

1H 2024

# Financial Results

7 August 2024





Section I

# 1H 2024 Highlights



Monks Park Avenue, Bristol

# Adjusting our Sails to Navigate the Winds



## STABILITY

- **Reduced borrowings** by more than £38m through fundraising and capital recycling from dilapidation settlements and divestments
- **All refinancing completed** with no financing requirements until 2027
- Portfolio **valuation held steady** and rose by 0.6%
- Distributable income buttressed by rental escalations and cost savings from lower debt

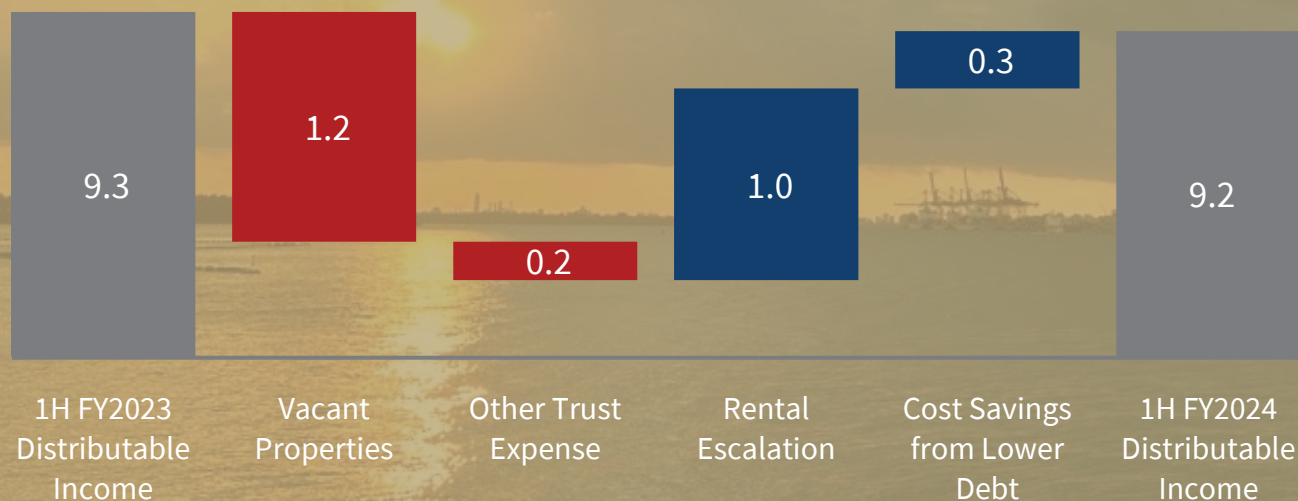


## TRANSFORMATION

- Funded £15m of **sustainability capital expenditure** in collaboration with tenants
- Proactive **strategic fundraising** to reduce net gearing to 41.4%
- 100% **sustainability financing** supported by a diversified group of relationship banks
- Expanded **investment strategy** to focus on the **Living Sector** in addition to social infrastructure

### Distributable income has stabilised...

(£'m)



1H 2024

1H 2023



143

145

Occupied Properties contributing £18.6m Revenue

Occupied Properties contributing £18.7m Revenue

... through a combination of **strategic capital management** and **proactive asset management**

# Key Highlights of 1H 2024

## Financial Highlights

**1.40** 1H 2024 DPU<sup>(1)</sup>  
pence ▼ 2.1%<sup>(2)</sup> yoy mainly due to vacant assets

**£18.6** 1H 2024 Revenue<sup>(3)</sup>  
million ▼ 0.6% yoy mainly due to vacant assets

**11.7** Distribution Yield  
per cent Based on £0.24 unit price and annualised 1H 2024 DPU

**£0.41** Net Asset Value  
per unit 0.6x Price to Book based on £0.24 unit price

## Capital Management

**41.4** Net Gearing<sup>(4)</sup>  
per cent ▼ 610 bps vs 31 Dec 2023

**£57.9** Debt Headroom<sup>(5)</sup>  
million No further refinancing requirements until 2027

**3.0** Interest Cover  
times Average cost of debt of 5.2% p.a.

**100** Rental Collection  
per cent Rental income received from UK Government 3 months in advance

## Asset Management

**£415** Portfolio Valuation  
million ▲ 0.6% vs 31 Dec 2023

**92.3** Total Occupancy Rate  
per cent ▲ 0.2% vs as at 30 June 2023

**3.8** Weighted Average Lease Expiry  
years

**>30** Rental Reversion<sup>(6)</sup>  
per cent 10-year lease renewal for Dallas Court, Salford

### Notes:

- (1) Distribution per Unit based on 90% payout ratio. At 100% payout ratio, the DPU in respect of 1H 2024 is 1.56 pence.
- (2) Comparison against 1H 2023 DPU at 1.43 pence, adjusted based on enlarged equity base of 587.1m units in issue as of 30 Jun 2024. Actual 1H 2023 DPU was 1.74 pence.
- (3) Excludes effect of straight-line rent adjustments.
- (4) Net gearing is calculated as aggregate debt less cash over total assets less cash. Aggregate Leverage calculated as per the Property Funds Appendix would be 43.4% as at 30 Jun 2024.
- (5) Based on gearing limit of 50%.
- (6) Lease renewal for 10 years commencing in June 2024 and maturing in June 2034.



