

ELITE COMMERCIAL REIT

1Q 2024

Business Updates

3 May 2024



Peel Park, Blackpool

Section I

1Q 2024 Highlights



ELITE COMMERCIAL REIT



Crown House, Romford

Key Highlights of 1Q 2024



ACTUAL 1Q 2024



Revenue ⁽¹⁾

£9.2 million

1Q 2023: £9.2 million

▲ 0.8% y-o-y



Net Property Income

£8.3 million

1Q 2023: £8.7 million

▼ 3.7% y-o-y



Net Asset Value

£0.39 per Unit

31 Dec 2023: £0.43 per Unit

▼ 9.3% y-o-y



Distributable Income

£4.4 million

1Q 2023: £4.5 million

▼ 3.5% y-o-y



Distribution per Unit ⁽²⁾

0.67 pence

1Q 2023: 0.85 pence

▼ 21.2% y-o-y

Notes:

(1) Excludes effect of straight-line rent adjustments.

(2) 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.



Ward Jackson House,
Hartlepool



ELITE COMMERCIAL REIT

Section II

1Q 2024

Financial Performance

Financial Highlights – 1Q 2024 vs 1Q 2023



Financial Results	Q1 2024	Q1 2023	Change	
	£'000	£'000	%	Factors influencing y-o-y performance
Revenue	9,249 ⁽¹⁾	9,171	▲ 0.8	<ul style="list-style-type: none"> Higher revenue mainly due to rent escalations in Apr 2023 offset by non-income generating vacant assets Increase in vacancy holding costs due to timing Enlarged equity base y-o-y due to preferential offering completed in 1Q 2024
Net Property Income	8,335 ⁽¹⁾	8,651	▼ 3.7	
Amount generated during the period for distribution to Unitholders	4,377 ⁽¹⁾	4,536	▼ 3.5	
Distribution per unit ⁽²⁾ (“DPU”) – pence	0.67	0.85	▼ 21.2	

Financial Position	31 Mar 2024	31 Dec 2023
	£'000	£'000
Non-current assets	414,212	414,202
Current assets	24,515	29,841
Total assets	438,727	444,043
Non-current liabilities	12,387	95,245
Current liabilities	195,007	141,556
Total liabilities	207,394	236,801
Net assets / Unitholders' funds	231,333	207,242

Financial Position	31 Mar 2024	31 Dec 2023
Units in issue ('000)	587,085	482,966
Net asset value per Unit (£)	0.39	0.43

Notes:

- (1) Excludes effect of straight-line rent adjustments.
- (2) 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.

Capital Management

Refinancing is well progressed



Naturally hedged against foreign exchange fluctuations



Compliant with all debt facilities' financial covenants

64%

Interest rate exposure fixed or hedged to fixed rates

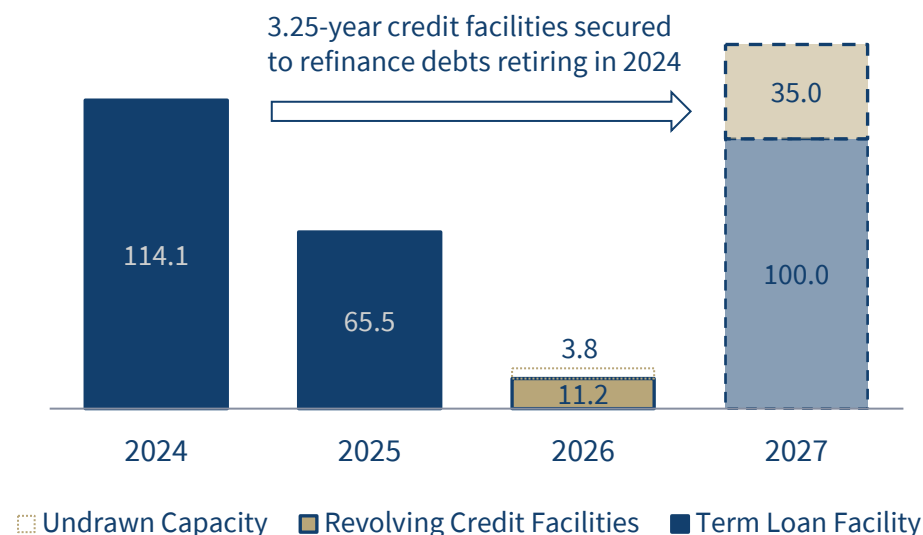
- ✓ Secured 3.25-year loan refinancing
- ✓ Received offer for a 3-month extension plus additional 3 or 6-month extension options for loan retiring in Jan 2025
- ✓ Every 100 basis points increase in interest rate will impact DPU by ~ 12%
- ✓ Every £5m of debt repayment will reduce gearing by ~43 basis points

