

Investor Presentation

RHB webinar: Building a nest egg with Singapore Real Estate Investments Trusts (REITs)

June 2021

Important Notice



This announcement is for information only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for units in Elite Commercial REIT (“Units”) in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view on future events. No representation or warranty express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Neither the Manager nor any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use of, reliance on or distribution of this presentation or its contents or otherwise arising in connection with this presentation.

The past performance of Elite Commercial REIT is not indicative of future performance. The listing of the Units on the Singapore Exchange Securities Trading Limited (“SGX-ST”) does not guarantee a liquid market for the Units. 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.

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. Financial Highlights



3. Market Outlook



4. Appendix



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⁾

155
office assets,
100% occupied

Portfolio value of
£515.3m

97%
Freehold⁽²⁾

Long WALE
7.2 years⁽³⁾

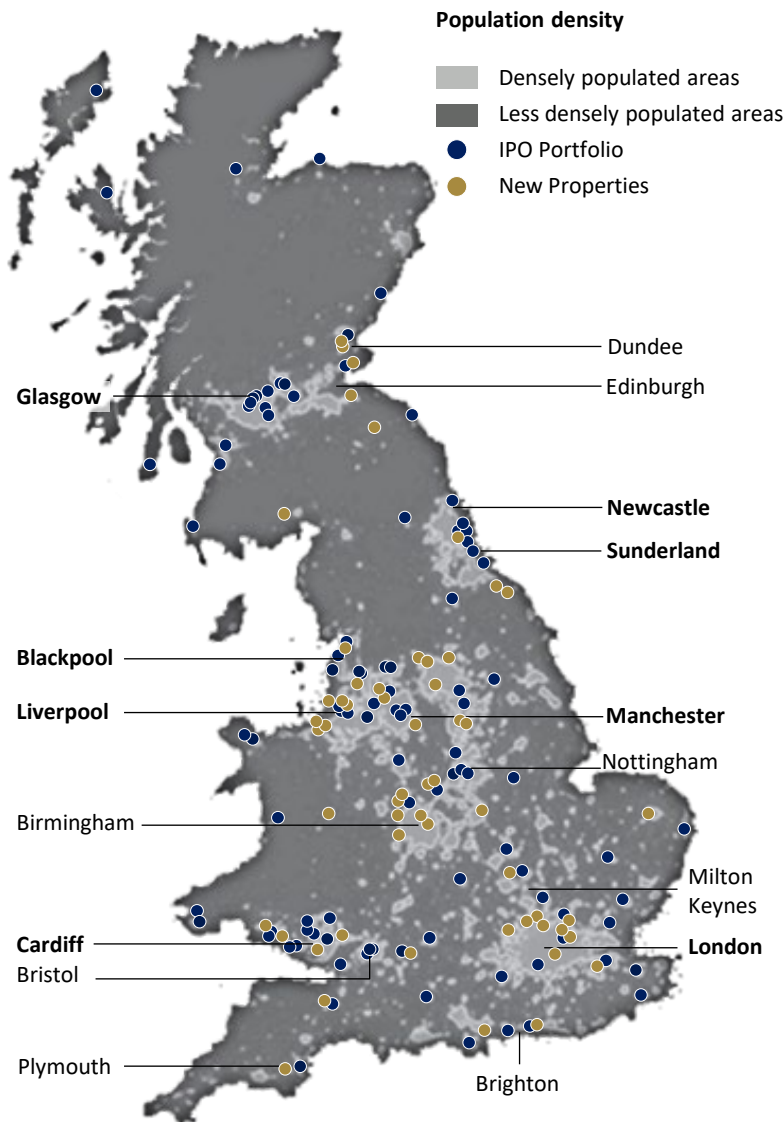


Notes:
1. Majority of the leases are signed by the Secretary of State for Housing, Communities and Local Government, which is a Crown Body
2. 150 properties are on freehold tenures and 5 properties are on long leasehold tenures
3. As at March 2021

