

**ELITE COMMERCIAL REIT REPORTS 37.1% UPLIFT OF
DISTRIBUTABLE INCOME TO UNITHOLDERS FOR 1H2021,
EXCEEDING IPO PROJECTION¹ AND ACTUAL 1H2020²**

- **Actual distributable income to unitholders exceeded IPO Projection with a 37.1% increase to £11.2 million; 1H2021 Distribution per Unit (“DPU”) of 2.63 pence is 8.7% above IPO Projection of the same period and up 34.9% year-on-year**
- **Lifted by nearly four months’ of contribution from newly acquired portfolio of 58 UK commercial properties leased to the UK government**
- **Initiatives to enhance tax efficiency with proposed TISE listing and strengthen balance sheet with Distribution Reinvestment Plan**
- **The lease for The Forum, Stevenage is confirmed to run until 31 March 2028**
- **Buy offer received at about 21% above valuation for East Street, Epsom**

Summary of Financial Results

	1H2021			1H2020 (6 February to 30 June 2020)	
	Actual £'000	IPO Projection ¹ £'000	Variance %	Actual ² £'000	Variance %
Revenue	15,896	11,541	37.7	9,316	70.6
Net property income	15,386	11,234	37.0	9,055	69.9
Income available for distribution to Unitholders	11,161	8,141	37.1	6,517	71.3
Distribution per unit – pence	2.63 ³	2.42	8.7	1.95	34.9

SINGAPORE, 2 August 2021 – Elite Commercial REIT Management Pte. Ltd., the manager (the “**Manager**”) of Elite Commercial REIT (the “**REIT**”), is pleased to announce that its actual financial results for the six months ended 30 June 2021 (“**1H2021**”) surpassed IPO Projection and actual results for the reporting period from 6 February 2020 (“**Listing Date**”) to 30 June 2020 (“**1H2020**”). The REIT recorded distributable income to unitholders of £11.2 million and DPU of

Oversea-Chinese Banking Corporation Limited (“**OCBC**”) and UBS AG, Singapore Branch (“**UBS**”) are the joint issue managers for the Offering. OCBC, UBS, CGS-CIMB Securities (Singapore) Pte. Ltd. and China International Capital Corporation (Singapore) Pte. Limited are the joint bookrunners and underwriters for the Offering (collectively, the “**Joint Bookrunners**”).

¹ IPO Projection refers to the profit projection for the period from 1 January 2021 to 30 June 2021. The projection figures were derived by pro-rating the financials of IPO Projection Year 2021 as disclosed in the Prospectus.

² Actual 1H2020 refers to the financial period from Listing Date of 6 February 2020 to 30 June 2020. Actual financial results from Listing Date to 30 June 2020 is the first reporting period incorporating the results of the initial portfolio held directly by Elite Commercial REIT. Although Elite Commercial REIT was constituted on 7 June 2018, the initial public offering was completed on 6 February 2020 which was the official listing date of Elite Commercial REIT.

³ The DPU of 2.63 pence includes the advanced distribution of 0.90 pence per Unit for the period from 1 January 2021 to 8 March 2021 that was paid on 15 April 2021.



2.63 pence for 1H2021, which surpassed IPO Projection by 37.1% and 8.7% respectively. Compared to 1H2020, the REIT's distributable income to unitholders and DPU increased by 71.3% and 34.9% respectively.

Actual Financial Results Surpassed IPO Projection, Lifted by Maiden Acquisition Completed in March 2021

The maiden acquisition of 58 commercial properties in the United Kingdom (“UK”) for £212.5 million was completed on 9 March 2021. Boosted by contributions from its newly acquired portfolio, Elite Commercial REIT reported an actual revenue of £15.9 million in 1H2021, which was 37.7% higher than IPO Projection and 70.6% higher compared to actual revenue achieved a year ago.

Finance costs were 62.2% higher than IPO Projection largely due to a drawdown of additional loan to finance the newly acquired properties.

Distributable income to unitholders soared 37.1% to £11.2 million for 1H2021 vis-à-vis the IPO Projection of £8.1 million.

1H2021 DPU of 2.63 pence was also 8.7% higher than the IPO Projection of 2.42 pence, on an enlarged unit base post-acquisition of the portfolio of 58 UK commercial properties leased to the UK government.

The record date for the DPU is 11 August 2021, and payment is expected to be made on 24 September 2021.

