







ELITE COMMERCIAL REIT

Investor Presentation

May 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

ELITE COMMERCIAL REIT

1. Overview of Elite Commercial REIT

2. Financial Highlights

3. Market Outlook

4. Appendix

ELITE COMMERCIAL REIT

Section I

Overview of Elite Commercial REIT



Nutwood House, Canterbury

First & Only UK-Focused S-REIT with Over 99% Leased to the AA-rated UK Government[1]

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155 office assets, 100% occupied

Portfolio value of £515.3m

97% Freehold[2]

Long WALE 7.2 years[3]


High Road, Ilford


Holborn House, Derby


Glasgow Benefits Centre, Glasgow


Blackburn Road, Burnley


Parklands, Falkirk


Peel Park, Blackpool

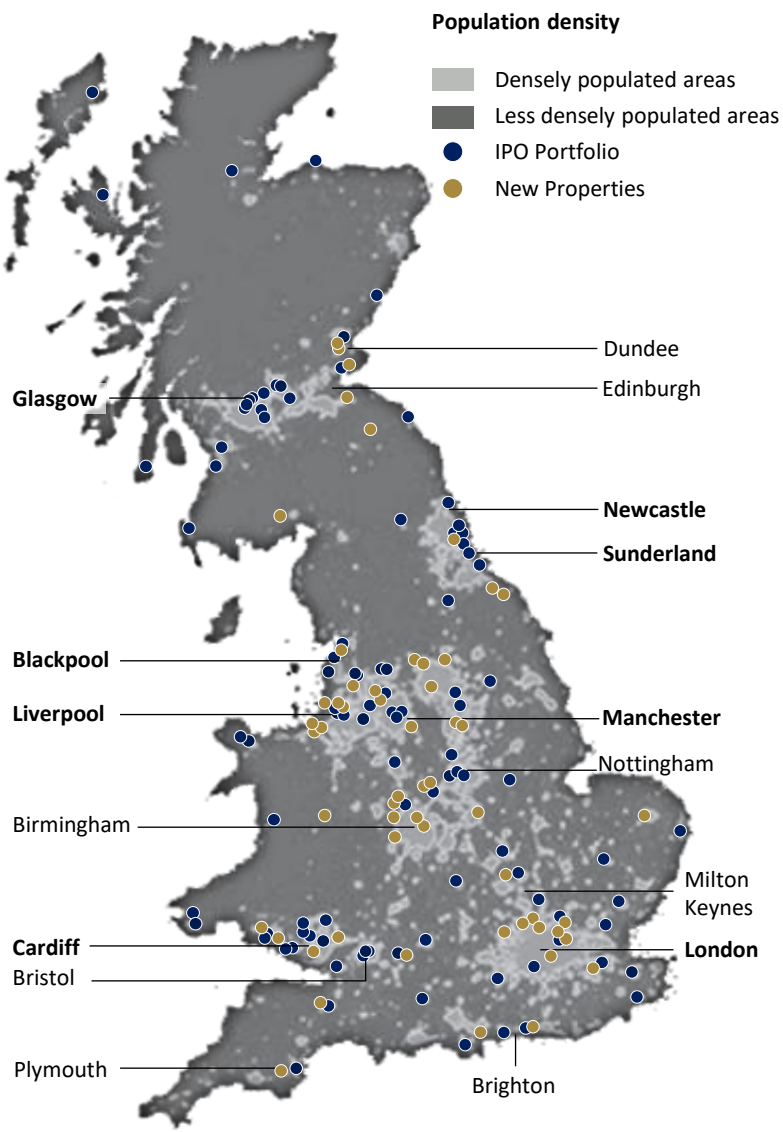
Notes:
1. Majority of the leases are signed by the Secretary of State for Housing, Communities and Local Government, which is a Crown Body
2. 150 properties are on freehold tenures and 5 properties are on long leasehold tenures
3. As at March 2021