Property Portfolio Updates

Resilience of anti-cyclical property portfolio

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

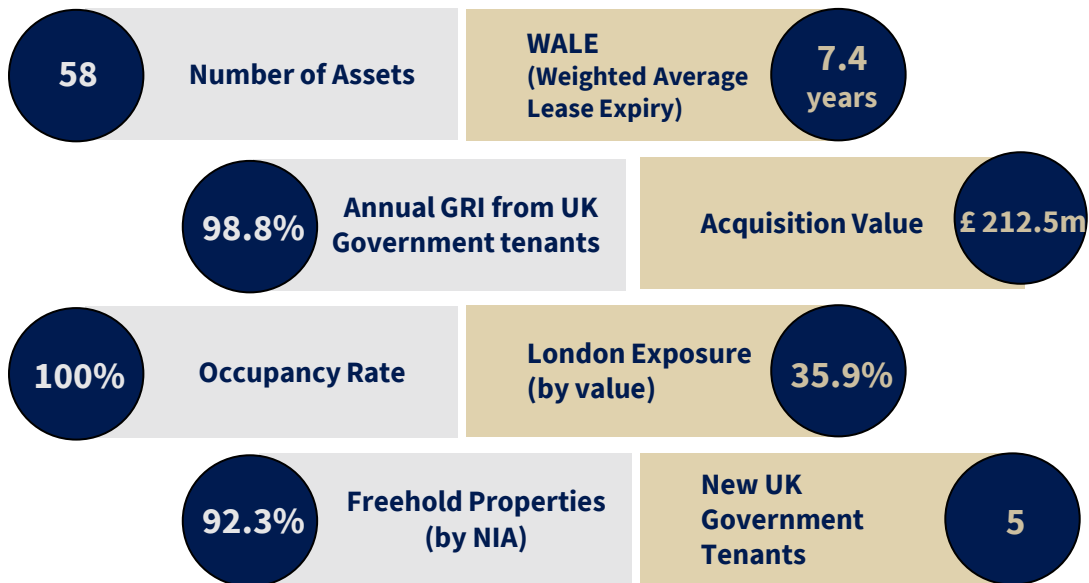
Rationale: Executing growth strategy

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

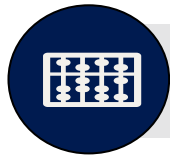
Expansion of Current Portfolio

-  **60%** increase in number of properties
-  **39%** increase in market cap

About the Acquisition



