

ELITE REIT ON-TRACK TO UNLOCK VALUE WITH EXPANDED INVESTMENT STRATEGY; REPORTS DPU OF 0.67 PENCE¹ FOR 1Q 2024

- *High portfolio occupancy of 92.3% as at 31 March 2024, with rent collected in advance for the period of three months to 30 June 2024*
- *Secured five-year lease renewal for Phoenix House, Bradford²*
- *Identified value creation opportunities within the portfolio, including the potential conversion of assets into student housing and data centre*

Summary of Financial Results

	1Q 2024	1Q 2023	Variance (%)
Revenue (£'000)	9,249 ⁽³⁾	9,171	0.8
Net Property Income (£'000)	8,335 ⁽³⁾	8,651	(3.7)
Amount generated during the period for distribution to Unitholders (£'000)	4,377 ⁽³⁾	4,536	(3.5)
Distributions per Unit ⁽¹⁾ ("DPU") – pence	0.67	0.85	(21.2)

SINGAPORE, 3 May 2024 – Elite Commercial REIT Management Pte. Ltd., the manager (the "Manager") of Elite Commercial REIT ("Elite REIT"), today announced its business update for the three months period ended 31 March 2024 ("1Q 2024"). Elite REIT reported revenue growth of 0.8% to £9.2 million compared to a year ago ("1Q 2023") and a distributable income to unitholders of £4.4 million.

Financial Performance

Revenue growth in 1Q 2024 was offset by non-income generating vacant assets and vacancy holding costs. Net property income and the amount generated during the period for distribution to Unitholders was £8.3 million and £4.4 million respectively. Together with an enlarged equity

¹ Based on 90% payout ratio. At 100% payout ratio, the DPU in respect of 1Q 2024 and 1Q 2023 are 0.74 pence and 0.94 pence respectively.

² The renewal of the lease was for another five straight years with no lease break option, commencing Jan 2024 and maturing in Jan 2029.

³ Excludes the effect of straight-line rent adjustments.

base due to the preferential offering completed on 18 January 2024, 1Q 2024 DPU stood at 0.67 pence¹.

Mr. Joshua Liaw, Chief Executive Officer of the Manager said: “While market uncertainty persists, we have reinforced our capital structure with new credit facilities and have started putting our asset repositioning strategies into action.

“Unlocking value for Unitholders remains a key priority. This entails further strengthening of our balance sheet and exploring ways to unlock the intrinsic value of our portfolio. With our expanded investment mandate to include the defensive Living Sector, we have identified several potential opportunities in our portfolio. The UK student housing market and Build-to-Rent segments are currently facing a supply-demand imbalance, which presents an opportunity for our assets to be repositioned to fill this gap. We remain focused on bolstering our foundation for future growth.”

Strengthening Capital Structure for Growth

Net gearing ratio⁴ stood at 41.5% and Elite REIT has a debt headroom of £55.0 million⁵ as at 31 March 2024, which includes the proceeds from the successful £28 million preferential offering (“**Preferential Offering**”) that concluded on 18 January 2024, with an oversubscription rate of over 120% and strong commitment from Sponsors and substantial Unitholders.

As part of its proactive capital management strategy, Elite REIT obtained a committed offer in March 2024 for debt facilities of up to £135 million (“**Credit Facilities**”) from a group of financial institutions sourced through its Sponsors. Structured as three-year term and revolving credit facilities, funds from the Credit Facilities will be used for *inter alia* the refinancing of Elite REIT’s existing loan facilities.

Post-refinancing, about 64% of Elite REIT’s borrowings are hedged on fixed interest rates and interest coverage ratio remains strong at 3.1 times as at 31 March 2024.

Unlocking Value within Elite REIT’s Portfolio

Elite REIT’s portfolio is 92.3% occupied as at 31 March 2024, with rents collected in advance. The portfolio’s weighted average lease expiry (“**WALE**”) was 4.0 years as at 31 March 2024. The

⁴ Net gearing is calculated as aggregate debt less cash over total assets less cash.

⁵ Based on gearing limit of 50%.

leases are on triple net basis⁶, majority of which are signed directly with the UK Government⁷, providing credit stability and income certainty for Elite REIT. The Manager has started early negotiations on tenant retention and lease expiry diversification.

Expansion of Investment Strategy

The Manager had announced on 15 April 2024 that the investment strategy of Elite REIT will be expanded to include a wider scope of asset classes within the UK. The expanded investment strategy would enable Elite REIT to capitalise on emerging market trends and sectors exhibiting strong growth potential such as the Living Sector, which includes purpose-built student accommodation (“**PBSA**”) and Built-to-Rent residential assets.

The strategic location of Elite REIT’s assets – highly accessible to key transportation nodes and amenities – is complementary to these asset classes with favourable demand-supply dynamics. Through the broadened investment strategy, Elite REIT would be able to achieve portfolio diversification in terms of income stream, asset classes and tenancy, further enhancing the resilience of the portfolio. The clear geography boundary in terms of operations within the UK provides investors a UK pure-play investment mandate and exposure, hence increasing institutional investor appeal.

As part of Elite REIT’s broadened investment mandate, the Manager has identified several high-potential high-yield assets within its current portfolio for strategic asset repositioning. These include potentially a data centre development site in Blackpool which has received a positive pre-application response from the local authority and a conversion opportunity to a PBSA asset for Lindsay House, Dundee. On this front, Elite REIT will tap into the expertise and network of one of its Sponsors, Sunway RE Capital Pte. Ltd. (“**Sunway**”), as the Manager ventures into this new asset class. Sunway has been active in the PBSA sector in the UK, owning a portfolio of quality PBSA assets in Bristol, Manchester, Sheffield and Southampton.

The Manager will also be leveraging on the strategic locations of its properties. Subject to approval by the local authorities, these assets may be held on for redevelopment into other uses or disposed with the benefit of approvals.

⁶ Known as full repairing and insuring leases, 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.

⁷ A majority of the leases are signed by the Secretary of State for Levelling Up, Housing and Communities, which is a Crown Body.



Even as Elite REIT broadens its focus to the Living Sector in the UK, Elite REIT continues to be well-invested in the social infrastructure asset sector made up of its existing portfolio of Jobcentre Plus and government infrastructure and workspaces. The existing portfolio of asset is supported by a stable government-backed income stream with AA-rated sovereign credit strength.

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About Elite Commercial REIT

Elite Commercial REIT (“**Elite REIT**”) is a Singapore real estate investment trust established with the investment strategy of principally investing, directly or indirectly, in commercial real-estate related assets in the United Kingdom (“**UK**”). Elite REIT is the only UK REIT listed in Pound sterling on the Singapore Exchange.

Elite REIT’s portfolio (“**Portfolio**”) comprises predominantly freehold properties strategically located mainly in town centres, and near amenities and transportation nodes. The Portfolio offers a stable government-backed income stream with over 99% of the gross rental income derived from the UK Government, backed by AA-rated sovereign credit strength. The leases are on triple net basis⁸ and Elite REIT is one of the largest providers of critical social infrastructure to the Department for Work & Pensions (“**DWP**”) and other UK Government departments. The DWP is the UK’s largest public service department that is responsible for welfare, pensions and child maintenance policy, serving over 20 million claimants and customers. The Portfolio is part of the crucial social infrastructure through which the DWP provides services to local communities.

Elite REIT’s key objectives are to provide Unitholders with regular and stable distributions and to achieve long-term growth in distribution and net asset value per unit, while maintaining an optimal capital structure through disciplined execution of its key strategies.



For more information, please visit
<https://elitecreit.com/>



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⁸ Known as full repairing and insuring leases, 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.



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.

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.