

Elite Commercial REIT

1H 2023 Financial Results

7 August 2023

Section I

Overview and 1H 2023 Highlights



ELITE COMMERCIAL REIT



Crown Building, Banbury

UK-Focused REIT

Critical social infrastructure backed by UK Government leases⁽¹⁾



Freehold and
Long Leasehold Assets⁽²⁾



Triple Net

Full Repairing &
Insuring Leases⁽³⁾



3.9

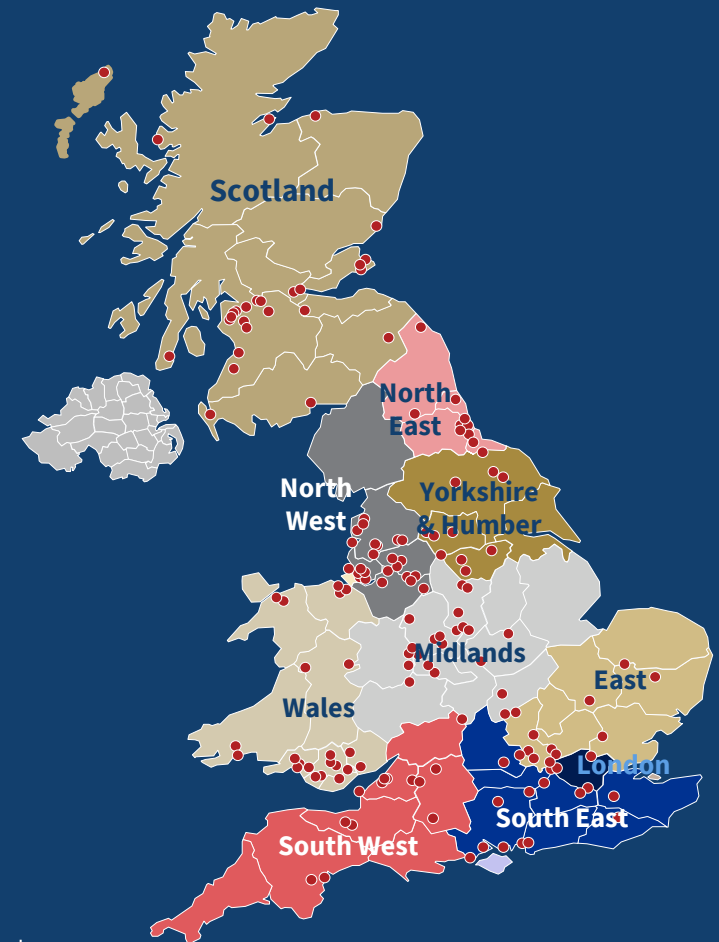
Million Square Feet of
Net Lettable Area



4.5

Years Weighted
Average Lease Expiry

Geographically Diversified with a
network of strategically well-located
assets across the UK



Elite Commercial REIT's Sponsors:



Notes:

1. Majority of the leases are signed by the Secretary of State for Levelling Up, Housing and Communities, which is a Crown Body.
2. 150 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.

1H 2023 Highlights



1H 2023 Revenue⁽¹⁾

£19.1 million

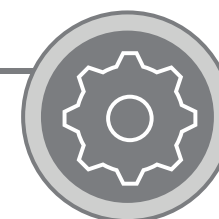
▲ 3.4% y-o-y



1H 2023 DPU⁽²⁾

1.94 pence

▲ 6.4% q-o-q

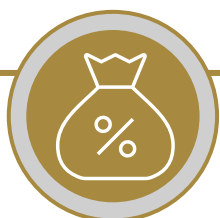


Gearing Ratio

as at 30 June 2023

46.0%

▼ 60 basis points q-o-q



Proposed
Divestments⁽³⁾

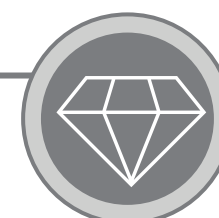
£1.1 million

▲ ~14.4% above valuation



Recycled
Gross Proceeds⁽⁴⁾

£3.0 million



Stable NAV

per unit as at 30 June 2023

£0.51

Notes:

1. Includes £0.4 million of straight-line rent adjustments.
2. Based on 100% payout ratio. At 90% payout ratio, the DPU for 1H 2023 is 1.74 pence.
3. Openshaw Jobcentre, Manchester and John Street, Sunderland were divested for a total sale consideration of £1.1 million, at about 14.4% premium to assets' valuation as at 31 July 2023.
4. Total dilapidation settlements received for four assets as at 30 June 2023 and the estimated gross disposal proceeds from Openshaw Jobcentre, Manchester and John Street, Sunderland.



Ward Jackson House,
Hartlepool



Section II

1H 2023

Financial Performance

Financial Position

	30 Jun 2023 £'000	31 Dec 2022 £'000
Non-current assets ⁽¹⁾	458,728	460,042
Current assets	29,718	26,753
Total assets	488,446	486,795
Non-current liabilities	222,730	216,468
Current liabilities	19,216	22,426
Total liabilities	241,946	238,894
Net assets / Unitholders' funds	246,500	247,901
Units in issue and issuable ('000)	482,138	481,128
Net asset value per Unit (£)	0.51	0.52

Note:

1. Comprise mainly of investment properties, which are stated at their fair values, based on independent professional valuations undertaken by Knight Frank LLP as at 31 December 2022.