	31 Mar 2024	31 Dec 2023
Total Debt	£191.1m	£221.3m
Net Gearing Ratio⁽¹⁾	41.5% ⁽²⁾	47.5%
Borrowing Costs	5.2%	5.2%
Interest Coverage Ratio	3.1x	3.1x
Interest Rate Hedged / Fixed	64%	63%
Available Debt Headroom⁽³⁾	£55.0m	£0.1m

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 43.7% as at 31 Mar 2024.
- (2) The pro-forma net gearing ratio including the effects of £28m Preferential Offering as at 31 Dec 2023 was 40.9%. An increase in net gearing as at 31 Mar 2024 was due to the timing of distributions, which reduces the amount of cash.
- (3) Based on gearing limit of 50%.

Elite REIT's Debt Maturity Profile





Section III


1Q 2024

Portfolio Performance



Oates House, Stratford

Full Income Visibility from Government Leases



High Portfolio
Occupancy Rate
92.3%



On-time Advance
Rent Collection
~100%



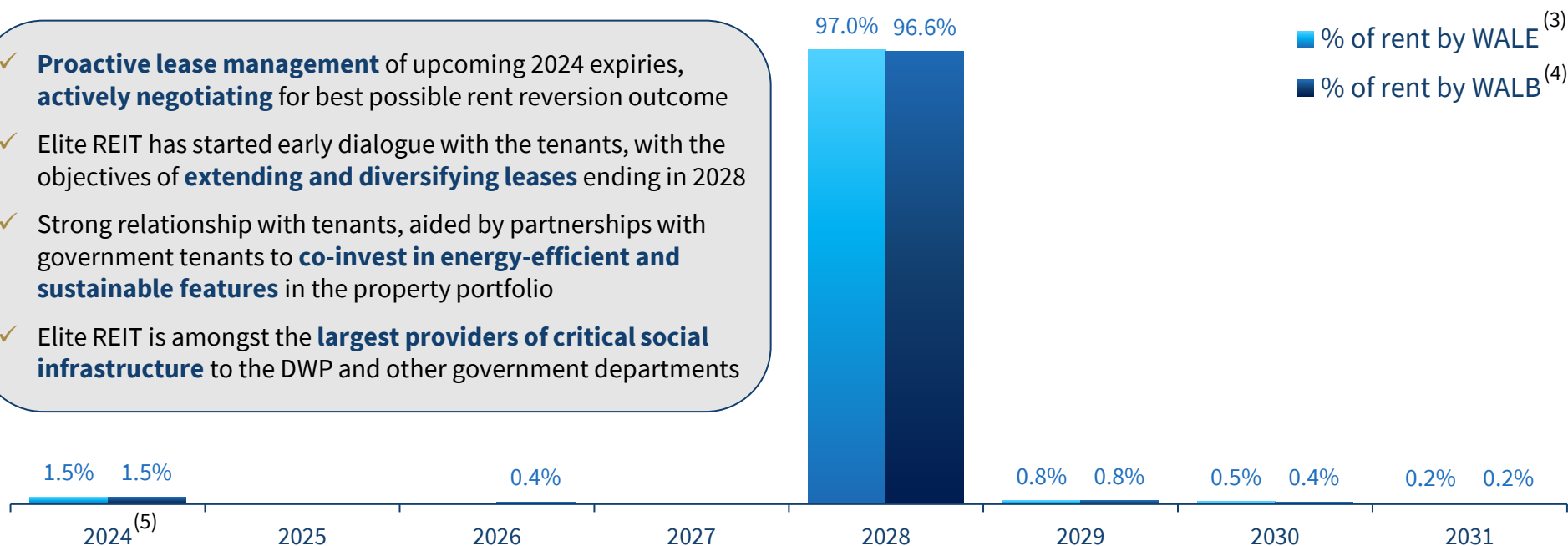
Weighted Average
Lease Expiry
4.0 years



Lease Renewal of
5 years
Phoenix House,
Bradford⁽¹⁾

Lease Expiry Profile as at 31 March 2024 (% of total portfolio rent)⁽²⁾

- ✓ **Proactive lease management** of upcoming 2024 expiries, **actively negotiating** for best possible rent reversion outcome
- ✓ Elite REIT has started early dialogue with the tenants, with the objectives of **extending and diversifying leases** ending in 2028
- ✓ Strong relationship with tenants, aided by partnerships with government tenants to **co-invest in energy-efficient and sustainable features** in the property portfolio
- ✓ Elite REIT is amongst the **largest providers of critical social infrastructure** to the DWP and other government departments