Property Portfolio Updates

Resilience of anti-cyclical property portfolio

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Expanded Portfolio of 155 assets



Maiden Acquisition completed on 9 March 2021

- **58** strategic assets across the UK acquired
- **£212.5M** deal structured to provide completion certainty

Minimal Disruption to Business

- Locations remain open and operational during nation-wide lockdowns
- COVID-19 situation does not trigger force majeure or termination clauses of the leases with the UK Government
- Received in advance **99.9%** of the rent for the period spanning across the months of April to June 2021, within 7 days of the due date
- **100%** occupancy

Maiden Acquisition Completed on 9 March 2021

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Rationale: Executing growth strategy

1. Extends the REIT's exposure to UK sovereign credit, whilst diversifying occupier mix
2. Stable cashflows and CPI-linked growth from uniquely counter-cyclical occupier
3. Increases exposure to London
4. Increases size, market cap, free float and liquidity
5. DPU accretive, with attractive yields relative to Existing Portfolio

About the Acquisition

58	Number of Assets	WALE (Weighted Average Lease Expiry)	7.4 years
98.8%	Annual GRI from UK Government tenants	Acquisition Value	£ 212.5m
100%	Occupancy Rate	London Exposure (by value)	35.9%
92.3%	Freehold Properties (by NIA)	New UK Government Tenants	5

Expansion of Current Portfolio

60% increase in number of properties

39% increase in market cap


Bridgwater


Basildon


Southampton


Chester

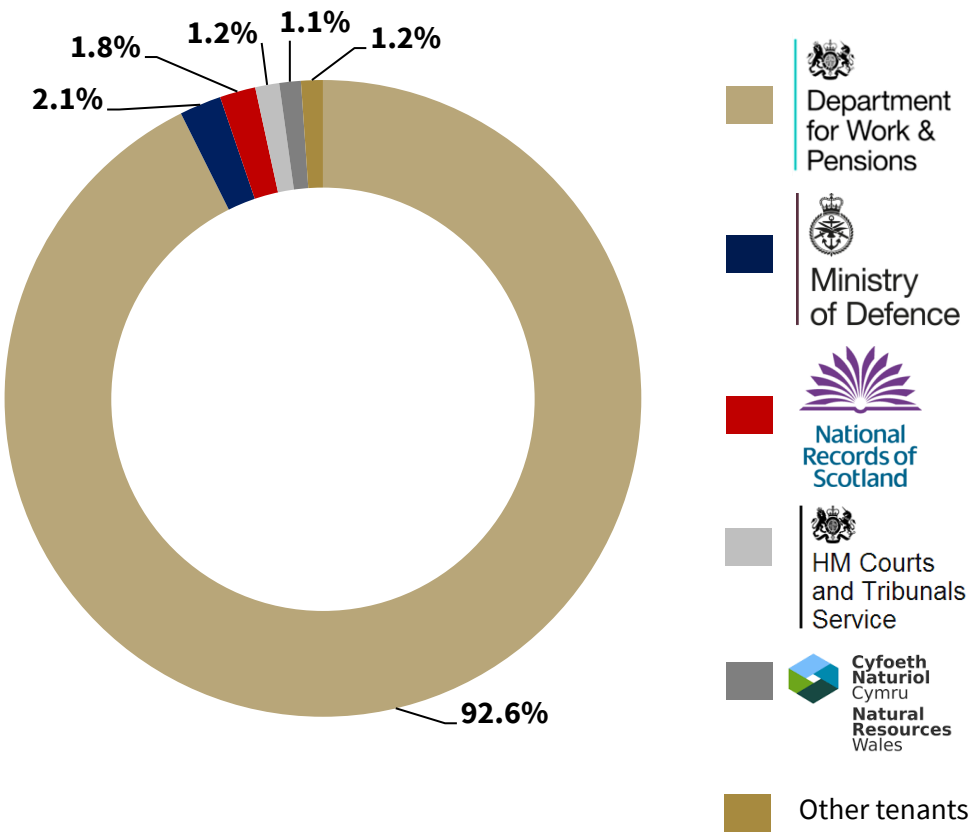
Enlarged Portfolio – Diversified and More Resilient