Enlarged Portfolio – Diversified and More Resilient

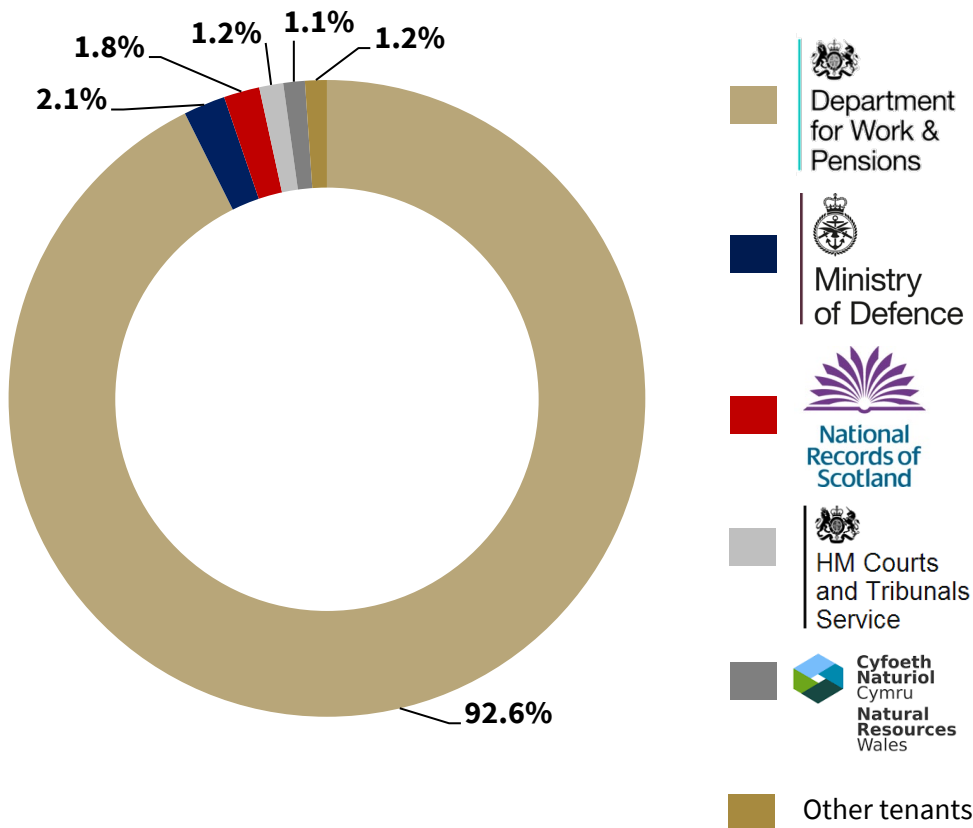


Extends exposure to UK sovereign credit

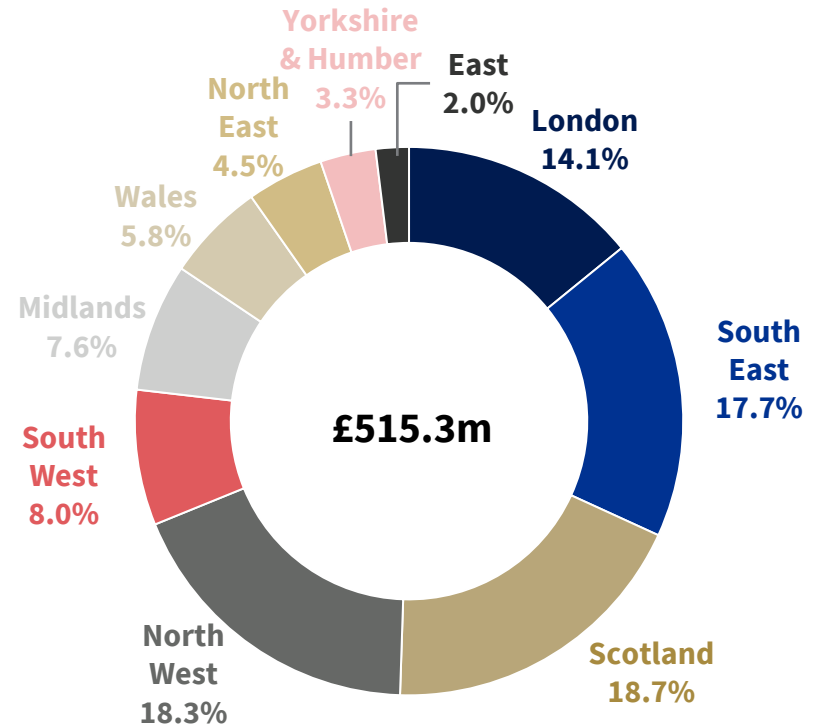
Diversify Tenant Mix



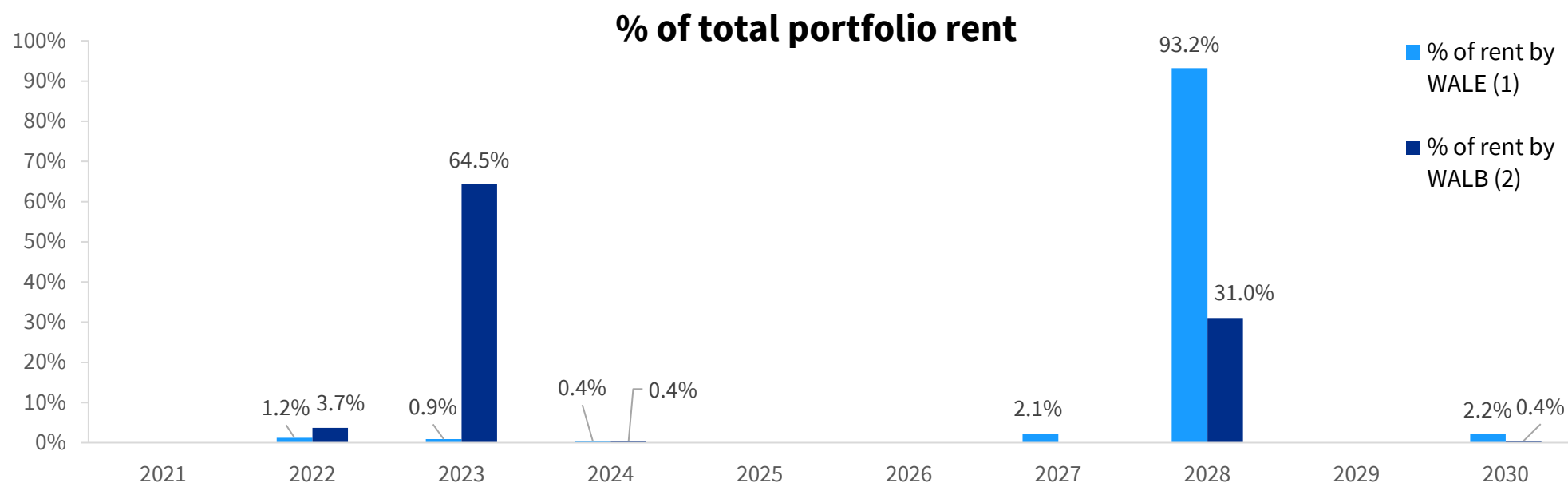
Tenant Breakdown by Gross Rental Income



Enlarged portfolio valuation breakdown



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

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⁽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