Notes:

- (1) The renewal of the lease was for another five straight years with no lease break option, commencing Jan 2024 and maturing in Jan 2029.
- (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.
- (5) Total of two properties with lease expiry in June 2024, being Newport Road, Cardiff and Units 1-2 Dallas Court, Salford.

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⁽²⁾



Geographically Diversified

Located across the UK covering regional cities



Resilient Tenant Base

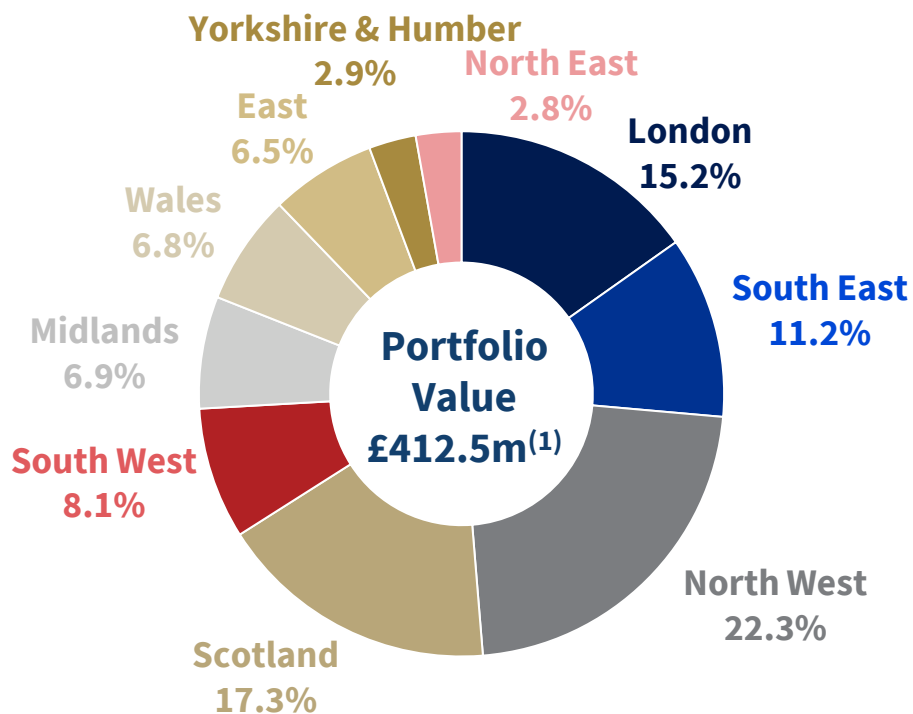
Tenancies backed by AA-rated UK sovereign credit strength