Financial Highlights – 1H 2023 vs 1H 2022



	1H 2023	1H 2022	
	Actual £'000	Actual £'000	Variance %
Revenue	19,098 ⁽¹⁾	18,474	▲ 3.4
Net Property Income	19,997 ⁽¹⁾	18,102	▲ 10.5
Amount generated during the period for distribution to Unitholders	9,340	12,244	▼ 23.7
Distribution per unit (“ DPU ”) - pence	1.94 ⁽²⁾	2.56	▼ 24.2

Factors affecting year-on-year performance:

- Higher revenue derived from rent escalations, offset by eight vacant assets going offline on 1 April 2023
- Increased borrowing costs from increase in SONIA, offset by decline in debt levels
- Marginally enlarged equity base year-on-year

Notes:

1. Includes £0.4 million of straight-line rent adjustments.
2. Based on 100% payout ratio of 1.94 pence. At 90% payout ratio, the DPU for 1H 2023 is 1.74 pence.

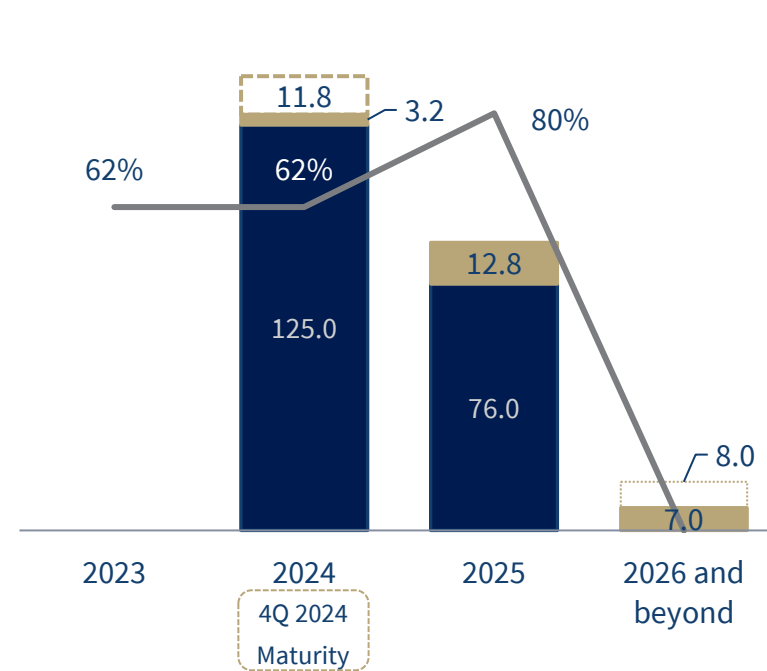
Capital Management

No near-term debt maturity until 4Q 2024

- ✓ Naturally hedged against foreign exchange fluctuations
- ✓ 62% of interest rate exposures fixed
- ✓ Compliant with all debt facilities' financial covenants
- ✓ Every 100 basis points increase in interest rate will impact DPU by approximately 4%
- ✓ Every £5 million of debt repayment will reduce gearing by approximately 60 basis points

	30 Jun 2023	31 Mar 2023
Total Debt	£224.0m	£225.2m
Gearing Ratio	46.0%	46.6%
Borrowing Costs	5.2%	4.9%
Weighted Average Debt Maturity	1.5 years	1.7 years
Interest Coverage Ratio	3.4x	3.8x
Interest Rate Hedged / Fixed	62%	68%
Proportion of Unencumbered Assets⁽¹⁾	61%	61%
Available Debt Headroom⁽²⁾	~£39m	~£33m

Elite REIT's Debt Maturity Profile and Percentage Hedged / Fixed



Notes:

1. Based on valuations; unencumbered assets refer to properties without land mortgages.
2. Based on gearing limit of 50%.

