

ELITE COMMERCIAL REIT

Expansion of Investment Strategy

15 April 2024



Peel Park, Blackpool

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

- Benefit from **resilient cashflow** afforded by government tenancies
- Expand **defensive portfolio** to include non-government tenancies in **non-discretionary sectors** such as student housing and Build-to-Rent residential

Multi-sector and focused market exposure to the UK

- Diversified exposure to **UK real estate** accessed via one of the pre-eminent REIT regimes for international capital
- Key global market for **institutional-quality** real estate backed by strong rule of law, property and tax regulations

Asset management-led value creation

- Strengthen existing assets through **value enhancements** and **future-proofing** of current assets
- Participate in organic growth via **strategic asset repositioning**

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

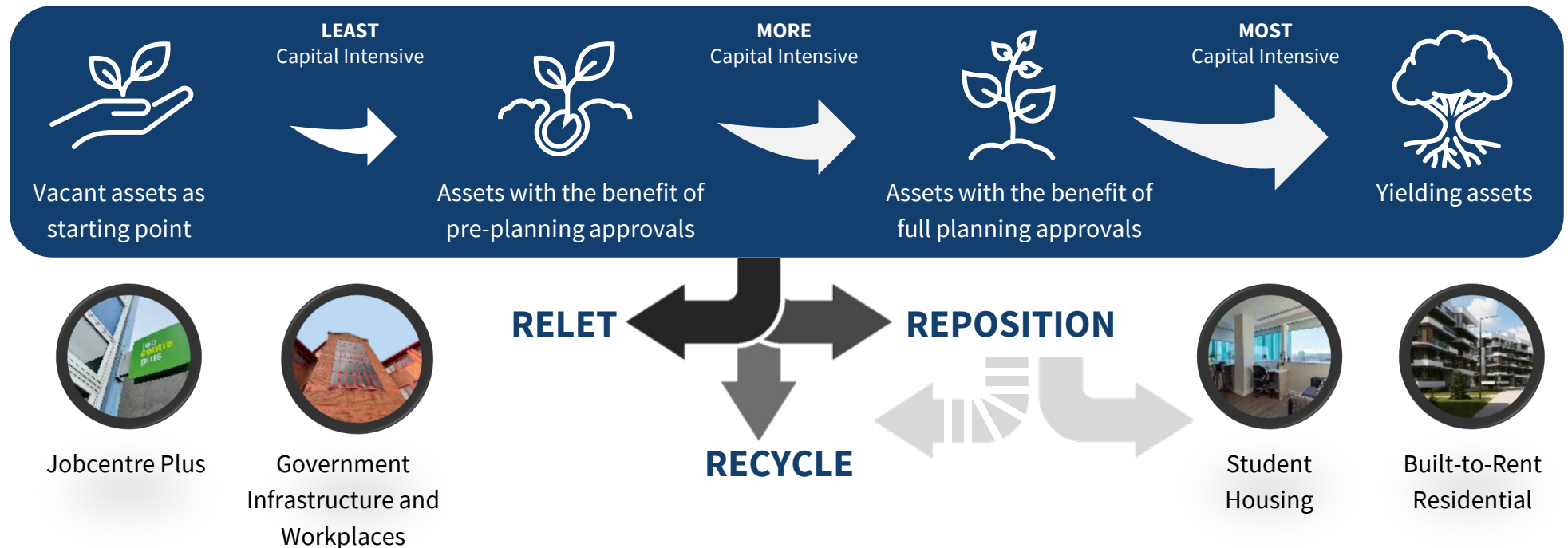


- 1 Promote growth through the expansion of the investment strategy which will also bring about **diversification** in asset class and tenancy
- 2 In-line with our objective to **unlock latent value** of Elite REIT's portfolio of assets through **proactive asset management**
- 3 **Favourable demand-supply dynamics** in the UK Living Sector complementary to the **location** of Elite REIT's assets – highly accessible to key transportation nodes and amenities
- 4 Increased **institutional investment appeal**, positive for **long-term income growth** and **capital appreciation**