Ms Shaldine Wang, Chief Executive Officer of the Manager said, “We are pleased to deliver a strong set of financial results for the first half of this financial year with our DPU performance exceeding the IPO Projection and demonstrating year-on-year growth. This is attributed to the stable income generated by our unique recession-proof portfolio, which is 99% leased to the AA-rated UK government and provides crucial social infrastructure to support the UK’s social fabric through economic cycles, as well as contribution from our recent portfolio acquisition which had also uplifted our results.”

“The Manager is also in the midst of applying for a technical listing of our UK unit – Elite UK Commercial Holdings Limited – on The International Stock Exchange to enhance our tax structure and potentially reap tax savings to further improve the REIT’s distributable income to all unitholders. Our plan to introduce the distribution reinvestment plan is expected to strengthen our balance sheet and allow unitholders to continue participating in our growth.”

Stable Cashflow with Rent Collection in Advance

Elite Commercial REIT maintains its stable and recession-resistant cashflow with its portfolio fully occupied as of 30 June 2021. Despite uncertainties amidst the UK's lockdown, the REIT received 99.7% of the rent for the three-month period from July to September 2021 in advance, and within seven days of the due date.

The REIT's primary occupier is the Department for Work and Pensions ("**DWP**"), UK government's largest public service department for crucial welfare, pensions and child maintenance policy serving over 20 million claimants. The DWP is instrumental and integral to the UK social fabric, administering the State Pension and a range of working age, disability and ill health benefits. Throughout the COVID-19 pandemic, DWP was on the front line of UK government's emergency economic response, in leading its national recovery through Plan for Jobs and more.⁴ Notwithstanding the COVID-19 situation, the REIT's leases remain intact and did not undergo force majeure or termination clauses.

Notable Property Developments

The lease break option for The Forum, Stevenage is not exercised, thus the lease expiry will be extended to 31 March 2028. Meanwhile, the lease break for East Street, Epsom has been exercised. The Manager has received a buy offer at £2.9 million, about 21% above valuation of £2.4 million⁵. The Manager is undertaking due diligence on the offer and purchaser; and is also reviewing potential asset enhancement initiatives. The building is well-located within Epsom as it is within 7 minutes' walk to the town centre and less than 10 minutes' walk to the Epsom Railway Station. The building also offers potential for continued commercial use or conversion or redevelopment for alternative uses.

In line with the Manager's strategy to focus on properties leased to the UK government which generates strong cashflow and has long weighted average lease expiry ("**WALE**"), the REIT's recent accretive acquisition increased the REIT's portfolio size by 67% and enabled the REIT to maintain its 99% exposure to the UK government whilst diversifying its occupier mix to government agencies in addition to the DWP.

Ms Shaldine Wang added, "The acquisition increases our overall portfolio's London exposure to about 14% and this is beneficial to the REIT's long-term rental and capital growth as London properties have higher value, growth and redevelopment potential, and liquidity. We remain

⁴ "Department for Work and Pensions Outcome Delivery Plan: 2021 to 2022", Gov.UK, 15 July 2021

⁵ As at 31 December 2020.

focused on realising growth opportunities via acquisition of assets which are leased by various ministries of the UK government through our right of first refusal pipeline from the REIT's sponsors and open market supply."

Distribution Reinvestment Plan and Prudent Capital Structure

In addition, the Manager on 28 June 2021 announced the establishment of the Distribution Reinvestment Plan ("DRP"). The DRP will apply to the distribution for 1H2021, whereby unitholders may elect to receive new units in the REIT in lieu of cash distribution or to continue to receive a cash distribution on existing units held. The DRP provides unitholders an opportunity to increase their unitholdings in Elite Commercial REIT without incurring brokerage fees, stamp duties (if any) and other related costs. The issue of new units in lieu of cash distributions under the DRP will also strengthen the REIT's balance sheet, enhance its working capital reserves, and improve liquidity of the units.

Furthermore, Elite Commercial REIT remains well-capitalised with adequate working capital and debt headroom to meet its ongoing obligations. As at 30 June 2021, Elite Commercial REIT reported a gearing ratio of 42.1% and an interest coverage ratio of 6.4x.

Proposed Admission of Elite UK Commercial Holdings Limited ("ECHL") on The International Stock Exchange ("TISE")

On 4 June 2021, the Manager announced the intention to file an application for its unit, ECHL, to be admitted on the TISE as a listed United Kingdom Real Estate Investment Trust ("UK REIT"). The admission of ECHL on TISE is expected to be completed by 3Q2021. With the proposed TISE listing, the tax treatment of the REIT will be on par with other UK REITs. Elite Commercial REIT's applicable principal tax rate will also be reduced to 15% from the current 19% based on the Double Taxation Treaty between the UK and Singapore. Any latent capital gains (and its corresponding deferred tax liabilities) of the properties held by Elite Commercial REIT will be eliminated.