Undrawn Capacity

Term Loan Facility

Revolving Credit Facilities

Percentage Hedged/Fixed

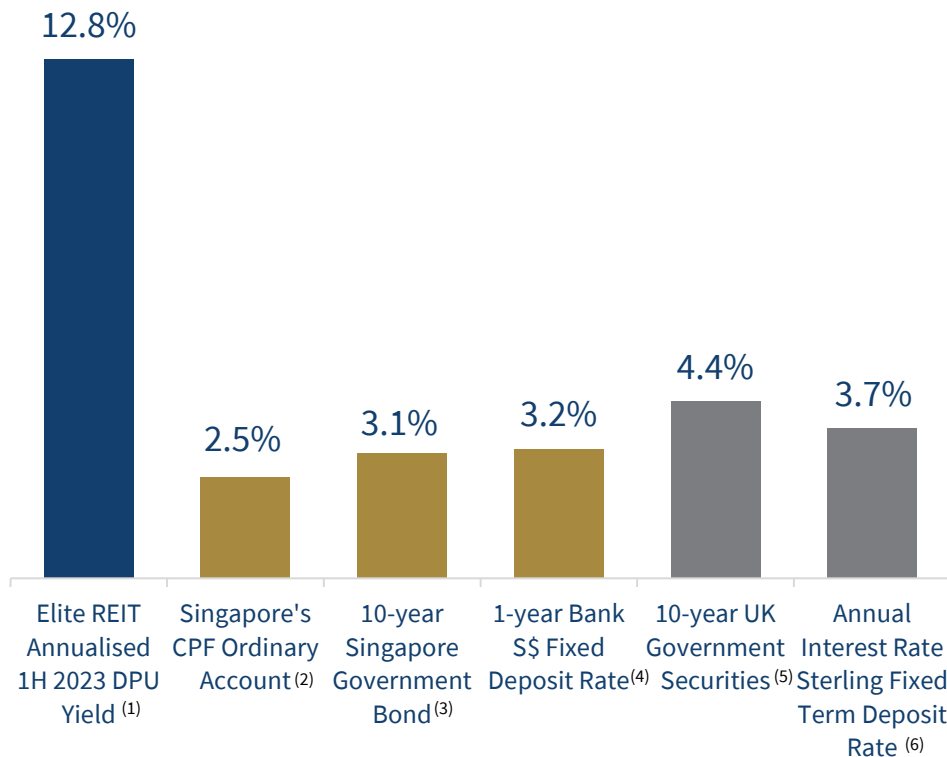
Attractive and Defensive Yield

Government-backed income stream at an attractive valuation



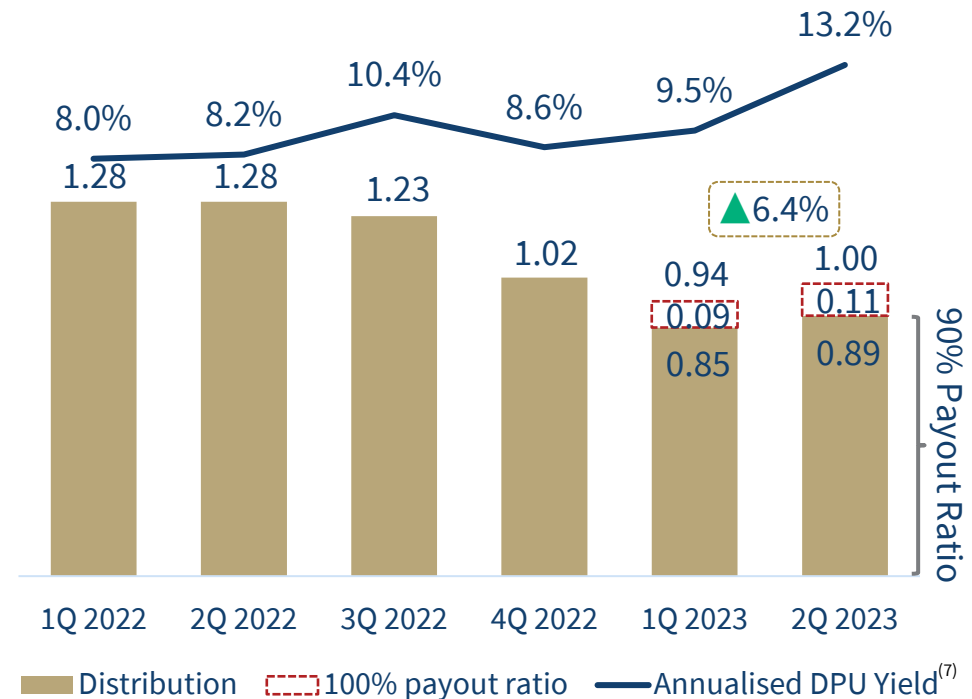
Elite REIT's Annualised DPU Yield vs Comparables

Elite REIT's DPU Yield offers a **~900 basis points** pick-up against risk-free rates for a predominantly **UK Government-backed income stream**



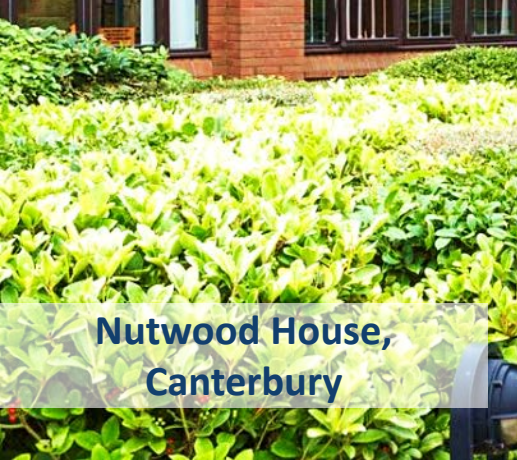
Elite REIT's Quarterly DPU and Annualised Yield

Elite REIT's quarterly **DPU increased 6.4% q-o-q**, helped by **contribution from the inflation-linked rent uplift** with effect from 1 April 2023



Notes:

1. Based on Elite Commercial REIT's closing price of £0.305 per unit as at 30 June 2023 and annualised 1H 2023 DPU, assuming 100% payout ratio.
2. Based on interest paid on Central Provident Fund ("CPF") ordinary account for April 2023 to June 2023 (Source: CPF website).
3. As at 30 June 2023 (Source: Singapore Government Securities website).
4. As at 23 July 2023, for deposits below S\$20,000. For deposits S\$20,000 and above, the fixed deposit rate is 0.05%. (Source: DBS website).
5. As at 30 June 2023. Monthly average yield from British Government Securities, 10-year Nominal Par Yield (Source: Bank of England website).
6. As at 23 July 2023, for £10,000+ tier. For £50,000+ tier, the fixed deposit term rate is 5.00%. (Source: Lloyds Bank International website).
7. Based on the closing price of each quarter and annualised DPU of each quarter, assuming 100% payout ratio.