Asset Repositioning Strategy

Vacant assets may be relet, repositioned or recycled

- ✓ Properties are located primarily in town centres, **close to transportation nodes and amenities**
- ✓ Properties may be **RELET** as for commercial or other uses, or **REPOSITIONED** or disposed with capital **RECYCLED** back into the balance sheet
- ✓ Various potential alternative uses are available for the assets, depending on the real estate market conditions and economic dynamics of the submarkets
 - Planning approvals will be sought for assets with viable alternative uses and may be disposed with the benefit of approvals or held on for further redevelopment
 - Assets could benefit from the Living Sector themes of student housing and Build-to-Rent residential, which is currently undersupplied in certain markets and facing positive tailwinds



Market Overview

Strong prospects underpinned by acute supply-demand dynamics

Purpose-built Student Accommodation (“PBSA”)

- ✓ **Countercyclical asset class** as students tend to invest in education during recession in preparation for economic recovery
- ✓ Student accommodation has proven to be a **resilient asset class** even during a pandemic
- ✓ PBSA sector continues to be defined by an **acute supply and demand imbalance**. Student numbers in the UK are at record highs, which is driving strong demand for accommodation
- ✓ Supply of available beds is not keeping pace with this demand and is increasingly limited by planning constraints and viability challenges. As a result, **rental growth prospects for the sector remain strong**

Build-to-Rent (“BTR”) Residential

- ✓ Number of built units in **BTR residential still represents only just over 2%** of the UK’s total private rental stock
- ✓ Imbalance between **supply and demand in residential rental market has intensified** over recent years, partly as a result of pandemic impacts, but also due to the exit of some buy-to-let landlords in light of tax and regulatory pressures
- ✓ **Higher mortgage rates** have exacerbated the imbalance in the past twelve months, as they have caused activity in the sales market to slow and pushed **potential buyers to remain renters for longer**



24%

Higher college admissions than pre-pandemic levels in 2019



580,000

Estimated shortfall in beds nationally



5%+

Rent growth predicted for the 2024/2025 letting cycle



3x

Average rental properties enquiries in 2023 vs 2019



14%

Average increase in rent for private rented sector apartments



26.6%

BTR residential rent premium over secondhand market rents

Elite REIT's Assets in London

Our London assets are beneficiaries of the transformational Elizabeth Line which has accelerated gentrification



Elizabeth Line

- Transformational new train line serving more than 600,000 passengers per day
- Provides for 10% of London train capacity
- 41 stations stretching over more than 100km of rail network
- With less than two years of operation to date, the Elizabeth Line is set to generate £42 billion for the entire UK economy

Elite REIT's Assets in London

- London represents more than 15% of Elite REIT's portfolio with an aggregate value of £62.7 million
- Four assets with a combined value of £28.5 million are located in close proximity to Elizabeth Line stations and surrounded by key amenities
- These assets have potential for alternative uses such as BTR residential, apart from current use as government facilities

Potential Data Centre Development Site

Site for a Low Emission + Low Latency Data Centre in Blackpool UK



1 LOCATION

- ✓ Site benefits from the **CeltixConnect-2 submarine cable** that was recently launched by Aqua Comms in March 2022
 - *Connects Blackpool to Dublin, extending to Europe and the US through Aqua Comms' existing America-Europe Connect (AEC) Trans-Atlantic undersea network*
- ✓ Located **less than 3 miles (5km) to the southeast of Blackpool** town centre and accessible via the M55 and M6 motorways, and nearby Blackpool South train station and Blackpool regional airport

2 POWER

- ✓ 60 MVA of power secured
 - *Sufficient power for two co-location data centres*
- ✓ Site is surrounded by renewable energy infrastructure with a major offshore windfarm to be constructed ~25 miles from Blackpool, and expected to be operational in 2028
- ✓ Project is backed by a joint venture of BP plc and EnBW (Energie Baden-Württemberg AG), two of the largest energy companies in Europe

3 SUPPORTIVE LOCAL GOVERNMENT

- ✓ **Positive pre-application response** received from the local authority in Blackpool
- ✓ Expected to benefit from **Blackpool's £1bn+ Growth and Prosperity Programme** which develops the Blackpool Airport Enterprise Zone (~10 mins south) and Talbot Gateway Central Business District (~10 mins north)
- ✓ Various UK government departments are based nearby and may be end-users of data centre capacity