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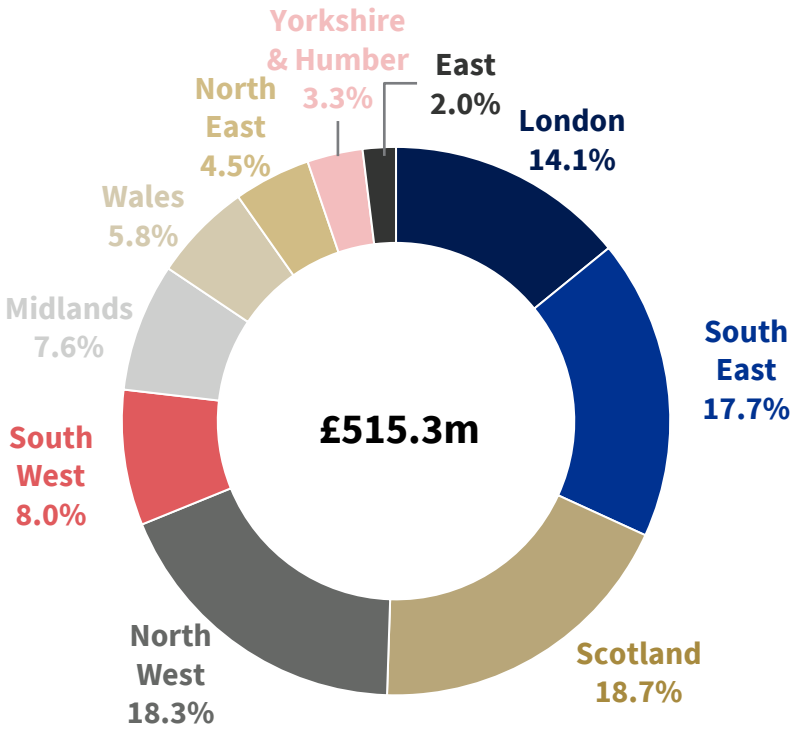
Extends exposure to UK sovereign credit