Nutwood House,
Canterbury



Section III

1H 2023

Portfolio Performance

Income Certainty and Visibility



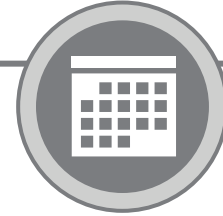
High Portfolio
Occupancy Rate⁽¹⁾

92.1%



On-time Advance
Rent Collection⁽²⁾

99.9%



Weighted Average
Lease Expiry⁽¹⁾

4.5 years



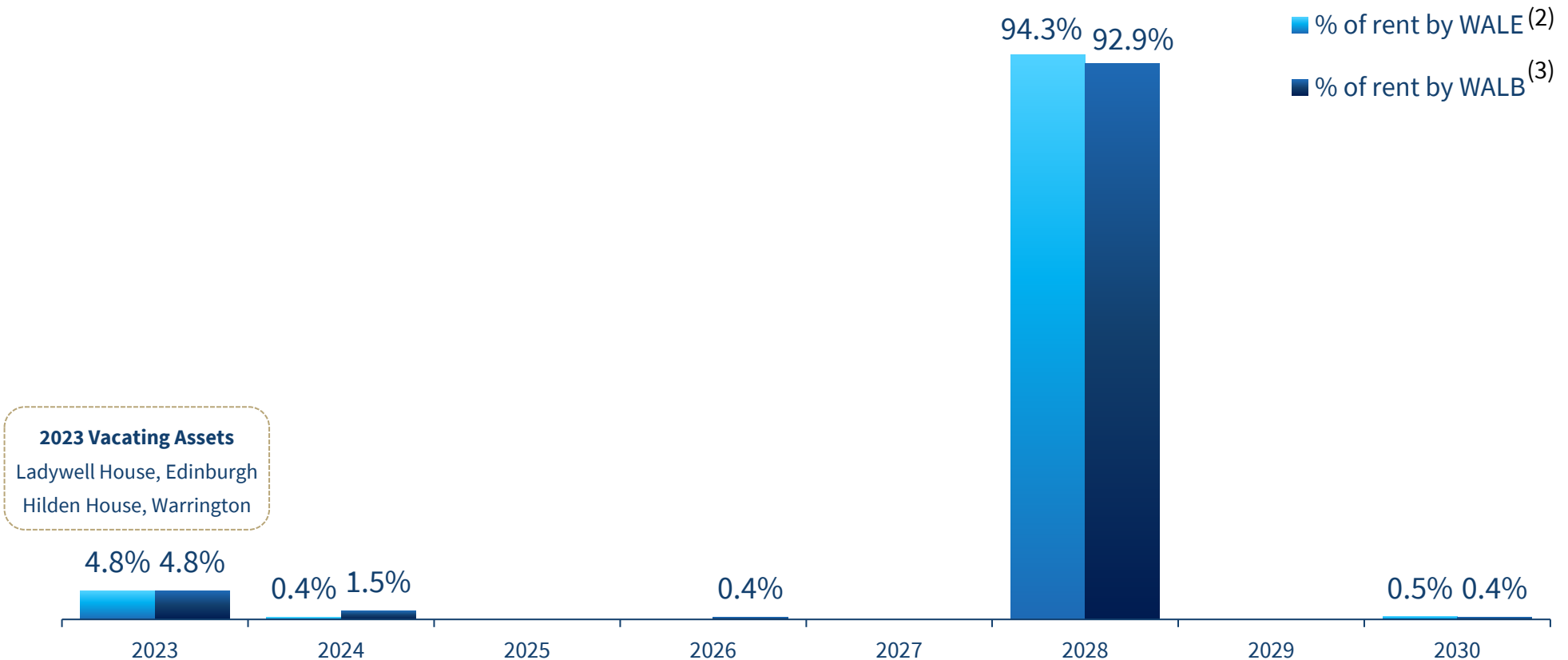
Notes:

1. As at 30 June 2023.

2. For the three-month period of July 2023 to September 2023, within seven days of the due date.

Long Portfolio WALE at 4.5 years

Lease Expiry Profile as at 30 June 2023 (% of total portfolio rent)⁽¹⁾



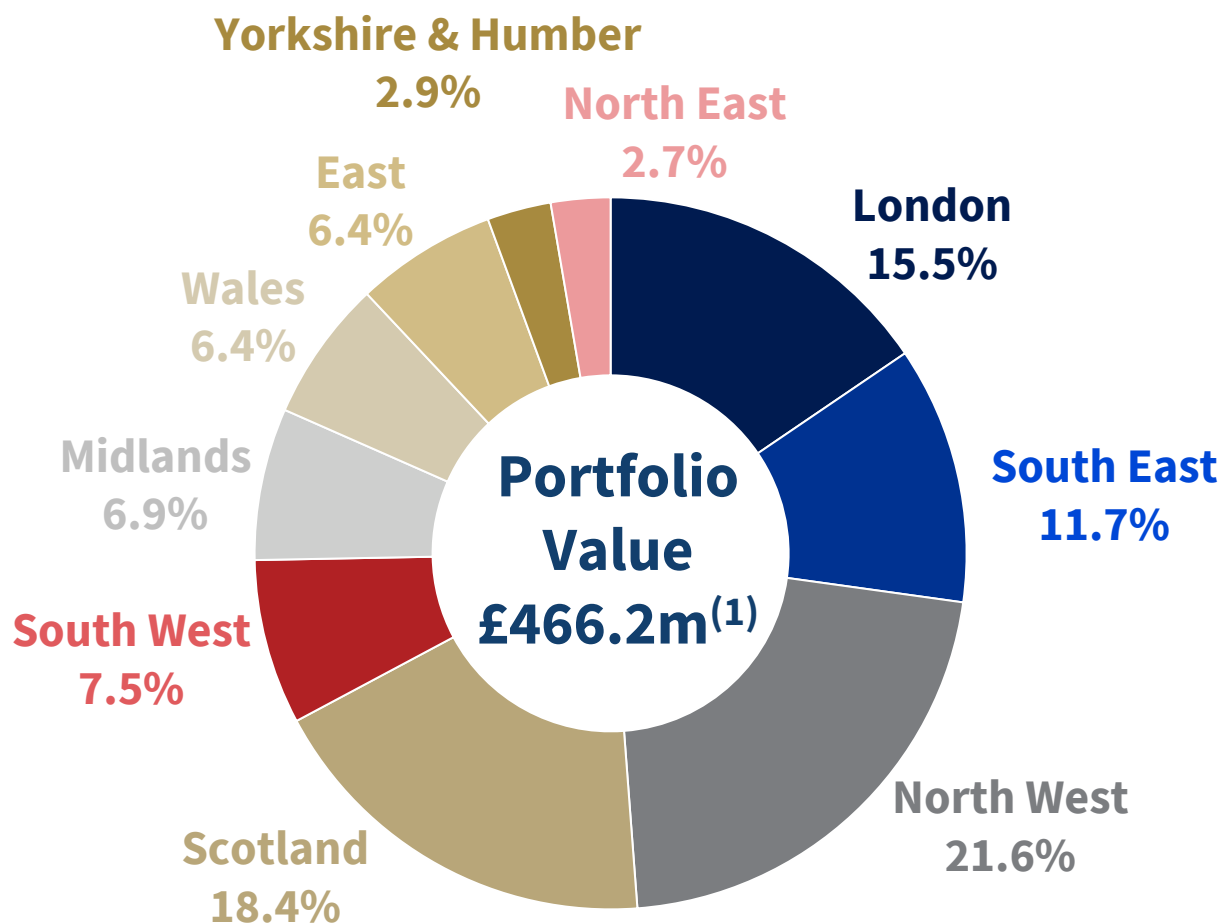
Notes:

1. Discrepancies between the listed figures and totals thereof are due to rounding.
2. Percentage of rent by WALE (Weighted Average Lease to Expiry) – Based on the final termination date of the lease agreement (assuming the tenant does not terminate the lease on the permissible break dates).
3. Percentage of rent by WALB (Weighted Average Lease to Break) – Based on the next permissible break date at the tenant’s election or the expiry of the lease, whichever is earlier.

Geographically Diversified Portfolio

A network of social infrastructure assets strategically located across the UK covering regional cities, providing a strong base of assets

Geographical Breakdown by Valuation⁽¹⁾



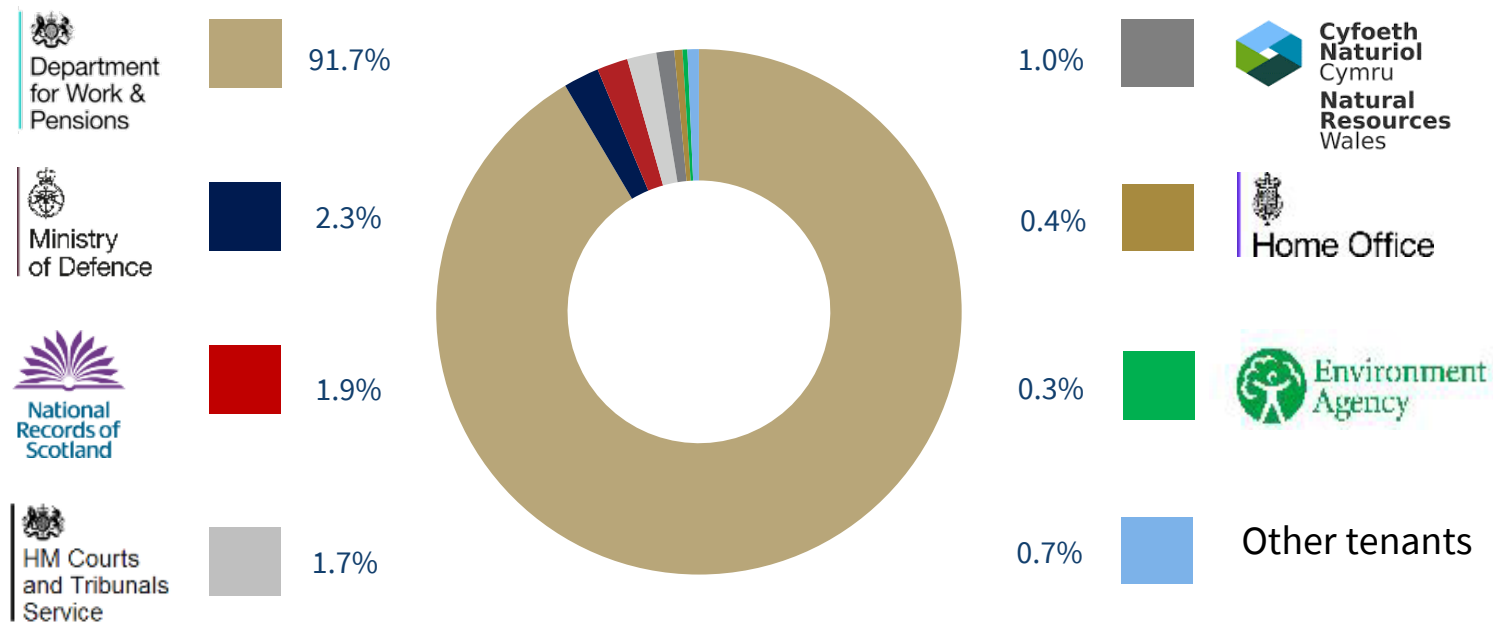
Note:

1. As at 31 December 2022.

Strong Underlying Tenant Base

- Backed by AA-rated UK sovereign credit rating, with leases signed directly with the Secretary of State⁽¹⁾, providing credit stability and income certainty
- Consistent rental collection in advance since listing
- Diversified tenant mix with UK sovereign credit rating

Tenant Breakdown by Gross Rental Income⁽²⁾



Notes:

1. Majority of the leases are signed by the Secretary of State for Levelling Up, Housing and Communities, which is a Crown Body.