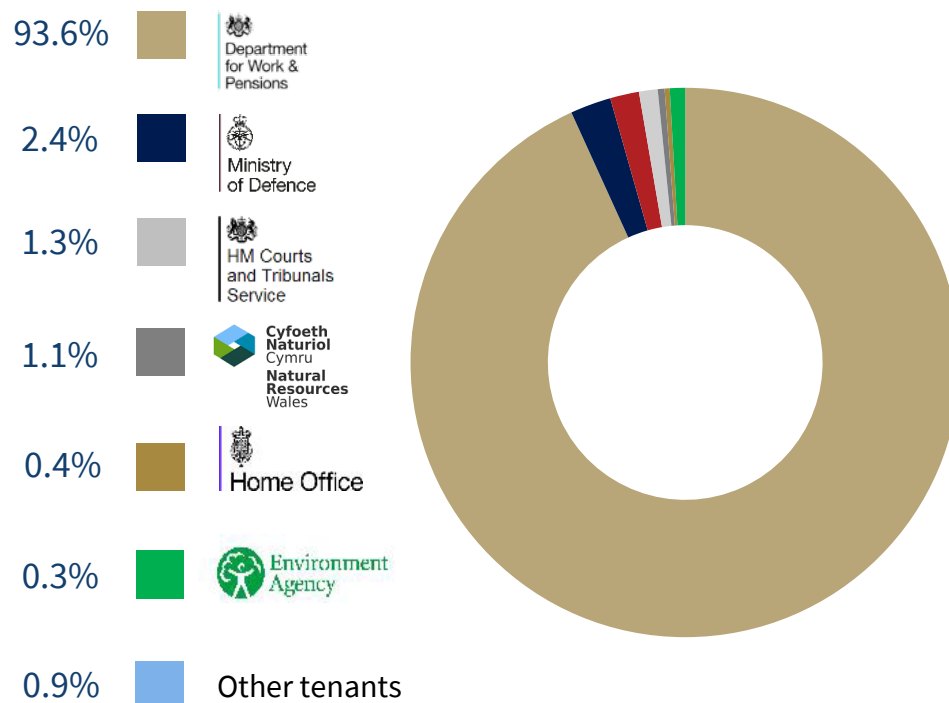
Secured Distributions

Consistent rental collection in advance since listing

Geographical Breakdown by Valuation⁽¹⁾



Tenant Breakdown by Gross Rental Income⁽³⁾



Notes:

(1) Latest asset valuation as at 31 December 2023, excluding the completed divestments of Openshaw Jobcentre, Manchester; Cardwell Place, Blackburn; Leeds Road, Bradford; John Street, Sunderland and Crown House, Burton On Trent as at 31 Dec 2023.

(2) A majority of the leases are signed with the Secretary of State for Levelling Up, Housing and Communities, which is a Crown Body.

(3) As at 31 March 2024.

job
centre
plus



Section IV

Asset Management Updates

Crown House, Grantham

What does the future look like?

Elite REIT will broaden its portfolio mix to other defensive sectors

Long-term vision for Elite 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



NEW

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 REIT to position for Growth

