

## ELITE REIT REPORTS DPU OF 3.42 PENCE<sup>1</sup> FOR FY2023; RECENT SUCCESSFUL PREFERENTIAL OFFERING REINFORCES CAPITAL STRUCTURE

- **Net gearing ratio<sup>2</sup> improved to 40.9%<sup>3</sup> following successful completion of recent equity fundraising and capital recycling initiatives during the year**
- **More than four years of stable, government-backed income with no lease breaks between now and lease maturities, providing income visibility**
- **Higher revenue y-o-y benefitting from ~13.1% inflation-linked rent escalations for 136 assets effective from 1 April 2023**
- **Lease renewals for Bradmarsh Business Park, Rotherham and Phoenix House, Bradford for another five straight years each**
- **Management is on track to execute its strategies which include refinancing and future growth plans to maximise unitholder returns**

### Summary of Financial Results

	2H 2023 (£'000)	2H 2022 (£'000)	Variance (%)	FY2023 (£'000)	FY2022 (£'000)	Variance (%)
<b>Revenue</b>	18,539 <sup>(4)</sup>	18,367	0.9	37,637 <sup>(4)</sup>	37,075	1.5
<b>Net Property Income</b>	21,367 <sup>(4)</sup>	17,639	21.1	41,364 <sup>(4)</sup>	35,741	15.7
<b>Amount generated during the period for distribution to Unitholders</b>	8,703	10,852	(19.8)	18,043	23,096	(21.9)
<b>Available Distribution per Unit ("DPU") - pence</b>	1.48 <sup>(5)</sup>	2.25	(34.2)	3.42 <sup>(5)</sup>	4.81	(28.9)

<sup>1</sup> Based on 100% payout ratio. At 90% payout ratio, the DPU in respect of FY2023 is 3.07 pence.

<sup>2</sup> 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 43.7% including the effects of the £28 million Preferential Offering and 50.0% as at 31 December 2023 respectively.

<sup>3</sup> Including the effects of the £28 million Preferential Offering.

<sup>4</sup> Includes £317,000 of straight-line rent adjustments.

<sup>5</sup> Based on 100% payout ratio. At 90% payout ratio, the DPU in respect of 2H 2023 and FY2023 are 1.33 pence and 3.07 pence respectively.

**SINGAPORE, 19 February 2024** – Elite Commercial REIT Management Pte. Ltd., the manager (the “**Manager**”) of Elite Commercial REIT (“**Elite REIT**”), today announced Elite REIT’s financial results for the half-year and full-year twelve months ended 31 December 2023 (“**2H 2023**” and “**FY2023**”, respectively).

### **Strengthening Capital Structure**

Net gearing ratio<sup>2</sup> stood at 47.5% as at 31 December 2023 after asset divestments and loan repayment adjustments. To improve gearing and financial flexibility, the Manager launched a £28 million Preferential Offering (“**Preferential Offering**”), which was successfully concluded on 18 January 2024. Post-Preferential Offering, Elite REIT’s net gearing<sup>2</sup> stands at 40.9% and Elite REIT has a debt headroom of £55.9 million. About 66%<sup>3</sup> of borrowings are hedged on fixed interest rates.

### **Enhancing Financial Resiliency**

Elite REIT’s revenue grew to £37.6 million in FY2023, mainly due to rental escalations of 13.1% for 136 assets following inflation-linked rental uplift from 1 April 2023. This represents an increase of 1.5% from its revenue in the previous corresponding period (“**FY2022**”). The amount generated for distribution to Unitholders in respect of FY2023 stood at £18.0 million, representing a decline of 21.9% year-on-year mainly due to rising borrowing costs and asset holding costs.

As a result, Elite REIT reported DPU of 3.42 pence<sup>1</sup> in respect of FY2023. At 90% payout ratio, Unitholders can expect to receive DPU of 1.33 pence in respect of 2H 2023, which translates to an annualised yield of 9.4%. The record date is 27 February 2024, and payment is expected to be made on 28 March 2024. Net asset value per unit was £0.43 as at 31 December 2023.

**Mr. Joshua Liaw, Chief Executive Officer of the Manager**, said: “2024 is set to be an exciting year for Elite REIT. The recent successful completion and oversubscription of our first Preferential Offering – also the first GBP-denominated equity fundraising on the Singapore Exchange – has reduced our net gearing. We are now working

towards executing our refinancing and reinforcing our capital structure to reset Elite REIT for future growth.

“We are actively working on asset repositioning strategies; some of our assets could benefit from the living sector, such as student housing and built-to-rent residential, which are currently undersupplied. We continue to proactively engage our key occupier, the UK Government’s Department for Work and Pensions, to extend and diversify lease tenures. We are on track to deliver on the various strategies to maximise unitholder returns.”

### **Securing Lease Renewals**

The Manager has successfully procured the renewal of the lease at Bradmarsh Business Park, Rotherham for another five straight years with no lease break option, providing income certainty up to April 2028. In addition, the Manager secured another five years’ lease with no lease break option for Phoenix House, Bradford, ensuring income certainty from this property up to April 2029.

### **Stable Government-backed Income Stream**

Elite REIT’s portfolio occupancy increased from 92.1% as at 30 September 2023 to 92.3% as at 31 December 2023. Elite REIT’s weighted average lease expiry of 4.2 years provides Unitholders with the visibility of stable, government-backed income during this period.

The Manager has commenced early dialogue with tenants, with the objectives of extending and diversifying leases maturing in 2028. All leases are on a triple net basis<sup>6</sup> and Elite REIT’s assets serve as critical social infrastructure supporting the UK Government’s social agenda.

The Manager expects Elite REIT to continue providing a stable income to Unitholders as it continues to collect close to 100% of its rent three months in advance.

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<sup>6</sup> Known as a full repairing and insuring 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.



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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 first and only UK REIT listed in British Pounds 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, and offers a stable government-backed income stream with almost 100% of the gross rental income derived from the UK Government, backed by AA-rated sovereign credit strength. The leases are on triple net basis<sup>7</sup> and the properties in the Portfolio are primarily occupied by the Department for Work and Pensions (“**DWP**”), the UK’s largest public service department that is responsible for welfare, pensions and child maintenance, serving over 20 million claimants. The Portfolio is part of the crucial social infrastructure through which 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 appropriate capital structure through disciplined execution of its key strategies.



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



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<sup>7</sup> Known as a full repairing and insuring 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.



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