2. As at 30 June 2023.

job
centre
plus



Section IV

Asset Management Updates

Crown House, Grantham

Strategies to Maximise Value

We are progressing on our action plans on Elite REIT's vacant portfolio

- ✓ Assets are located primarily in town centres, close to transportation nodes and amenities
- ✓ Various potential alternative uses are available for the assets, depending on the real estate market conditions and economic dynamics of the submarkets



Negotiating for reasonable dilapidations settlement



Potential re-letting for commercial use or other uses



Seek redevelopment consent for 'highest and best use' for vacant assets



Disposal following re-letting or with vacant possession

No.	Assets	Valuation 31 Dec 2022	Dilapidation Settlement	Long-term Asset Strategy
1	John Street, Sunderland	£500,000 ⁽¹⁾	Completed	Proposed divestments at £1.1 million, ~14.4% above valuation
2	Openshaw Jobcentre, Manchester	£475,000 ⁽¹⁾		
3	Cardwell Place, Blackburn	£500,000		
4	Leeds Road, Bradford	£690,000		
5	Crown House, Burton On Trent	£901,000	Agreed	Various ongoing asset management strategies <ul style="list-style-type: none"> ▪ Re-letting as offices ▪ Asset enhancements ▪ Asset redevelopment ▪ Divestment
6	Sidlaw House, Dundee	£1,800,000		
7	Lindsay House, Dundee	£2,050,000		
8	Hilden House, Warrington	£4,300,000		
9	Crown Buildings, Caerphilly	£535,000	In Progress	
10	St Paul's House, Chippenham	£900,000		
11	Victoria Road, Kirkcaldy	£650,000		
12	Ladywell House, Edinburgh	£4,800,000		

Note:

1. The valuation for John Street, Sunderland and Openshaw Jobcentre, Manchester as at 31 July 2023 is unchanged from the valuation as at 31 December 2022.

Asset Management Strategy

Active engagements with current and potential occupiers

Proactive Tenant Engagement

Focus on Tenant Retention

- Engage with various UK Government agencies in order to understand their requirements and to better meet their needs
- Develop collaborations that would be mutually beneficial to both occupiers and landlord

Expand on Sustainability Collaboration

- Collaborate with the DWP to deliver asset enhancement works that will improve the energy efficiency of DWP-occupied assets
- Broaden the successful sustainability collaboration with DWP to other occupiers in our portfolio

Diversify Lease Expiries and Income Profile

- Negotiate best outcomes on future lease renewals whilst seeking to diversify lease expiries and income profile





Upper Huntbach Street,
Stoke-On-Trent



ELITE COMMERCIAL REIT

Section V

Sustainability Efforts

Commitment to Sustainability

Driving sustainable value for Unitholders



Environmental

Secured landmark
Sustainability Collaboration
with the UK's Department for
Work and Pensions & Ministry
of Defence

Secured inaugural
£15 million
green revolving credit facility
to fund sustainability
enhancement works

Upgrade in
**Energy Performance
Certificate**
ratings of assets



Social

FY 2022
average training
hours per employee
71 hours

Contributions, Funds Raised & Time Volunteered towards

- Healthcare for the elderly
- Youth homelessness
- Food for lower-income families