Diversify Tenant Mix

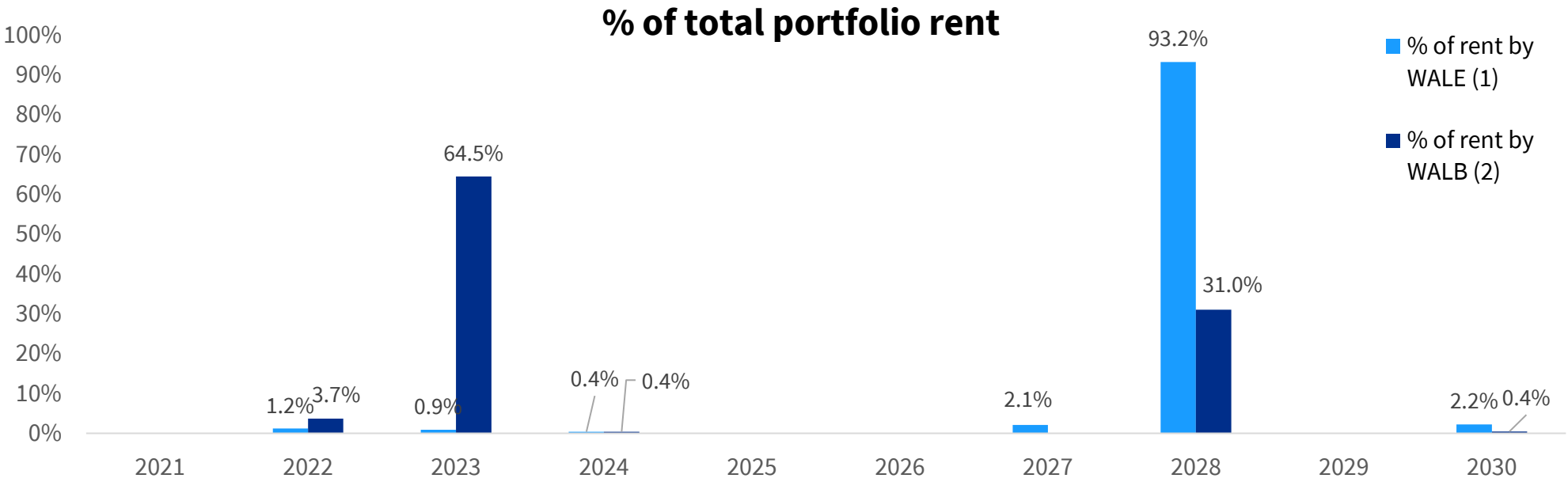
Tenant Breakdown by Gross Rental Income



Enlarged portfolio valuation breakdown



Lease Expiry Profile as at 31 March 2021



The Manager has taken proactive asset management steps as follows:

- **Regular dialogue with the tenants**
- **Data collection and analysis on how the primary tenant utilises the properties as part of their social security infrastructure**
- **To date the manager has successfully engaged the primary tenant who have extended 100% of the leases where there were break options in 2021.**

Notes:

(1) % of rent by WALE (Weighted Average Lease to Expiry) – Based on the final termination date of the agreement (assuming the tenant does not terminate the lease on the permissible break dates)

(2) % of rent by WALB (Weighted Average Lease to Break) – Based on the next permissible break date at the tenant's election and pursuant to the lease agreement

About the Primary Tenant - DWP

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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

Department for Work & Pensions

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[1] rental uplifts**

Notes:

1 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%

Portfolio is Used to Provide Crucial DWP Services

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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

Source: Independent Market Report, Department for Work & Pensions

Portfolio made up of well-located office assets[1]

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Centrally Located[1]

74% located in town centres, city centres and suburbs

Easily Accessible[1]

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

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

Proximity to Amenities

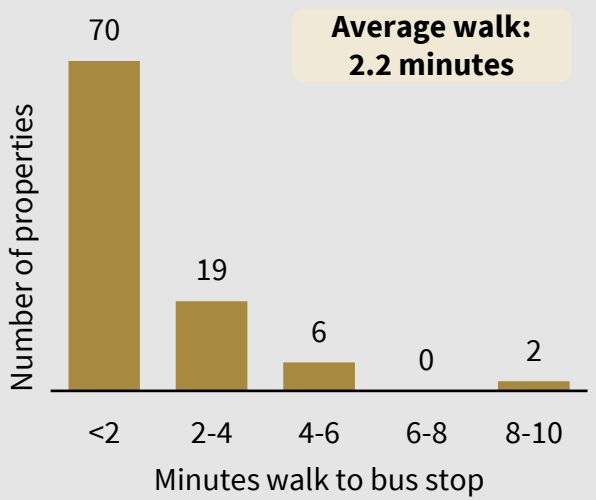
Average **4** supermarkets[3] within ½ mile radius

Average **5** medical facilities[4] within ½ mile radius

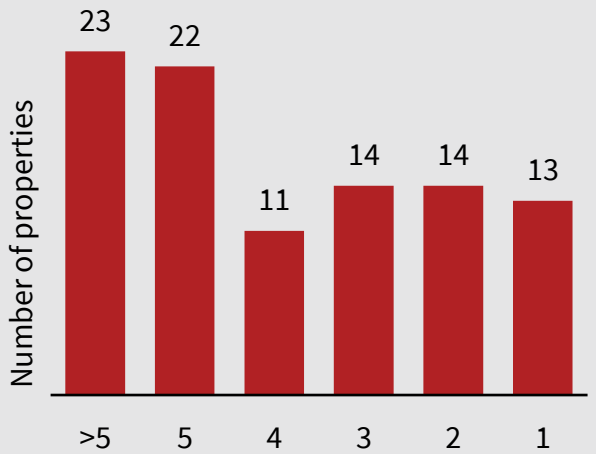
Average **4** schools[5] within ½ mile radius