Outlook and Prospects

The UK economy gross domestic product (“**GDP**”) contracted by 1.6%⁶ in the first quarter of 2021. This comes as the UK entered its third lockdown in January 2021 since the start of the COVID-19 pandemic. Starting March 2021, the UK government had progressively lifted some restrictions as part of a phased re-opening. The UK government lifted most legal restrictions related to COVID-19 starting July 19, 2021 for life to resume normal as much as possible. This comes after the aggressive ramp-up of its COVID-19 vaccination programme, which has seen about two-thirds of adults having received two doses of the vaccine.

The Bank of England has forecasted the UK economy to report a GDP growth of 7.25%⁷ in 2021, boosted by the rapid COVID-19 vaccination programme rollout as restrictions to economic activity are progressively eased. Growth is also expected to be driven by a rebound in consumer spending as well as announced fiscal and monetary stimulus.

The unemployment rate in the UK in the three months March to May 2021 stood at 4.8%⁸ and is projected to peak at 5.5% in 3Q 2021⁷, compared with 4.0% or about 1.3 million people before the pandemic. Claimant count remained high at 2.33 million in May 2021⁹ compared to 1.4 million in March 2020 before UK’s first lockdown started.

The UK government has extended its Coronavirus Job Retention Scheme (furlough) until 30 September 2021, from the initial April 2021 end date. The jobs support scheme had paid the wages of 8.9 million jobs at its peak in May 2020 and supported 2.4 million jobs as at end May 2021¹⁰. Unemployment is expected to rise once the scheme ends.

The Manager continues to monitor the market closely for growth opportunities via yield-accretive acquisitions. This includes a right of first refusal (“**ROFR**”) granted by its Sponsor Elite Partners Holdings Pte. Ltd.’s pipeline properties – most of which are on long-term leases by various ministries of the UK government.

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⁶ Office for National Statistics, *GDP quarterly national accounts, UK: January to March 2021*, 30 June 2021.

⁷ Bank of England *Monetary Policy Report*, May 2021.

⁸ *Unemployment - Office for National Statistics, Unemployment*, 15 July 2021.

⁹ “*Alternative Claimant Count statistics January 2013 to May 2021*”, Gov.UK, 15 July 2021

¹⁰ “*UK jobs leap as economy bounces back, pay jumps too*”, Reuters, 15 July 2021



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About Elite Commercial REIT

Elite Commercial REIT is a Singapore real estate investment trust established with the investment strategy of principally investing, directly or indirectly, in commercial assets and real estate-related assets in the United Kingdom (“UK”). Listed on Singapore Exchange Securities Trading Limited (SGX-ST) on 6 February 2020, Elite Commercial REIT is the first and only UK-focused listed REIT in Singapore.

Elite Commercial REIT’s portfolio (“Portfolio”) comprises 155 predominantly freehold¹¹ quality commercial buildings located across the UK valued at an aggregate of £515.3 million, with a total net internal area of approximately 3.9 million square feet. Of the total portfolio, 58 of the properties were acquired on 9 March 2021 during the REIT’s maiden acquisition.

The Portfolio offers a stable cash flow with over 99.0% of the gross rental income derived from the UK government. The full repairing and insuring (triple net) leases¹² with the UK government include rental escalations that is linked to the UK Consumer Price Index. The Portfolio is 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 for over 20 million claimants. DWP is a uniquely counter-cyclical occupier and the Portfolio is crucial public infrastructure for the provision of DWP services.

¹¹ Of the 155 properties, 150 properties are freehold properties and 5 properties are on long leasehold tenures.

¹² Under a full repairing and insuring (triple net) lease, the responsibility for the repair of the external, internal and structural format of the property is placed with the tenant. Elite Commercial REIT, as the landlord, has no repairing or insuring liability and will not be required to bear the costs of material repairs to the Properties, if any.



Elite Commercial 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.

Elite Commercial REIT is managed by Elite Commercial REIT Management Pte. Ltd., which is owned by Elite Partners Holdings Pte. Ltd. (68.0%), Sunway RE Capital Pte. Ltd. (15.0%) and Jin Leng Investments Pte Ltd (17.0%).



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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.