Section II

1H 2024

Financial Performance

Oates House, Stratford

# Financial Highlights – 1H 2024 vs 1H 2023

Financial Results	1H 2024	1H 2023	Change	
	£'000	£'000	%	Factors influencing y-o-y performance
Revenue <sup>(1)</sup>	18,612	18,730	▼ 0.6	<ul style="list-style-type: none"> <li>Lower revenue mainly due to non-income generating vacant assets offset by rent escalations in Apr 2023</li> </ul>
Net Property Income <sup>(1)</sup>	18,732	19,629	▼ 4.7	
Amount generated during the period for distribution to Unitholders	9,183	9,340	▼ 1.7	<ul style="list-style-type: none"> <li>Increase in vacancy holding costs due to timing</li> </ul>
Distribution per unit <sup>(2)</sup> (“DPU”) – pence	1.40	1.74	▼ 19.5	<ul style="list-style-type: none"> <li>Enlarged equity base y-o-y due to preferential offering completed in 1Q 2024</li> </ul>
Adjusted DPU – pence	1.40	1.43 <sup>(3)</sup>	▼ 2.1	

Financial Position	30 Jun 2024	31 Dec 2023
	£'000	£'000
Non-current assets	416,597	414,202
Current assets	29,787	29,841
<b>Total assets</b>	<b>446,384</b>	<b>444,043</b>
Non-current liabilities	16,189	95,245
Current liabilities	192,302	141,556
<b>Total liabilities</b>	<b>208,491</b>	<b>236,801</b>
<b>Net assets / Unitholders' funds</b>	<b>237,893</b>	<b>207,242</b>

Financial Position	30 Jun 2024	31 Dec 2023
Units in issue ('000)	587,086	482,966
<b>Net asset value per Unit (£)</b>	<b>0.41</b>	<b>0.43</b>
<b>Net Gearing Ratio</b>	<b>41.4%</b>	<b>47.5%</b>

#### Notes:

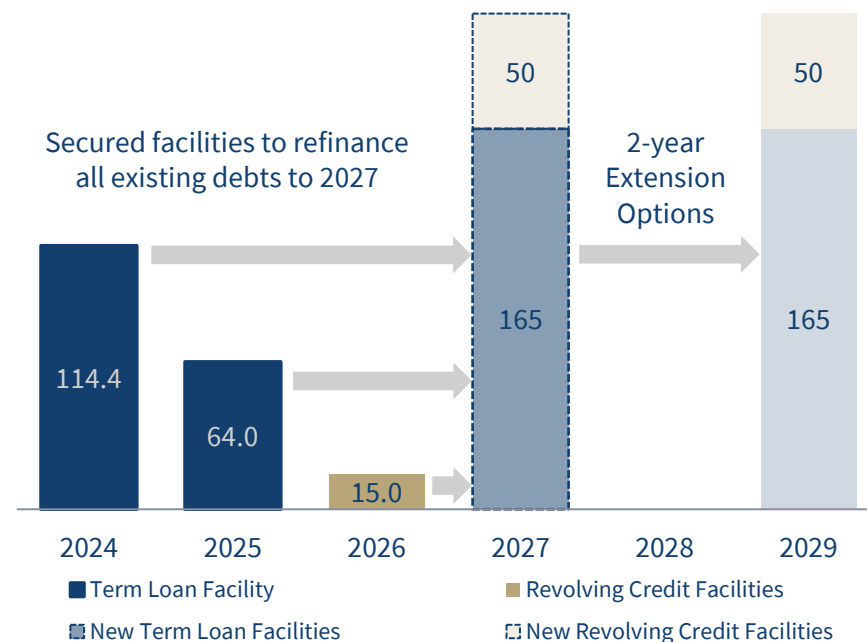
- (1) Excludes effect of straight-line rent adjustments.
- (2) Based on 90% payout ratio. At 100% payout ratio, the DPU in respect of 1H 2024 and 1H 2023 are 1.56 pence and 1.94 pence respectively.
- (3) Adjusted 1H 2023 DPU based on units in issue of 587.1m as of 30 Jun 2024.