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



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 made up of well-located office assets⁽¹⁾

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

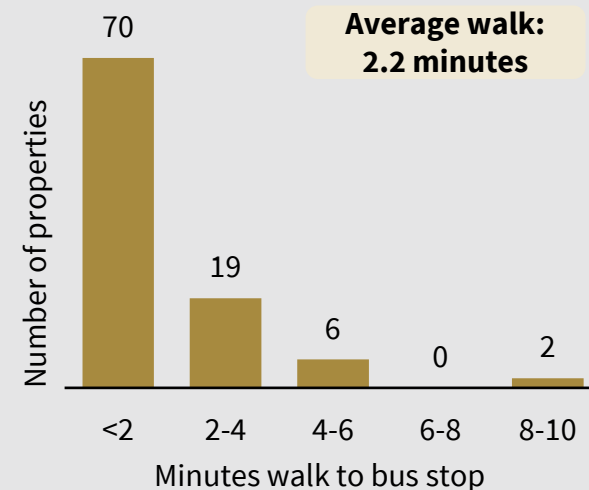
Average **4** supermarkets⁽³⁾ within ½ mile radius

Average **5** medical facilities⁽⁴⁾ within ½ mile radius

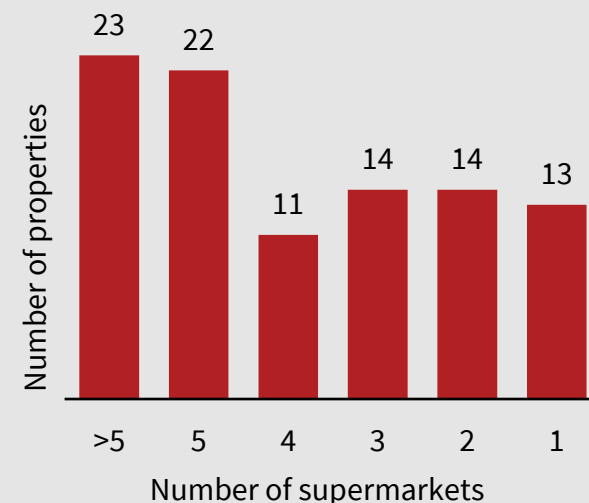
Average **4** schools⁽⁵⁾ within ½ mile radius