PBSA Opportunity

Potential conversion opportunity to student housing asset: Lindsay House, Dundee



2.6x

Student-to-bed ratio with 17,930 full-time higher education student population



4.6%

Compounded annual growth rate in student population between 2017-2022



10

minutes

Walking distance to the University of Dundee, Abertay University and Dundee city centre



214

beds

PBSA opportunity with a mix of bed clusters and 1-bed studios

Sunway's Expertise in PBSA

Tapping on our Sponsor's local knowledge to foray into the new sector



SUNWAY®

- ✓ Sunway's PBSA assets are well-located in cities where Russell Group's reputable world-class, research-intensive universities are located



University of
BRISTOL



The University of Manchester



University of
Sheffield

UNIVERSITY OF
Southampton

- *Russell Group's universities produce more than two-thirds of the world-leading research produced in UK universities*



Manchester
Allen Court

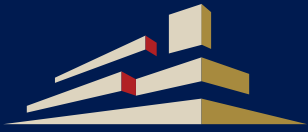
Sheffield
Redvers Tower



Bristol
The Colston
Centre Gate



Southampton
Green Wood Court



ELITE COMMERCIAL REIT

Additional Information



Duchy House, Preston

Elite REIT

Government facilities providing critical services to local communities⁽¹⁾



100%

Freehold and Long Leasehold Assets⁽²⁾



Triple Net

Full Repairing & Insuring Leases⁽³⁾



3.8

Million Square Feet of Net Lettable Area



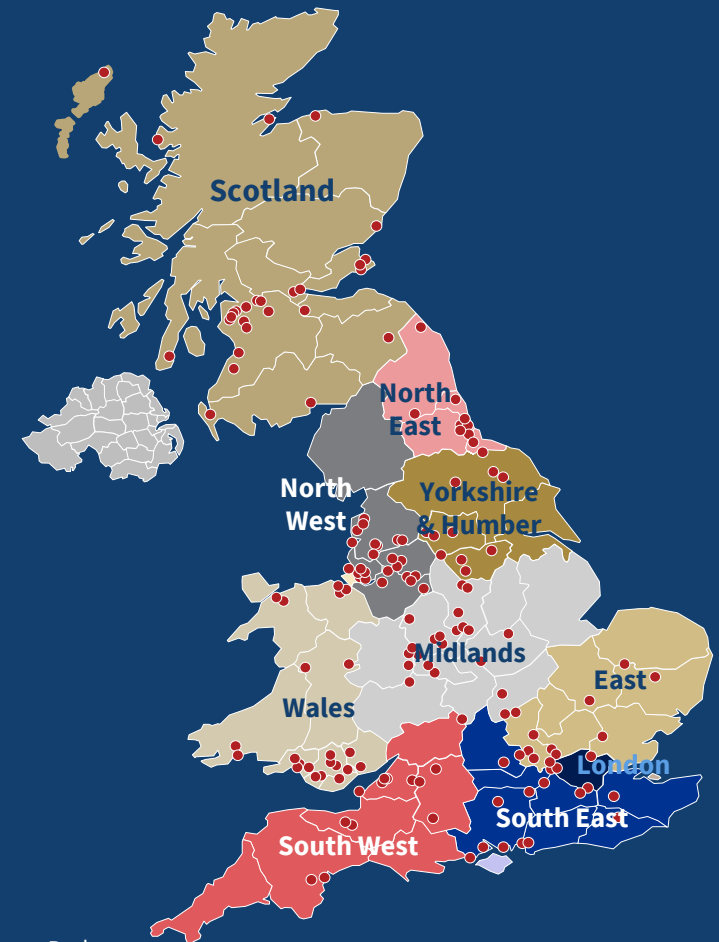
4.2

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.