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

Proximity to bus stops



Proximity to supermarkets[2]



Notes:
1 Statistics below refers to IPO Portfolio of 97 properties
2 Percentage based on number of properties
3 Supermarkets comprises small to large supermarkets
4 Medical facilities comprise hospitals and general practices
5 Schools comprise primary schools, secondary schools and independent schools

Elite Commercial REIT Sponsors

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Elite Partners Capital

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

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®

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

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Section II

Financial Highlights



Nutwood House, Canterbury

Key Highlights – 1Q 2021

Delivering with resilience, backed by strong support

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Maiden Acquisition Completed

58 strategic assets across the UK for **£212.5M**

- Issue up to 131.4 million New Units at £0.68 per Unit
- European institution PartnerRE increases stake from their original 1% to 23% of the REIT's enlarged share capital

Portfolio Quality

36% London exposure

5 new UK Government tenants

Size and Liquidity

60% increase in total number of properties

39% increase in market cap

Strong Mandate from Unitholders

99.99% Unitholders' approval for proposed acquisition at EGM held on 25 January 2021

Intrinsic Valuation Gain

£15.9M valuation uplift from properties after removal of lease break clause

Resilient Trading Performance



Financial Highlights

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	1Q2021			Year-on-Year		
	Actual **£'000**	Forecast[1] **£'000**	Variance %	Actual **£'000**	6 Feb 20 to 31 Mar 20 **£'000**	Variance %
Revenue	6,605 [2]	5,739	▲ 15.1	6,605	3,520	▲ 87.6
Income available for distribution to Unitholders	4,499	4,048	▲ 11.1	4,499	2,457	▲ 83.1
Distribution per unit ("DPU") - pence	1.22 [3]	1.20	▲ 1.8	1.22	0.74	▲ 64.9

Notes:
1. The forecast figures was derived by pro-rating Projection Year 2021's financials as disclosed in the Prospectus.
2. The 58 properties acquired on 9 March 2021 contributes approximately £864,000 to the topline revenue for 1Q 2021.
3. Includes the Advanced Distribution of GBP 0.9 pence declared on 26 Feb 2021 and paid on 15 Apr 2021