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

Proximity to bus stops



Proximity to supermarkets²



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



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

Financial Highlights



Nutwood House, Canterbury

Key Highlights – 1Q 2021

Delivering with resilience, backed by strong support



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



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



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

Resilient Trading Performance



Financial Highlights

	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

	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

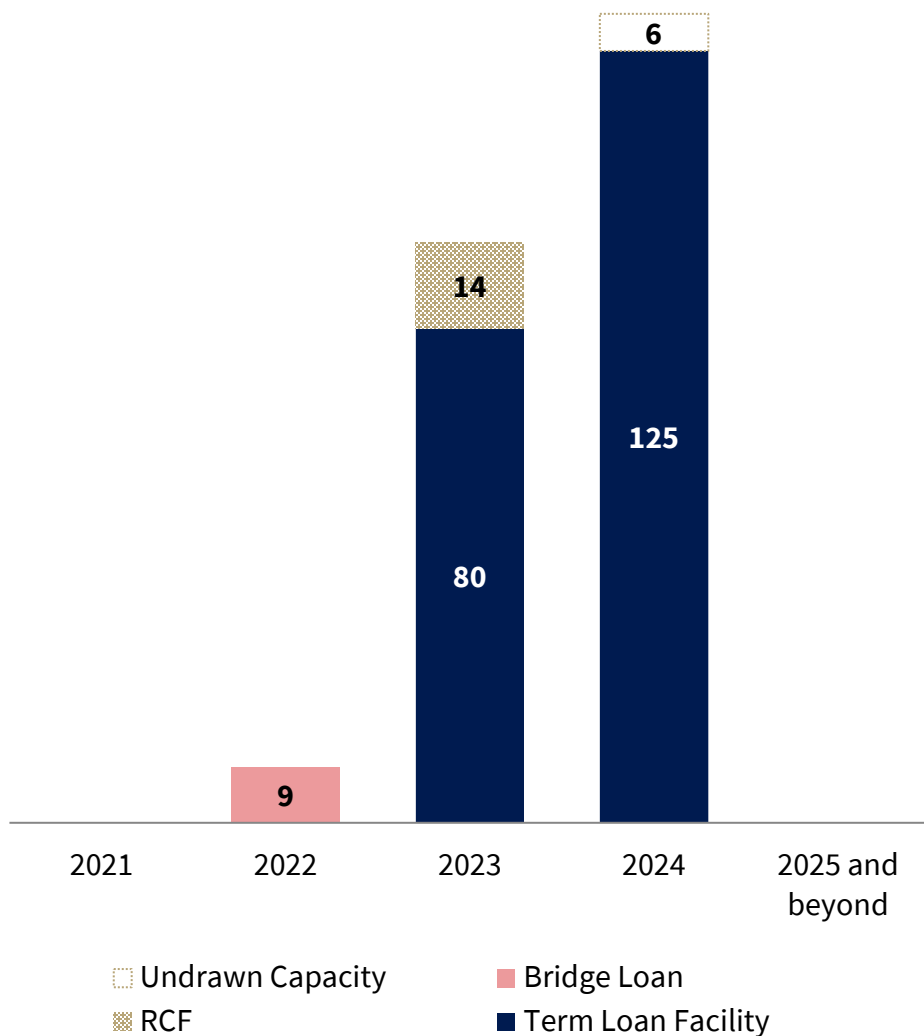
Notes:

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 of 58 properties on 9 March 2021.