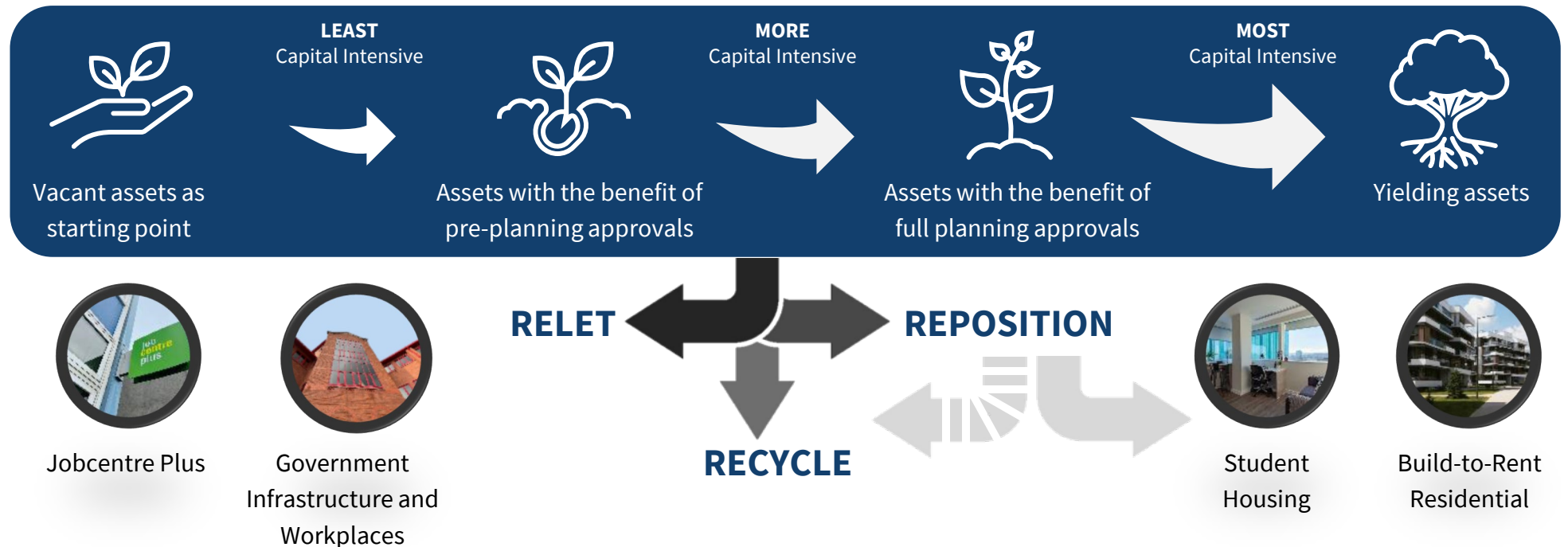


- 1 Promote growth through the expansion of the investment strategy which will also bring about **diversification** in asset class and tenancy
- 2 In-line with our objective to **unlock latent value** of Elite REIT's portfolio of assets through **proactive asset management**
- 3 **Favourable demand-supply dynamics** in the UK Living Sector complementary to the **location** of Elite 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



Elite REIT's Assets in London

Our London assets are beneficiaries of the transformational Elizabeth Line which has accelerated gentrification



Elizabeth Line

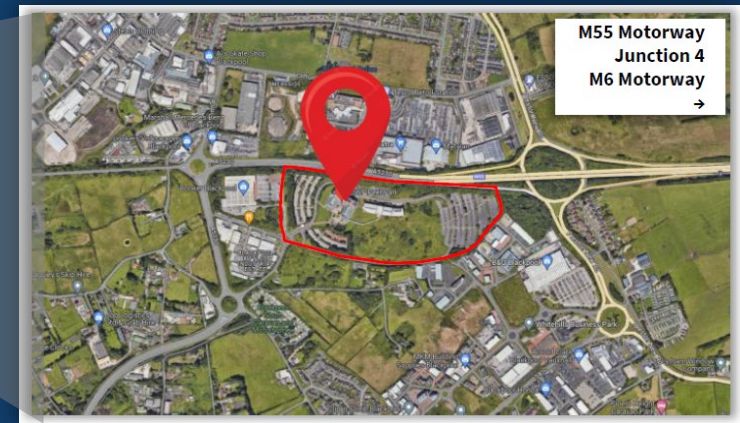
- Transformational new train line serving more than 600,000 passengers per day
- Provides for 10% of London train capacity
- 41 stations stretching over more than 100km of rail network
- With less than two years of operation to date, the Elizabeth Line is set to generate £42 billion for the entire UK economy

Elite REIT's Assets in London

- London represents more than 15% of Elite REIT's portfolio with an aggregate value of £62.7 million
- Four assets with a combined value of £28.5 million are located in close proximity to Elizabeth Line stations and surrounded by key amenities
- These assets have potential for alternative uses such as BTR residential, apart from current use as government facilities

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

PBSA Opportunity

Potential conversion opportunity to student housing asset: Lindsay House, Dundee



2.6x

Student-to-bed ratio with 17,930 full-time higher education student population



4.6%

Compounded annual growth rate in student population between 2017-2022



10

minutes

Walking distance to the University of Dundee, Abertay University and Dundee city centre



~200

beds

PBSA opportunity with a mix of bed clusters and 1-bed studios

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 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 3.2% as at Mar 2024, down from 4.0% in Jan 2024 and 3.4% in Feb 2024⁽¹⁾
- Bank of England left interest rates unchanged at 5.25% for the fifth meeting in a row (21 Mar 2024), and now expects inflation to fall “slightly below the 2% target” in Q2 2024⁽²⁾
- Unemployment rate was an estimated 3.9% in Nov 2023 to Jan 2024, and UK Claimant Count for Feb 2024 increased by 16,800 on the month or 85,800 on the year to 1.585mil⁽³⁾



Real estate outlook

- Inflation and interest rates are easing, and expected to decrease in the second half of 2024
- Supply and demand imbalance will drive rental growth
- Upgrades in energy efficiency and other sustainability features will value-add to attractiveness of assets

- ✓ Elite 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 GBP-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 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
- ✓ 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: March 2024, 17 April 2024.

(2) House of Commons Library, Interest Rates and Monetary Policy: Key Economic Indicators, 11 April 2024.

(3) Office for National Statistics, Labour market overview, UK: March 2024, 12 March 2024.

