



ELITE COMMERCIAL REIT

(a real estate investment trust constituted on 7 June 2018
under the laws of the Republic of Singapore)
(Managed by Elite Commercial REIT Management Pte. Ltd.)

EXPANSION OF INVESTMENT STRATEGY

1. INTRODUCTION

Elite Commercial REIT Management Pte. Ltd., in its capacity as the manager of Elite Commercial REIT (“**Elite REIT**”) (the “**Manager**”) wishes to announce that with effect from 30 days following the date of this announcement, the investment strategy of Elite REIT will be revised to the following:

“Elite REIT is a Singapore REIT established with the investment strategy of principally investing, directly or indirectly, in real estate and real estate-related assets in the UK.”

Since its listing on 6 February 2020, Elite REIT has been benefiting from the resilient and thus defensive cashflow afforded by government tenancies. Through the expansion of its investment strategy, Elite REIT will continue to focus on the social infrastructure asset sector, including its existing portfolio of Jobcentre Plus as well as government infrastructure and workspaces, whilst broadening its focus to other asset sectors in the UK.

The Manager has been working on the value enhancements and future-proofing of Elite REIT’s assets to unlock the latent value of Elite REIT’s portfolio of assets. In the course of strategically repositioning some of Elite REIT’s assets, the Manager is aware that for Elite REIT to realise the value and benefit from the repositioned assets, Elite REIT would have to expand its existing investment strategy.

2. RATIONALE FOR THE EXPANSION OF INVESTMENT STRATEGY

The Manager believes that the expansion of Elite REIT’s investment strategy to encompass a wider scope of real estate and real estate related assets will enhance the diversification of the portfolio, allowing for latent value to be unlocked and position Elite REIT for future growth.

2.1 Diversification of Portfolio and Increased Opportunities

i) Positioning for Growth

With the expanded investment strategy, Elite REIT will be better positioned for growth. Elite REIT would be able to retain certain repositioned assets in favourable locations and would not be restricted to purely commercial real estate and real estate-related assets in the UK for its portfolio.

ii) Capitalising Emerging Market Trends and Sectors Exhibiting Strong Growth Potential

The expanded investment strategy would also allow Elite REIT the flexibility and option to tap into a larger pool of investment targets that might bring attractive yields and/or increased capital appreciation potential, including assets from non-discretionary sectors in the UK, such as the Living Sector (which includes purpose-built student accommodation and Build-to-Rent residential assets).

For example, Elite REIT would be able to capitalise on the favourable demand-supply dynamics in the UK's Living Sector, which is exhibiting strong growth potential. The unique attributes and the strategic location of Elite REIT's assets, which are highly accessible to key transportation nodes and amenities, is complementary to these asset classes.

iii) Diversifying Portfolio in terms of Income Stream, Asset Classes and Tenancy

Elite REIT currently enjoys stable government-backed income stream, with a majority of its leases expiring in 2028. The Manager is cognisant of the current concentration in terms of tenant mix and lease expiry and is working to renew leases beyond 2028.

Portfolio diversification is key to managing risks and optimising returns. Having more options at hand would allow the Manager to execute its proactive asset management strategies by expanding into diversified asset classes with similar stable and defensive cashflow, as well as income visibility, further strengthening its resilient portfolio. This also reduces tenancy concentration and enhances resilience against market volatility and sector-specific challenges, while enabling Elite REIT to seize opportunities in underserved and undersupplied market segments, thereby maximising value and minimising costs for optimised portfolio performance.

vi) Increasing Institutional Investor Appeal

The expansion of investment strategy to the real estate market within the UK provides a clear geography boundary in terms of operations, providing investors a UK pure-play investment mandate and exposure.

Expanding Elite REIT's investment strategy also reinforces our competitiveness within the UK real estate market by enhancing the Manager's ability to identify and capitalise on emerging opportunities ahead of competitors. By staying agile and adaptable, Elite REIT can differentiate itself by adapting to changing and evolving market dynamics and real estate

landscape, providing innovative investment opportunities to optimise performance and provide sustainable and long-term returns to Unitholders, strengthening investor confidence.

2.2 TAPPING ON SPONSOR'S LOCAL KNOWLEDGE IN PURPOSE-BUILT STUDENT ACCOMMODATION

Sunway RE Capital Pte. Ltd. ("**Sunway**"), one of the sponsors of Elite REIT, has been active in the Purpose-Built Student Accommodation ("**PBSA**") sector in the UK. Elite REIT will tap into Sunway's expertise and network as it ventures into this new sector.

Sunway owns a portfolio of five quality PBSA assets in four UK cities, namely in Bristol, Manchester, Sheffield and Southampton, offering over 820 beds. Sunway's PBSA assets are well-located in cities where Russell Group's reputable world-class, research-intensive universities are located.

3. CHANGE IN REIT NAME

In line with the expansion of investment strategy, the name of Elite Commercial REIT will be changed to Elite UK REIT in due course. This name change will better reflect the broadened investment strategy of the REIT.

4. CONCLUSION

The expansion of Elite REIT's investment strategy is in line with the Manager's objectives of unlocking underlying intrinsic value of Elite REIT's assets through proactive asset management, growing Elite REIT's assets under management and trading liquidity by increasing its portfolio base, optimising capital structure through prudent capital management as well as delivering stable and sustainable distributions to Unitholders.

The Manager will continue its disciplined, measured and rigorous evaluation of all acquisition opportunities, and will make appropriate announcements in the event there are material developments.

BY ORDER OF THE BOARD

ELITE COMMERCIAL REIT MANAGEMENT PTE. LTD.

(as manager of Elite Commercial REIT)

(Company Registration No. 201925309R)

Liaw Liang Huat Joshua

Chief Executive Officer

15 April 2024

IMPORTANT NOTICE

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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.