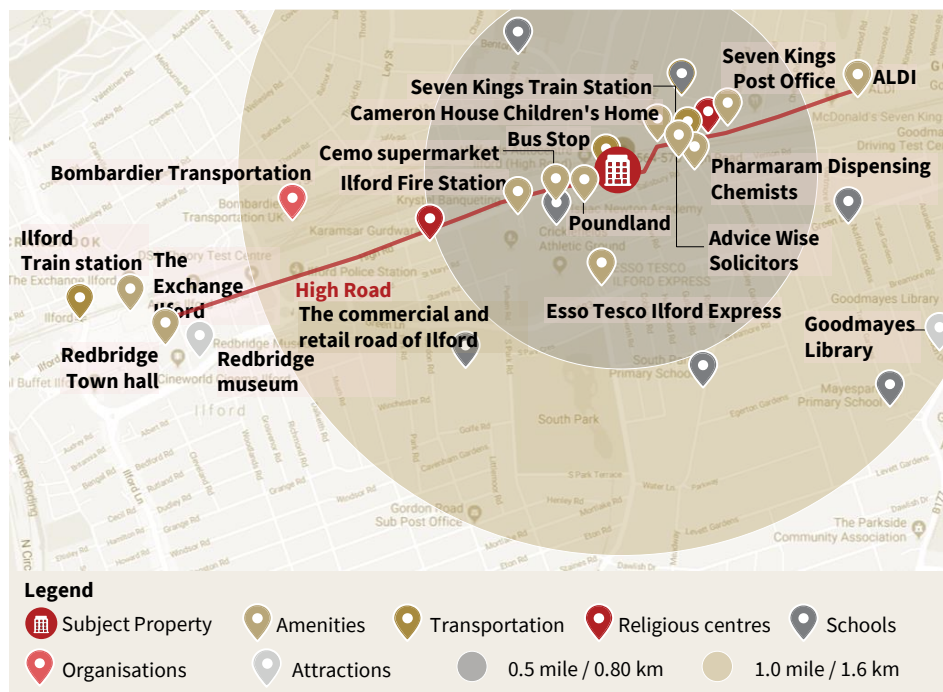
Notes:

1 Rental growth since 2Q 2014

2 As of 2Q 2019

Case study—*Front of house*

High Road, Ilford



Overview	<ul style="list-style-type: none"> Located in Ilford, within the London Borough of Redbridge, 9 miles north east of Central London and 6 miles west of Romford Modern three storey purpose built office building. Brick clad with double glazing windows Jobcentre Plus on the ground floor 	
Connectivity	<ul style="list-style-type: none"> Situated on the High Road; eastern periphery of town centre 0.2 miles from Seven Kings Station; frequent connections to London Liverpool Street Station (20 min journey) 	
Key statistics	<ul style="list-style-type: none"> Site area: 0.12 ha NIA: 18,741 sq ft Freehold 	<ul style="list-style-type: none"> Valuation: £5.8m Rent: £356,394 pa; £19.02 psf Lease terms¹: 10 year lease with 5 year break

Note:

1 As of lease renewal on 31 March 2018

Case study—*Back of house*

Glasgow Benefits Centre



Overview	<ul style="list-style-type: none"> • Located off Milton Street in the Townhead area of Glasgow • Large office building formed over three storeys configured in “U” shaped floor plates with two main wings connected at the western end • Concrete and steel frame construction with curtain wall glazing windows that are double glazed • Houses the only Passport Office in Scotland 	
Connectivity	<ul style="list-style-type: none"> • Situated 0.50 miles north of Glasgow City Centre • Located in mix of surrounding uses including offices, residential, ground floor retail/leisure and a potential student accommodation site 	
Key statistics	<ul style="list-style-type: none"> • Site area: 1.18 ha • NIA: 137,289 sq ft • Heritable interest (i.e. Freehold) 	<ul style="list-style-type: none"> • Valuation: £31.8m • Rent: £1,940,350 pa; £14.13 psf • Lease terms¹: 10 year lease with no break

Note:

1 As of lease renewal on 31 March 2018

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

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 that 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
- HLG also has ventured into development of industrial and residential properties
- HLG was one of the major sponsors of Viva Industrial Trust during its IPO listing on the SGX-ST in November 2013

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

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