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



Portfolio Overview as at 31 December 2023

London

Properties	10
Net internal area (sq ft)	193,532
Valuation (£ million)	62.7
% portfolio (by valuation)	15.2%
Annualised GRI yield	6.6%

South East

Properties	12
Net internal area (sq ft)	310,261
Valuation (£ million)	46.3
% portfolio (by valuation)	11.2%
Annualised GRI yield	9.2%

South West

Properties	12
Net internal area (sq ft)	257,045
Valuation (£ million)	33.6
% portfolio (by valuation)	8.1%
Annualised GRI yield	9.1%

Wales

Properties	20
Net internal area (sq ft)	338,258
Valuation (£ million)	28.1
% portfolio (by valuation)	6.8%
Annualised GRI yield	10.3%

East

Properties	8
Net internal area (sq ft)	223,847
Valuation (£ million)	26.7
% portfolio (by valuation)	6.5%
Annualised GRI yield	8.9%

Portfolio

Properties	150
Net internal area (sq ft)	3,773,433
Valuation as at 31 December 2023 (£ million)	412.5
WALE / WALB	4.2 years / 4.2 years
Occupancy Rate (by net internal area)	92.3%
Annualised GRI yield	9.2%

Scotland

Properties	27
Net internal area (sq ft)	847,174
Valuation (£ million)	71.4
% portfolio (by valuation)	17.3%
Annualised GRI yield	9.8%

North East

Properties	11
Net internal area (sq ft)	171,521
Valuation (£ million)	11.7
% portfolio (by valuation)	2.8%
Annualised GRI yield	12.0%

North West

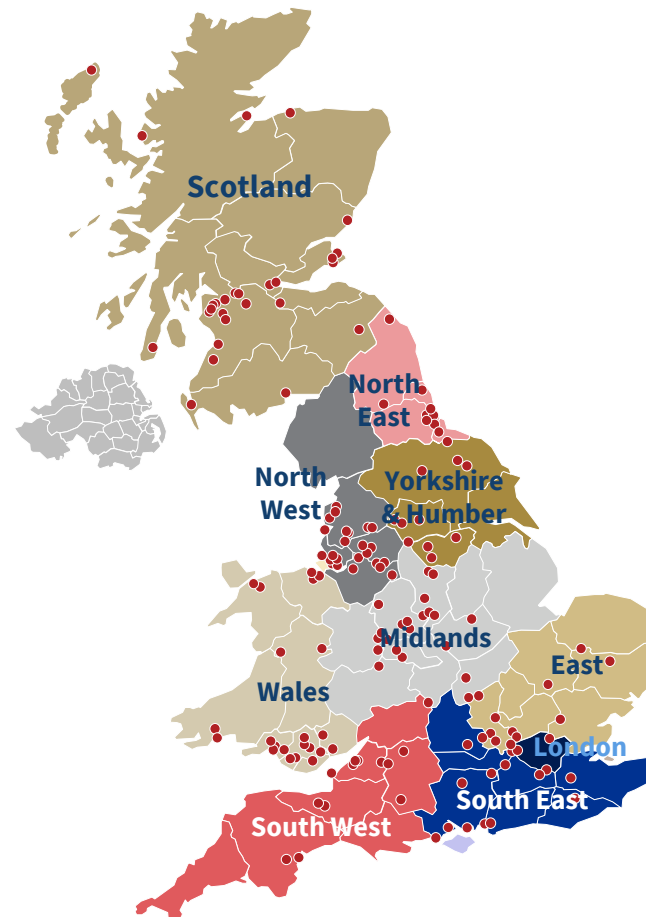
Properties	24
Net internal area (sq ft)	956,679
Valuation (£ million)	92.0
% portfolio (by valuation)	22.3%
Annualised GRI yield	9.0%

Yorkshire & Humber

Properties	10
Net internal area (sq ft)	164,818
Valuation (£ million)	11.9
% portfolio (by valuation)	2.9%
Annualised GRI yield	11.8%

Midlands

Properties	16
Net internal area (sq ft)	310,298
Valuation (£ million)	28.3
% portfolio (by valuation)	6.9%
Annualised GRI yield	10.6%



Note:

- Annualised GRI yield is derived from dividing annualised GRI as at 31 December 2023 by valuation as at 31 December 2023.

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