Governance

Maintained
Zero Incidents
of non-compliance/
corruption

Majority
**Independent
Board**



Awards & Accolades

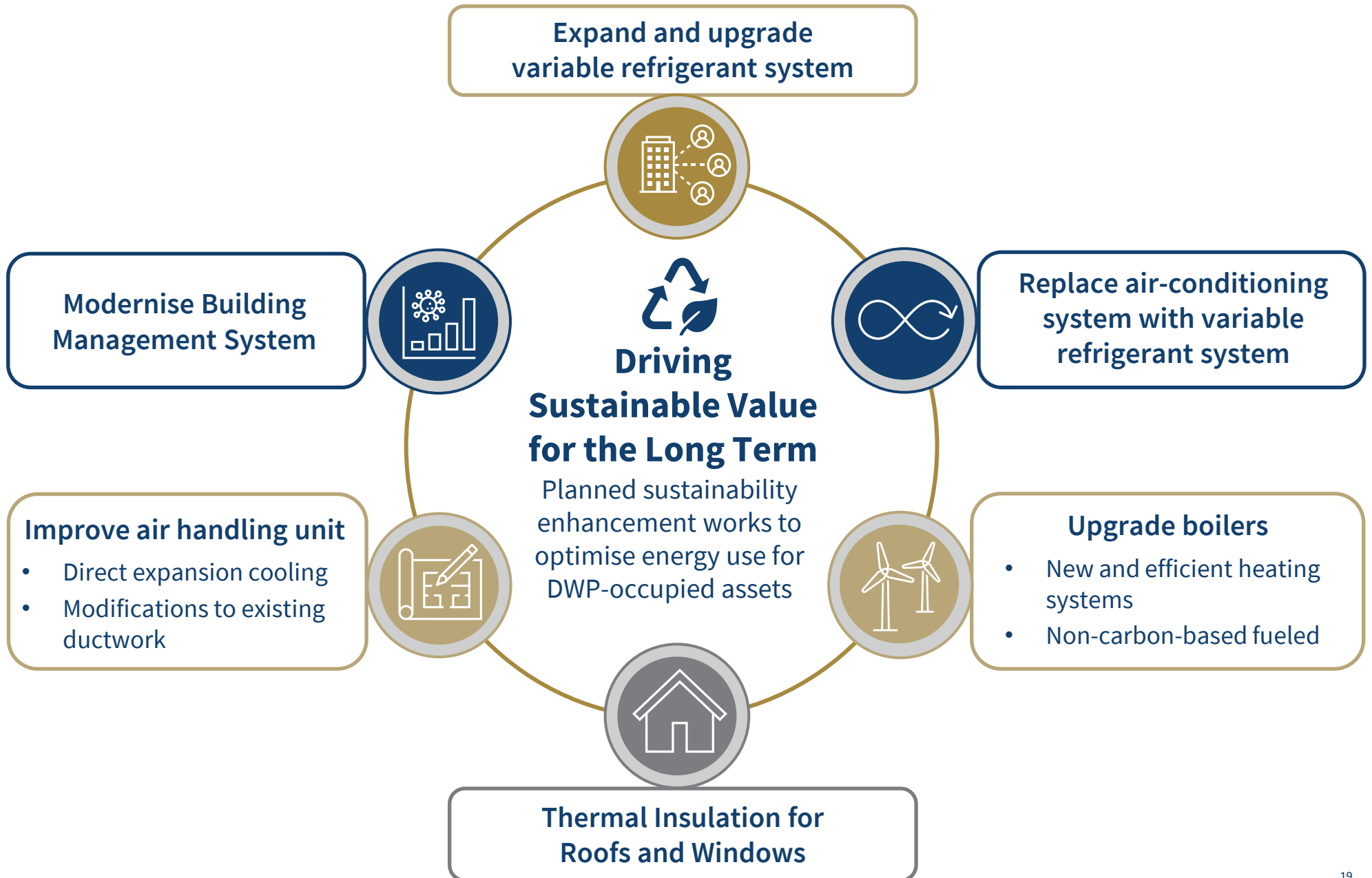
Inaugural Sustainability Report 2021
was recognised as the
Gold Winner
at the 8th Asia Sustainability Reporting
Awards in the Asia's Best Sustainability
Report (First Time) category

Annual Report 2021
was recognised as the
Platinum Winner
under the Print Media/Publications
(Annual Report) category at the global
16th Hermes Creative Awards 2022

Awarded
**Certificate for Excellence
in Investor Relations**
as finalists in three nominated award
categories at the prestigious IR Magazine
Awards 2022 – South East Asia

'Greening' the Portfolio

Asset enhancement works to boost energy efficiency of buildings



Section VI

Key Priorities



ELITE COMMERCIAL REIT



High Road, Ilford

Outlook and Opportunities

Positioning for long term income and value



Economy of the UK

- 6th largest economy in the world and 2nd largest in Europe
- Stable and lawful political and judiciary system with low levels of corruption and crime
- GBP as a 'Safe Haven' currency and is one of the most sought-after global currencies in the world and in Asia



Macroeconomic outlook

- UK inflation rate fell to 7.9%; lowest since March 2022⁽¹⁾ but still amongst the highest in major economies
- In order to combat inflation, Bank of England has raised the bank rate⁽²⁾ to 5.25%
- Jobs market is strong with unemployment rates low by historical standard at 4.0%⁽³⁾



Real estate outlook

- Most tenants in the UK have returned to full-time or hybrid basis
- Inflation and interest rates are impacting developers' build costs
- Tighter planning approvals, with focus on embodied carbon, for new-build projects

- ✓ Elite REIT's assets benefit from a resilient and stable income profile
- ✓ High level of income certainty
- ✓ Tenancies supported by AA-rated UK Government
- ✓ Only GBP-listed REIT in Singapore

- ✓ We are real estate partners to the DWP in providing critical social infrastructure to help elevate unemployment in the UK
- ✓ Elite REIT's unique class of assets benefit from triple-net leases that have inflation rental escalations, helping to mitigate rising interest rates

- ✓ Increasing demand from the tailwind of the return to office trend
- ✓ Restricted competing supplies bode well for our existing well-located assets
- ✓ Sustainability collaboration with the DWP and other key occupiers

Notes:

1. Office for National Statistics, Consumer price inflation, UK: June 2023, 19 July 2023.

2. Bank of England, Monetary Policy Summary, August 2023, 3 August 2023.

3. Office for National Statistics, Labour market overview, UK: July 2023, 11 July 2023.

Key Priorities

Management's focus areas in the near-term

01

Proactive Asset Management of Vacant Assets

- Achieve reasonable dilapidation settlements and seek potential re-letting of vacant assets
- Disposal with vacant possession or following re-letting
- Seek redevelopment consent for 'highest and best use' for vacant assets



02

Capital Management

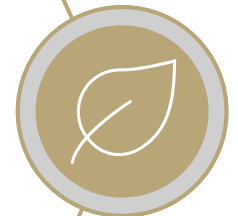
- Reduce gearing through capital recycling to strengthen balance sheet
- Diversify funding sources by expanding financier relationships and accessing new sources of capital
- Opportunistic divestments to fund asset enhancement and manage gearing



03

Future-proof our Assets

- Diversify lease expiry profile and extend leases ahead of expiries
- Expand the sustainability collaboration project to more properties
- Improve energy performance certificate ratings
- Explore co-location of selected properties with other government occupiers



04

Improve Trading Liquidity

- Broaden research analyst and media coverage
- Step up investor engagement through regular investor roadshows and participation in conferences
- Improve liquidity via a larger asset base as the REIT grows in the future





Thank You

For enquiries, please contact:

Ms CHAI Hung Yin, Investor Relations

Elite Commercial REIT Management Pte. Ltd.