# Capital Management

No refinancing requirements until 2027

	30 Jun 2024	31 Dec 2023
<b>Total Debt</b>	£193.4m	£221.3m
<b>Net Gearing Ratio<sup>(1)</sup></b>	41.4%	47.5%
<b>Borrowing Costs</b>	5.2%	5.2%
<b>Interest Coverage Ratio</b>	3.0x	3.1x
<b>Interest Rate Fixed</b>	63%	63%
<b>Available Debt Headroom<sup>(2)</sup></b>	£57.9m	£0.1m

## Elite UK REIT's Debt Maturity Profile



### Refinancing Updates

- ✓ Completed refinancing for all debt due between 2024 and 2026 with **no refinancing requirements until 2027**
- ✓ **£215m sustainability-linked loan facilities** with interest-savings as assets' energy performance improves
- ✓ More **diverse group of relationship lenders** in UK and Asia supporting Elite UK REIT with improved covenants
- ✓ Elite UK REIT can **better manage cash received in advance** to reduce negative carry with £50m revolving loan tranche
- ✓ REIT has flexibility to manage its future maturities with the **2-year extension options**

#### Notes:

(1) Net gearing is calculated as aggregate debt less cash over total assets less cash. Aggregate Leverage calculated as per the Property Funds Appendix would be 43.4% as at 30 Jun 2024.

(2) Based on gearing limit of 50%.