2024 Key Priorities

Management's focus areas in the near-term

01

Proactive Asset Management

- Seek planning consent for 'highest and best use' for assets with viable alternative uses
- Focus on high-value assets to unlock value and increase portfolio base
- Diversify lease expiry profile and extend leases ahead of expiries
- Expand sustainability collaboration project to include properties



02

Capital Management

- Reduce gearing through capital recycling and proactive asset management
- Diversify funding sources by expanding financier relationships and accessing new sources of capital
- Opportunistic divestments to fund asset enhancement and manage gearing
- Long-term gearing target of less than 40%



03

Improve Trading Liquidity

- Broaden research analyst and media coverage
- Step up investor engagement through regular investor roadshows and participation in webinars and conferences
- Improve liquidity via a larger asset base as Elite REIT grows in the future and is included as part of a relevant equity index





Acacia Walk, Nottingham

Thank You

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Website



Section VII

Additional Information



ELITE COMMERCIAL REIT



Duchy House, Preston

Singapore-listed UK REIT

Government facilities providing critical services to local communities⁽¹⁾



100%

Freehold and Long Leasehold Assets⁽²⁾



Triple Net

Full Repairing & Insuring Leases⁽³⁾



3.8

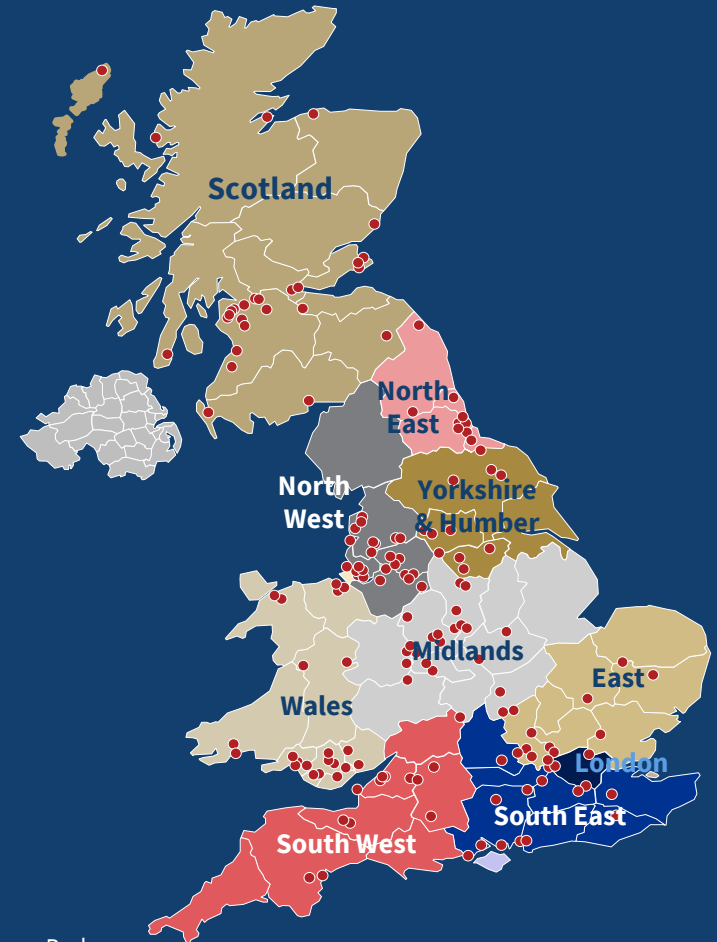
Million Square Feet of Net Lettable Area



4.2

Years Weighted Average Lease Expiry

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



Elite REIT's Sponsors:



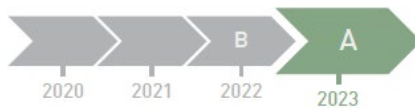
- Notes:**
- (1) A majority of the leases are signed with the Secretary of State for Levelling Up, Housing and Communities, which is a Crown Body.
 - (2) 145 properties are on freehold tenures and five properties are on long leasehold tenures.
 - (3) Under a full repairing and insuring lease, commonly 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.

Commitment to ESG

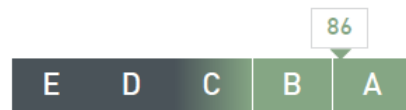
Driving sustainable value for Unitholders

ESG Ratings: GRESB 2023 Public Disclosure & Real Estate Assessment

Participation & Score



GRESB Public Disclosure Level



Global Average: B
Comparison Group Average: A



Achieved 2023 GRESB
Top Public Disclosure Level

A 86

18% improvement from its
inaugural participation in 2022



Achieved 2023 GRESB
Real Estate Assessment score of

54%

42% improvement from its
inaugural participation in 2022

Excellence in Corporate Governance & Transparency



Awarded

Certificate for Excellence

in investor relations at the
prestigious IR Magazine Awards
– South East Asia 2023 as
finalists in four award categories