DID: +(65) 6955 9977 Main: +(65) 6955 9999 Email: hungyin.chai@elitecreit.com

Address: 8 Temasek Boulevard, #37-02 Suntec Tower Three, Singapore 038988

<https://www.elitecreit.com/>



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Website



Section VII

Additional Information



ELITE COMMERCIAL REIT



Tannery House, Alfreton

Portfolio Overview as at 30 June 2023

London

Properties	10
Net internal area (sq ft)	193,532
Valuation (£ million)	72.3
% portfolio (by valuation)	15.5%
Annualised GRI yield	5.0%

South East

Properties	12
Net internal area (sq ft)	310,261
Valuation (£ million)	54.5
% portfolio (by valuation)	11.7%
Annualised GRI yield	6.8%

South West

Properties	12
Net internal area (sq ft)	257,045
Valuation (£ million)	34.9
% portfolio (by valuation)	7.5%
Annualised GRI yield	8.3%

Wales

Properties	20
Net internal area (sq ft)	338,258
Valuation (£ million)	29.7
% portfolio (by valuation)	6.4%
Annualised GRI yield	9.3%

East

Properties	8
Net internal area (sq ft)	223,847
Valuation (£ million)	29.7
% portfolio (by valuation)	6.4%
Annualised GRI yield	7.6%

Portfolio

Properties	155
Net internal area (sq ft)	3,889,340
Valuation as at 31 December 2023 (£ million)	466.2
WALE / WALB	4.5 years / 4.5 years
Occupancy Rate (by net internal area)	92.1%
Annualised GRI yield	7.8%

Scotland

Properties	27
Net internal area (sq ft)	847,174
Valuation (£ million)	86.0
% portfolio (by valuation)	18.4%
Annualised GRI yield	9.0%

North East

Properties	12
Net internal area (sq ft)	189,865
Valuation (£ million)	12.8
% portfolio (by valuation)	2.7%
Annualised GRI yield	9.9%

North West

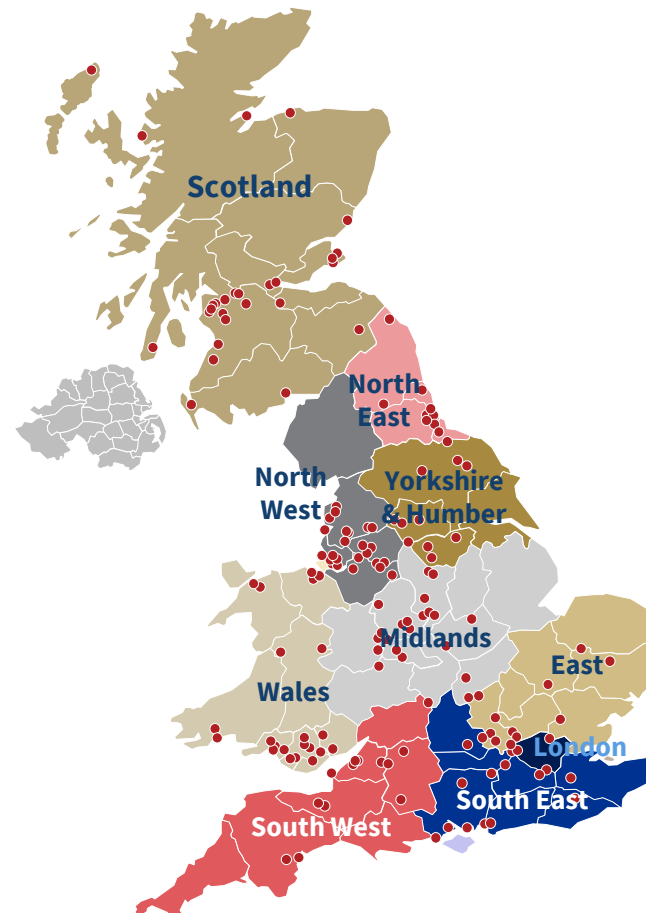
Properties	26
Net internal area (sq ft)	985,205
Valuation (£ million)	100.5
% portfolio (by valuation)	21.6%
Annualised GRI yield	7.9%

Yorkshire & Humber

Properties	11
Net internal area (sq ft)	186,281
Valuation (£ million)	13.4
% portfolio (by valuation)	2.9%
Annualised GRI yield	10.7%

Midlands

Properties	17
Net internal area (sq ft)	357,872
Valuation (£ million)	32.3
% portfolio (by valuation)	6.9%
Annualised GRI yield	8.8%



Note:

1. Annualised GRI yield is derived from dividing annualised GRI by valuation as at 31 December 2022.

Hedge Against Rising Inflation

1

Lease stability & income visibility

Long portfolio WALE of 4.5 years

2

Leases are on full repairing and insuring (FRI) basis

Responsibility for repair and maintenance is placed with the tenant for occupied assets

3

Naturally hedged against forex fluctuations

Assets and liabilities as well as distributions are denominated in GBP

4

Largely insulated from interest rate hikes

~62% of interest rate exposure is fixed

5

Secured distributions

Consistently achieved ~100% of rental collection in advance since listing

Disclaimer



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