Section III

1H 2024

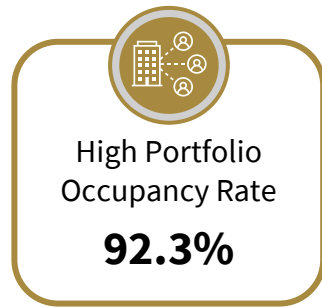
Portfolio Performance



Broadway House, Ealing

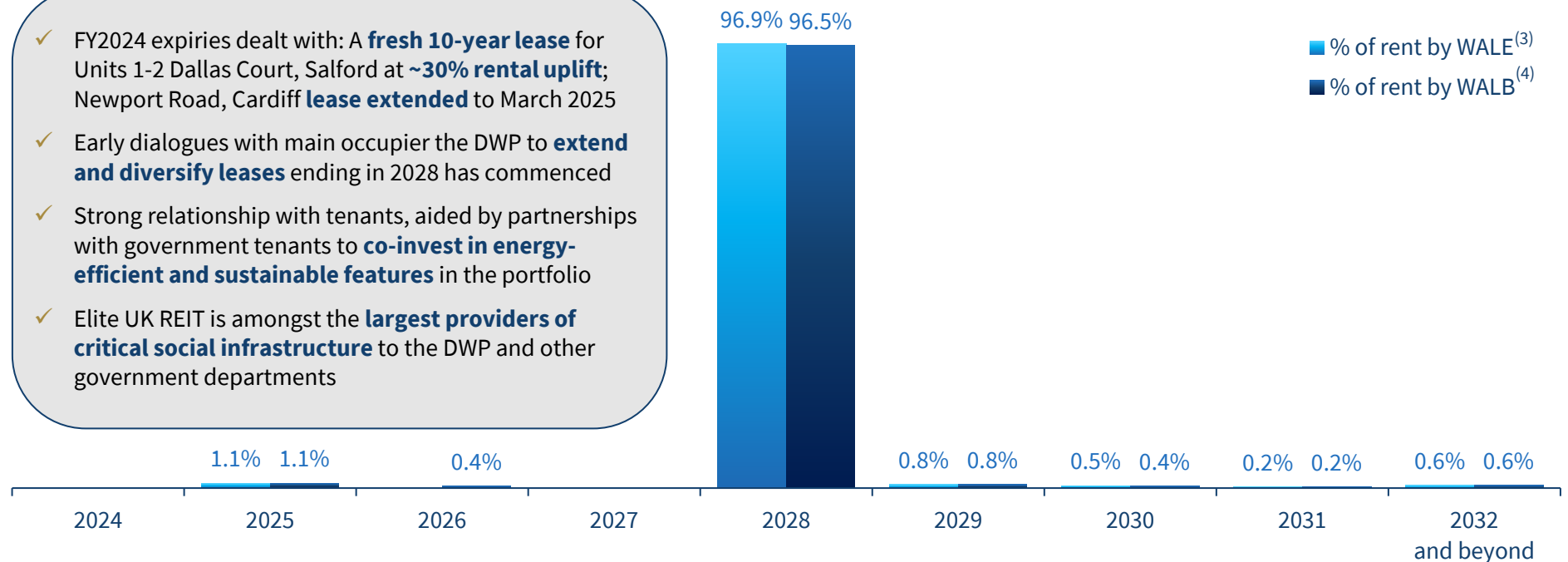


# Full Income Visibility from Government Leases



## Lease Expiry Profile as at 30 June 2024 (% of total portfolio rent)<sup>(2)</sup>

- ✓ FY2024 expiries dealt with: A **fresh 10-year lease** for Units 1-2 Dallas Court, Salford at **~30% rental uplift**; Newport Road, Cardiff **lease extended** to March 2025
- ✓ Early dialogues with main occupier the DWP to **extend and diversify leases** ending in 2028 has commenced
- ✓ Strong relationship with tenants, aided by partnerships with government tenants to **co-invest in energy-efficient and sustainable features** in the portfolio
- ✓ Elite UK REIT is amongst the **largest providers of critical social infrastructure** to the DWP and other government departments



### Notes:

- (1) Lease renewal for 10 years commencing in June 2024 and maturing in June 2034.
- (2) Discrepancies between the listed figures and totals thereof are due to rounding.
- (3) Percentage of rent by WALE (Weighted Average Lease to Expiry) is based on the final termination date of the lease agreement (assuming the tenant does not terminate the lease on the permissible break dates).
- (4) Percentage of rent by WALB (Weighted Average Lease to Break) is based on the earlier of the next permissible break date at the tenant's election or the expiry of the lease.

# Diversified & Stable Portfolio



## Unique Asset Class

Network of social infrastructure assets serving the local communities



## Strategically Located

Assets located primarily in town centres, close to key transport nodes and amenities



## Credit Stability & Income Certainty

Leases signed directly with the Secretary of State<sup>(1)</sup>



## Geographically Diversified

Located across the UK covering regional cities



## Resilient Tenant Base

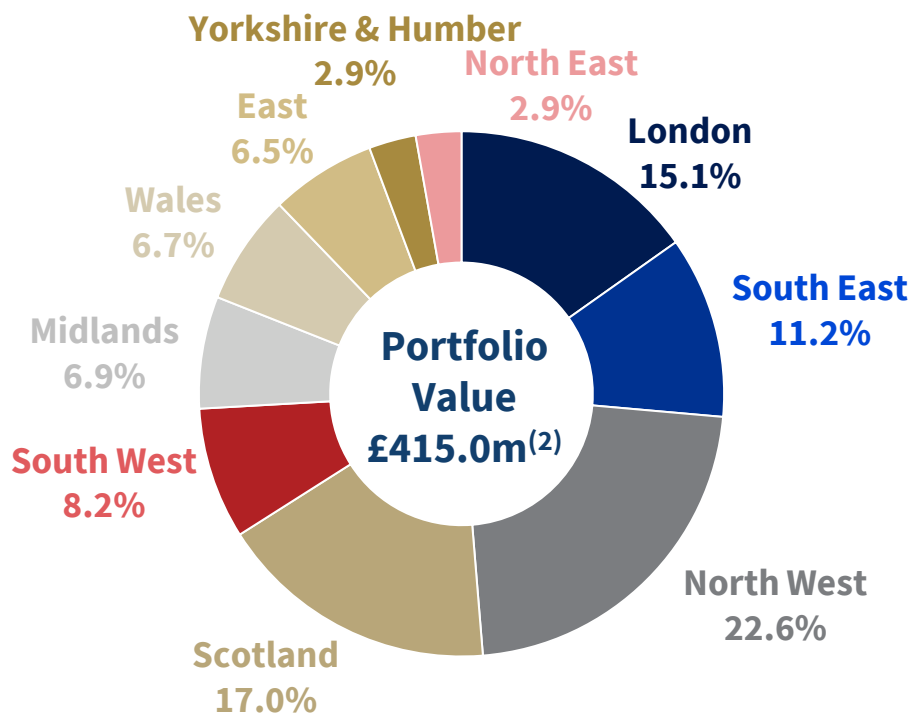
Tenancies backed by AA-rated UK sovereign credit strength