Strong Balance Sheet

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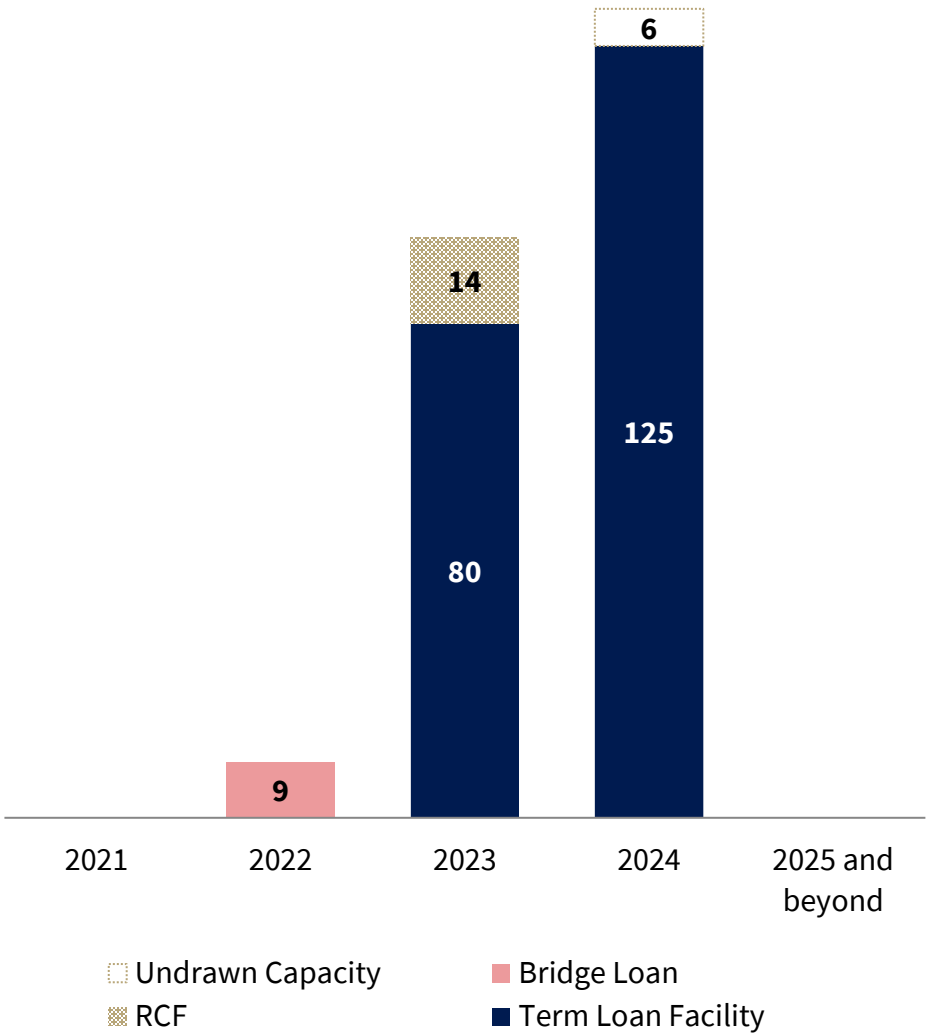
	31 Mar 2021 £'000	31 Dec 2020 £'000
Non-current assets	515,280[1,2]	311,855
Current assets	24,554	21,034
Total assets	**539,834**	**332,889**
Non-current liabilities	222,633	107,826
Current liabilities	28,057	7,905
Total liabilities	**250,689**	**115,731**
Net assets / Unitholders' funds	**289,144**	**217,158**
Units in issue and issuable ('000)	**470,265**	**334,858**
Net asset value per unit (£)	**0.62**	**0.65**

Notes:
1. Non-current assets comprise investment properties, which are stated at fair values based on the valuations as at 31 December 2020 prepared by Colliers International Valuation UK LLP
2. The increase in non-current assets is due to the completion of acquisition 58 properties on 9 March 2021.

Financial Highlights
Prudent Capital Management

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Debt Maturity Profile (£ m)



Credit Metrics

£228m	Total Debt
42.1%	Gearing Ratio
~1.9%	Borrowing Costs
2.8 years	Average Weighted Debt Maturity
7.4 X	Interest Coverage Ratio
63%	Interest Exposure Fixed
61%	Proportion of Unencumbered Assets(1)
~£27m	Available Debt Headroom(2)

Notes:
1. Based on valuations; unencumbered assets refer to properties without land mortgages
2. Based on gearing ratio of 45% ; available debt headroom is ~£84m based on gearing ratio of 50%

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Section III

Market Outlook



Crown House, Grantham

Market Outlook

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- **Stronger recovery in the UK than the Euro-area**, with UK GDP growth in 2021 forecast of 5% compared to Euro-area GDP growth of 2.5% based on projections from the UK Monetary Policy Committee



- Unemployment rate projected to rise to 6.5% in 2021; **claimant count rose to 2.68 million in February 2021, 2.5% higher than in December 2020 – increasing utilisation of DWP's services**



- Coronavirus Job Retention Scheme (furlough) extended until 30 September 2021, with about 4.7 million people on furlough as of 31 January 2020 – **unemployment is expected to rise once the scheme ends**



- 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.



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Thank You

For information on Elite Commercial REIT, do visit our website at www.elitecreit.com

or reach out to us at enquiry@elitecreit.com to find out more.

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Appendix



Tannery House, Alfreton

Typical Lease Arrangements for the UK Office Sector

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- **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