Maintained
Zero Incidents
of non-compliance/
corruption



Majority
Independent Board

Environmental Efforts



- ✓ Landmark **Sustainability Collaboration** with UK's Department for Work and Pensions & Ministry of Defence
- ✓ **£15 million unsecured green loan** to fund sustainability enhancement works
- ✓ Upgrade in **Energy Performance Certificate** ratings of assets

Portfolio Overview as at 31 March 2024

London

Properties	10
Net internal area (sq ft)	193,532
Valuation (£ million)	62.7
% portfolio (by valuation)	15.2%
Annualised GRI yield	6.6%

South East

Properties	12
Net internal area (sq ft)	310,261
Valuation (£ million)	46.3
% portfolio (by valuation)	11.2%
Annualised GRI yield	9.2%

South West

Properties	12
Net internal area (sq ft)	257,045
Valuation (£ million)	33.6
% portfolio (by valuation)	8.1%
Annualised GRI yield	9.1%

Wales

Properties	20
Net internal area (sq ft)	338,258
Valuation (£ million)	28.1
% portfolio (by valuation)	6.8%
Annualised GRI yield	10.3%

East

Properties	8
Net internal area (sq ft)	223,847
Valuation (£ million)	26.7
% portfolio (by valuation)	6.5%
Annualised GRI yield	8.9%

Portfolio

Properties	150
Net internal area (sq ft)	3,773,433
Valuation as at 31 December 2023 (£ million)	412.5
WALE / WALB	4.0 years / 4.0 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)	71.4
% portfolio (by valuation)	17.3%
Annualised GRI yield	9.8%

North East

Properties	11
Net internal area (sq ft)	171,521
Valuation (£ million)	11.7
% portfolio (by valuation)	2.8%
Annualised GRI yield	12.0%

North West

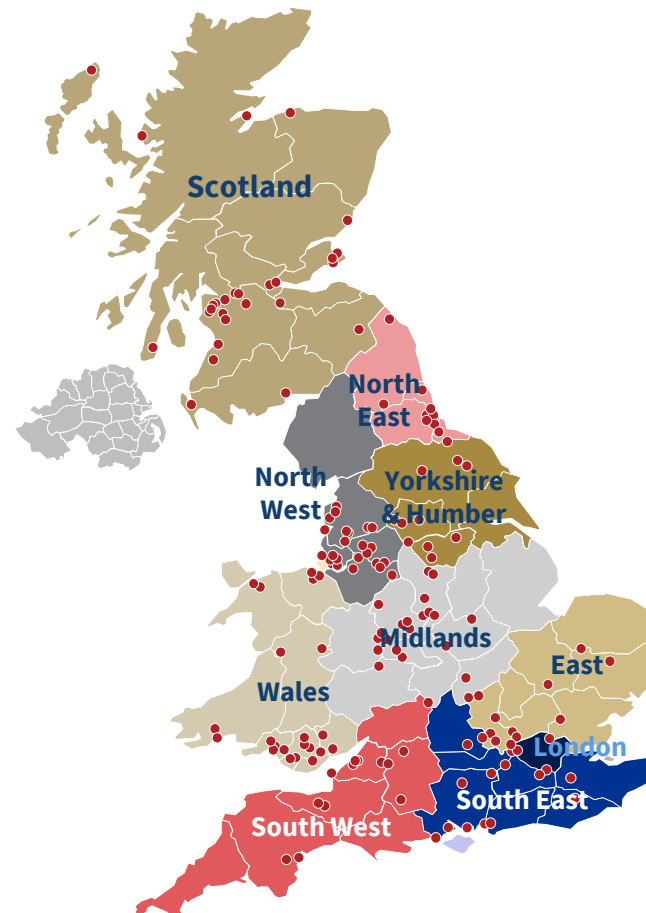
Properties	24
Net internal area (sq ft)	956,679
Valuation (£ million)	92.0
% portfolio (by valuation)	22.0%
Annualised GRI yield	9.0%

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)	28.3
% portfolio (by valuation)	6.9%
Annualised GRI yield	10.6%



Note:

1. Annualised GRI yield is derived from dividing annualised GRI as at 31 March 2024 by latest valuation as at 31 December 2023.

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