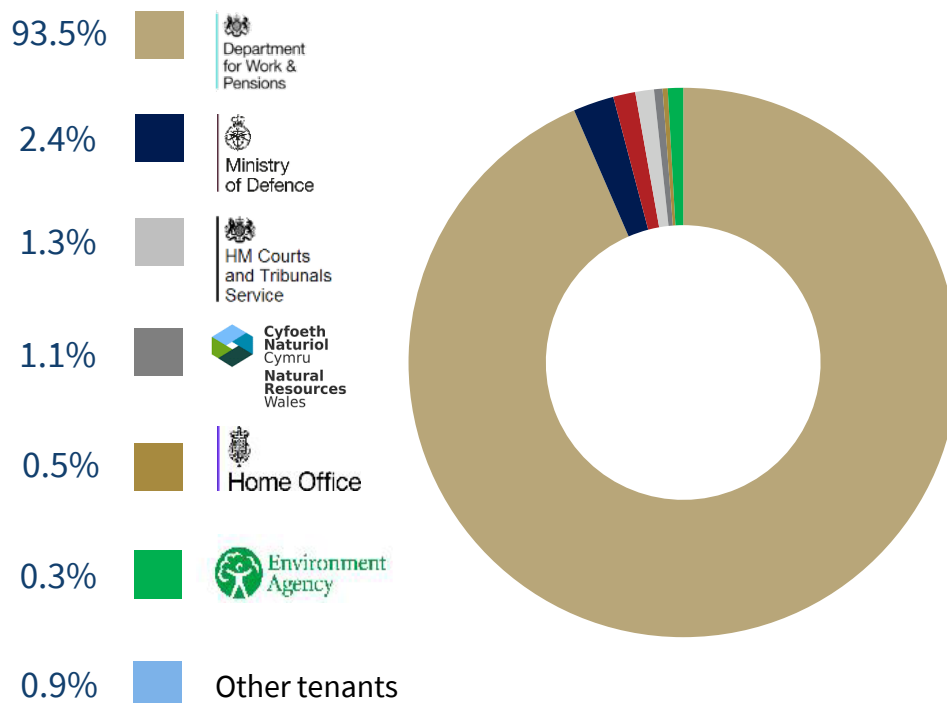
## Secured Distributions

Consistent rental collection in advance since listing

## Geographical Breakdown by Valuation<sup>(1)</sup>



## Tenant Breakdown by Gross Rental Income<sup>(3)</sup>



### 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) Latest portfolio asset valuation as on 30 June 2024 for 150 properties in Elite UK REIT's portfolio.
- (3) As at 30 June 2024.

# What does the future look like?

Elite UK REIT will broaden its portfolio mix to other defensive sectors

## Long-term vision for Elite UK 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



#### 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 UK REIT to position for Growth

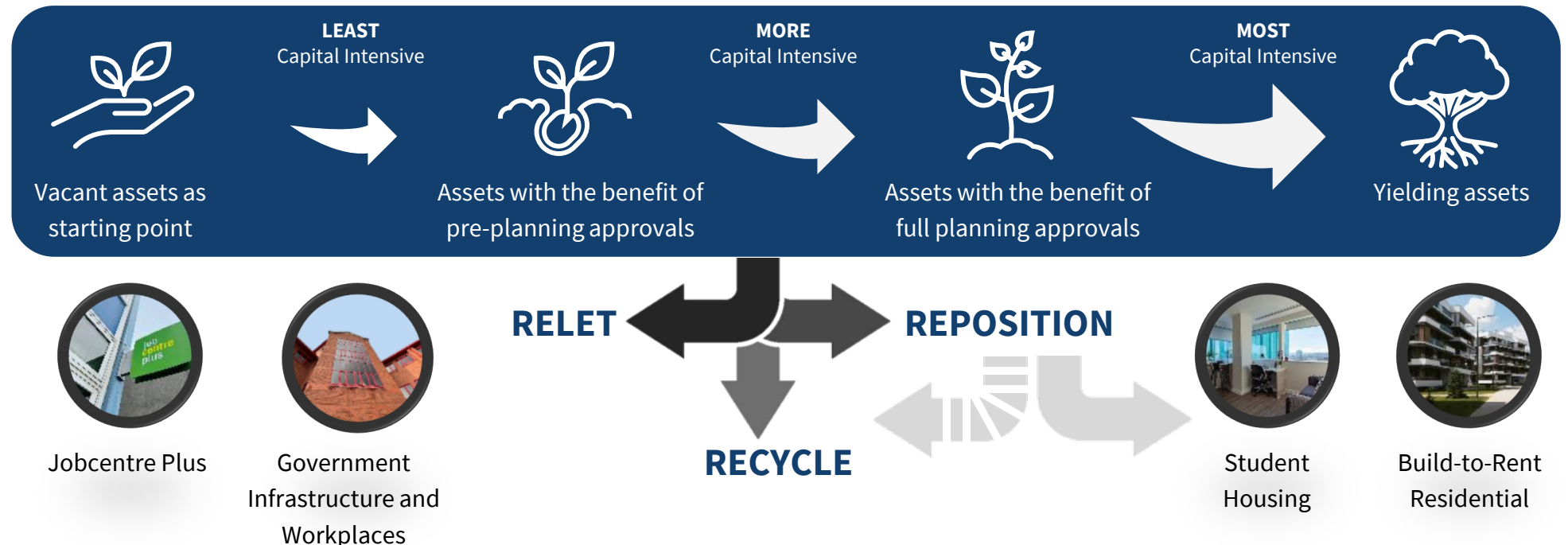


- 1 Promote growth through the expansion of the investment strategy which will also bring about **diversification** in asset class and tenancy
- 2 In-line with our objective to **unlock latent value** of Elite UK REIT's portfolio of assets through **proactive asset management**
- 3 **Favourable demand-supply dynamics** in the UK Living Sector complementary to the **location** of Elite UK 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** for commercial or other uses, or **REPOSITIONED** or disposed with capital **RECYCLED** back into the balance sheet
- ✓ Various potential alternative uses may be 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 such assets 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 are currently undersupplied in certain markets and facing positive tailwinds