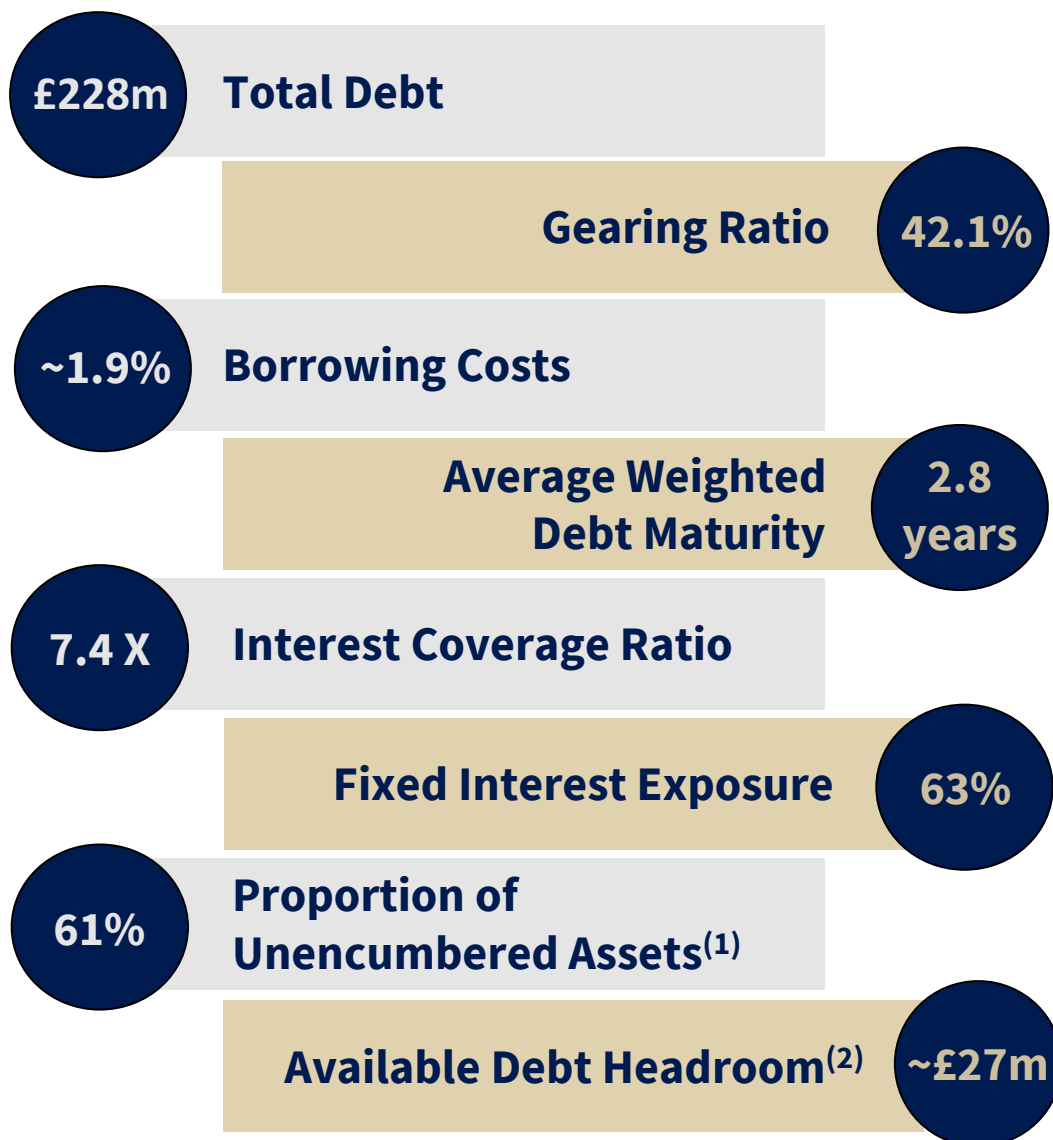
Financial Highlights

Prudent Capital Management

Debt Maturity Profile (£ m)



Credit Metrics



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%

job
centre
plus



Section III

Market Outlook



Crown House, Grantham

Market Outlook



- **Stronger recovery in the UK** with a GDP growth forecast of 7.25% in 2021⁽¹⁾ following a contraction of 9.9% in 2020, thanks to the success of the Covid-19 vaccination programme as restrictions to economic activity are progressively eased; growth is also driven by a rebound in consumer spending



- Unemployment rate projected to reach 5.5% in 3Q 2021⁽¹⁾ ; Jan to March 2021 unemployment rate at 4.8%⁽²⁾. **Claimant count of 2.6 million in April 2021⁽²⁾ vs 1.2 million in March 2020 before the pandemic took effect – increasing the utilisation of DWP’s services**



- Coronavirus Job Retention Scheme (furlough) extended until 30 September 2021, with a cumulative total of 11.5 million jobs supported at various times as of 14 April 2021⁽³⁾ – **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.

Sources:

1. Bank of England Monetary Policy Report, May 2021
2. Office for National Statistics (UK), 18 May 2021
3. Coronavirus Job Retention Scheme statistics;: 6 May 2021



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.*



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