# 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
- ✓ Part of **Blackpool's £1bn+ Growth and Prosperity Programme** which includes development projects in the Blackpool Airport Enterprise Zone and Talbot Gateway Central Business District
- ✓ Various UK government departments are based nearby and may be end-users of data centre capacity

# Commitment to ESG

Driving sustainable value for Unitholders

**E**

## Sustainable Financing for Better Energy Efficiency

**100**  
per cent

**Sustainability-linked loan**  
Potential savings in borrowing costs as it achieves sustainability target to improve energy performance ratings of its asset portfolio

**S**

## Alignment of Corporate Purpose & Social Impact



### Conferred Company of Good – 3 Hearts

The conferment recognises outstanding organisations in Singapore who are making contributions in five impact areas of People, Society, Governance, Environment and Economic

**Early**  
Adopter  
Programme

### Sustainable Philanthropy Framework

Commitment to report at least one metric in each mode of philanthropy and commitment to enhance philanthropy efforts over time

**G**

## Governance & Stewardship

**Zero**  
per cent

Maintained zero incidence of non-compliance / corruption

**56**  
per cent

**Majority Independent Board**  
Chairman of the Board of Directors is Independent and Non-Executive

**11.1**  
per cent

**Board Gender Diversity**  
Target for the Board to achieve a 30% minimum representation of each gender by 2029

**3.9**  
years

**Average Length of Service**  
The Manager benefits from deeper and wider range of directors' professional experiences through planned board renewal process

**↑ 25**  
places

**Ranks #15 on the 2024 Singapore Governance & Transparency Index**  
Elite UK REIT ranks #15 out of 43 S-REITs and Business Trusts, moving up 25 ranks with overall score improving significantly by 22% to 93.3



Section VI

# Key Priorities



High Road, Ilford



# Outlook and Opportunities

## Positioning for long-term income and value



### Economy of the UK

- 6<sup>th</sup> largest economy in the world and 2<sup>nd</sup> largest in Europe
- Stable and lawful political and judiciary system with low levels of corruption and crime
- Pound sterling as a leading reserve currency and is one of the most sought-after global currencies in the world and in Asia



### Macroeconomic outlook

- 12-month UK inflation rate was 2.0% as at Jun 2024, well below its peak of 11.1% in Oct 2022<sup>(1)</sup>.
- Bank of England cuts interest rates to 5.00% from a 16-year-high, marking the first cut since the start of the pandemic in Mar 2020<sup>(2)</sup>
- Unemployment rate was an estimated 4.4% in Mar 2024 to May 2024<sup>(3)</sup>, and UK claimant count for Jun 2024 increased to 1.663m<sup>(4)</sup>



### Real estate outlook

- The Bank of England has signaled in its latest minutes that inflation is likely to stay 'sticky' and rates may have to stay elevated notwithstanding its recent interest rate cuts
- The new Labour government has pledged to build 1.5m homes in the UK to elevate national housing shortages

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

- ✓ We are real estate partners to the DWP in providing critical social infrastructure to help alleviate unemployment in the UK
- ✓ Elite UK REIT's unique class of assets benefits from triple-net leases, inflation rental escalations and an overall cashflow-resilient profile

- ✓ Combination of yield stability and falling debt costs will stimulate investment activity in 2024
- ✓ UK is expected to remain attractive for the living sector with strong demand for well-located assets
- ✓ Elite UK REIT's assets are well-located to key transportation nodes and amenities around the UK

#### Notes:

(1) Office for National Statistics, Consumer Price Inflation, UK: June 2024, 17 July 2024.

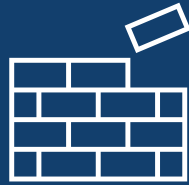
(2) Bank of England, Monetary Policy Summary, 31 July 2024.

(3) Office for National Statistics, Labour market overview, UK: July 2024, 18 July 2024.

(4) Office for National Statistics, CLA01: Claimant Count (Experimental Statistics), 18 July 2024.

# 2024 – 2025 Key Priorities

Management's focus areas in the near-term



## 1. Proactive asset management



Opportunistic divestment +  
capital recycling to lower gearing



Widen analyst +  
media coverage



Highest + best  
alternative uses



Equity index  
inclusion



Extend and  
diversify leases



Social focus +  
sustainability



Sub-40% long  
term gearing

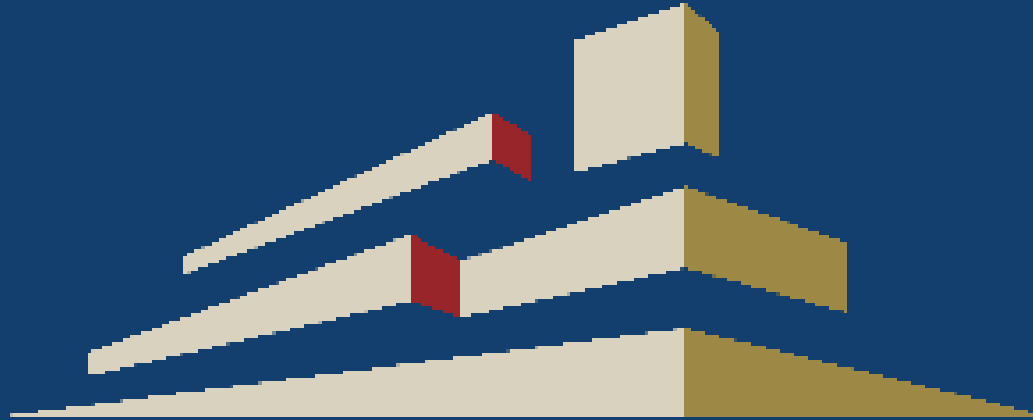


## 3. Improve liquidity



## 2. Capital management





# ELITE UK REIT

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LinkedIn



ELITEUKREIT  
Website

Section VII

# Additional Information



Duchy House, Preston  
Palatine House, Preston

# UK REIT listed in Singapore

Government facilities providing critical services to local communities<sup>(1)</sup>



**100%**

Freehold and Long Leasehold Assets<sup>(2)</sup>



**Triple Net**

Full Repairing & Insuring Leases<sup>(3)</sup>



**3.8**

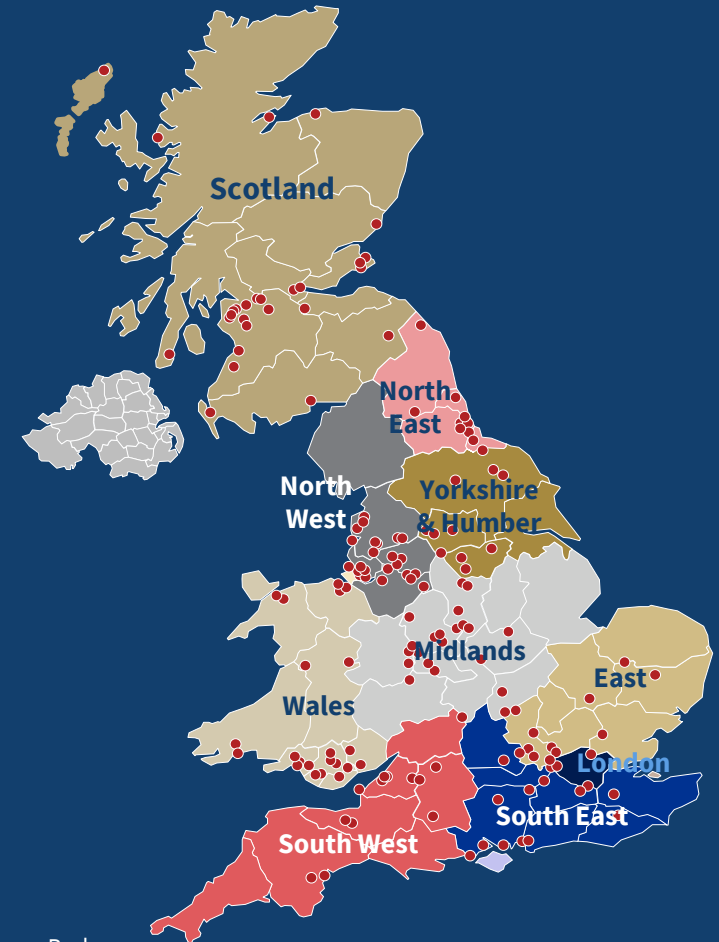
Million Square Feet of Net Lettable Area



**3.8**

Years Weighted Average Lease Expiry

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



## SPONSORS

**SUNWAY**<sup>®</sup>

Sunway RE Capital Pte. Ltd.



Elite Partners Holdings

## 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.

# Portfolio Overview as at 30 June 2024

## London

Properties	10
Net internal area (sq ft)	193,532
Valuation (£ million)	62.8
% portfolio (by valuation)	15.1%
Annualised GRI yield	6.6%

## South East

Properties	12
Net internal area (sq ft)	310,261
Valuation (£ million)	46.6
% portfolio (by valuation)	11.2%
Annualised GRI yield	9.2%

## South West

Properties	12
Net internal area (sq ft)	257,045
Valuation (£ million)	34.2
% portfolio (by valuation)	8.2%
Annualised GRI yield	8.9%

## Wales

Properties	20
Net internal area (sq ft)	338,258
Valuation (£ million)	28.0
% portfolio (by valuation)	6.7%
Annualised GRI yield	10.4%

## East

Properties	8
Net internal area (sq ft)	223,847
Valuation (£ million)	26.7
% portfolio (by valuation)	6.4%
Annualised GRI yield	8.9%

## Portfolio

Properties	150
Net internal area (sq ft)	3,773,433
Valuation as at 30 June 2024 (£ million)	415.0
WALE / WALB	3.8 years / 3.8 years
Occupancy Rate (by net internal area)	92.3%
Annualised GRI yield	9.1%

## Scotland

Properties	27
Net internal area (sq ft)	847,174
Valuation (£ million)	70.6
% portfolio (by valuation)	17.0%
Annualised GRI yield	9.9%

## North East

Properties	11
Net internal area (sq ft)	171,521
Valuation (£ million)	11.9
% portfolio (by valuation)	2.9%
Annualised GRI yield	11.7%

## North West

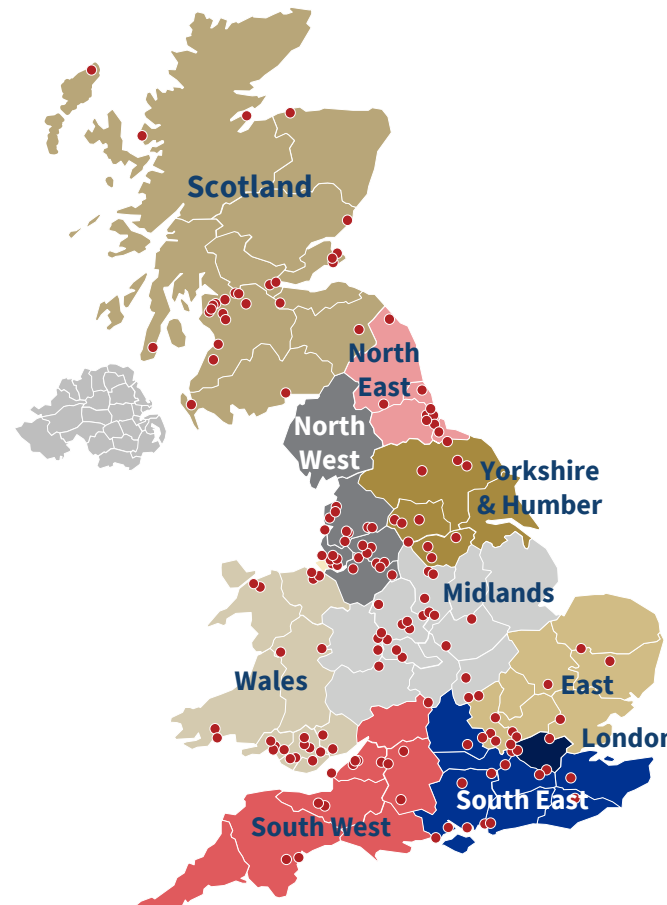
Properties	24
Net internal area (sq ft)	956,679
Valuation (£ million)	93.8
% portfolio (by valuation)	22.6%
Annualised GRI yield	8.9%

## Yorkshire & Humber

Properties	10
Net internal area (sq ft)	164,818
Valuation (£ million)	11.9
% portfolio (by valuation)	2.9%
Annualised GRI yield	10.4%

## Midlands

Properties	16
Net internal area (sq ft)	310,298
Valuation (£ million)	28.6
% portfolio (by valuation)	6.9%
Annualised GRI yield	10.5%



### Note:

1. Annualised GRI yield is derived from dividing annualised GRI as at 30 June 2024 by latest valuation as at 30 June 2024.

# Distribution timetable

	Date	Day
<b>Last day of trading on a 'cum-distribution' basis</b>	14 Aug 2024	Wednesday
<b>Units will be traded ex-distribution</b>	15 Aug 2024	Thursday
<b>Record date / Announcement of issue price for DRP</b>	16 Aug 2024	Friday
<b>Closing date for submission of Election Notice</b>	5 Sep 2024	Thursday
<b>Announcement of exchange rate</b>	12 Sep 2024	Thursday
<b>Distribution payment date</b>	23 Sep 2024	Monday

# Disclaimer



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