ELITE COMMERCIAL REIT

ELITE COMMERCIAL REIT'S DPU JUMPED 20.3% IN 3Q 2021, SURPASSING IPO PROJECTION[1] AND ACTUAL 3Q 2020

- ***Actual distributable income for 3Q 2021 continue to beat IPO Projection[1] by 70.6%***
- ***3Q 2021 DPU was 1.48 pence, 20.3% higher than actual 3Q 2020 and IPO Projection[1] of 1.23 pence***
- ***Portfolio maintains 100% occupancy with 100% of rent collection in advance***
- ***Elite Commercial REIT's UK entities qualified as a UK REIT group – the UK entities' tax treatment is now on par with other UK REITs***

Summary of Financial Results

	3Q 2021			3Q 2020	
	Actual £'000	**Projection[1] £'000**	**Variance %**	**Actual £'000**	**Variance %**
Revenue	9,411	5,867	60.4	5,820	61.7
Income available for distribution to Unitholders	7,056	4,137	70.6	4,108	71.8
Distribution per unit ("DPU") – pence	1.48	1.23	20.3	1.23	20.3

***SINGAPORE, 1 November 2021* – Elite Commercial REIT Management Pte. Ltd.,** the manager (the "**Manager**") of Elite Commercial REIT (the "**REIT**"), today announced its business update for the three-month period ended 30 September 2021 ("**3Q 2021**") where the REIT reported a strong outperformance with actual revenue of £9.4 million and recorded distributable income to unitholders of £7.1 million.

Bolstered mainly by contributions from its maiden acquisition, Elite Commercial REIT continues to outperform its IPO projections, beating revenue and distributable income projections for the period by 60.4% and 70.6% respectively. 3Q 2021 DPU was 1.48 pence, 20.3% higher than actual 3Q 2020 and IPO Projection[1] of 1.23 pence.

The REIT's portfolio remains 100% occupied as at 30 September 2021. 100% of rent for the three-month period of October to December 2021 was collected in advance and within seven days of the due date.

[1] *IPO Projection for 3Q 2021 refers to the profit projection for the period from 1 July 2021 to 30 September 2021. The projection figures were derived by pro-rating the financials of IPO Projection Year 2021 as disclosed in the Prospectus.*

Notable property developments and updates

The Manager is currently evaluating two options for the REIT's East Street, Epsom property located in the South East region of the United Kingdom ("**UK**") following the recent exercise of its lease break option. The options under evaluation are a potential sale of the asset at an offer price of £2.9 million - approximately 21% above the valuation of £2.4 million[2], and a proposal to retain the REIT's major tenant, the Department for Work and Pensions ("**DWP**") has been submitted to DWP for their considerations.

The Manager recently completed the rent review of the Dallas Court Units 1-2, Salford property with an approximately 7% uplift in rent. The asset, which is located in the North West region of the UK, is one of the properties in the maiden acquisition portfolio and has a rent review based on open market rental value.

Besides that, the lease break option for John Street, Sunderland has been exercised. The Manager is currently evaluating various re-marketing and development options available for the property, which is located in the North East region. The lease will expire on 31 March 2022.

Admission of Elite UK Commercial Holdings Limited and its subsidiaries as a UK REIT group and implementation of DRP to buttress the REIT's performance

The REIT's wholly-owned subsidiary – Elite UK Commercial Holdings Limited[3] ("**ECHL**") – was successfully admitted onto The International Stock Exchange ("**TISE**") on 26 August 2021. This technical listing[4] qualifies ECHL and its subsidiaries as a UK REIT group under the UK REIT regime and tax treatment is now broadly on par with that of other listed UK REITs.

Elite Commercial REIT's UK entities now enjoy exemption from UK corporation tax, which is currently at 19%, for its UK property rental business income and gains. Pursuant to the Double Taxation Treaty between the UK and Singapore, any UK withholding tax applicable on UK property income distributed by ECHL to Elite Commercial REIT is expected to be limited to 15%. This means that the headline tax has reduced from 19% to 15%. With the UK corporation tax legislated to rise to 25% from 1 April 2023, the qualification of ECHL and its subsidiaries as a UK REIT group also future-proofs the REIT's capital structure against future tax increases.

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[2] *As at 31 December 2020.*

[3] *Independent Director Nicholas David Ashmore and Chief Investment Officer Jonathan Edmunds have been appointed as directors of ECHL to meet the UK resident director requirement of a listed REIT entity.*

[4] *ECHL and its subsidiaries are now treated as a UK REIT group upon joining the UK REIT regime following the technical listing on TISE. 100% of the shares in ECHL continue to be held by Elite Commercial REIT. There is no trading of ECHL shares.*

On top of that, following the qualification of Elite Commercial REIT's UK entities as a UK REIT group, individual properties' historical valuation is allowed to be rebased to the current valuation, compared to non-UK REITs. Therefore, the previously recognised deferred tax liabilities due to latent capital gains is expected to be eliminated. These benefits extend to future corporate acquisitions whereby any unrealised gains and its corresponding provision of deferred tax liabilities on the properties upon entry is expected to be eliminated.

In addition, Elite Commercial REIT's DRP provides unitholders an opportunity to elect to receive fully paid new units in the REIT for all or part of the cash amount of any distribution, whereby unitholders can increase their holdings in Elite Commercial REIT without incurring brokerage fees, stamp duties (if any) and other related costs. The DRP will allow the REIT to allocate more capital towards future transactions, strengthen its balance sheet, and improve trading liquidity at the same time. The REIT's maiden DRP was successfully launched and applied to 1H 2021 distribution. The proceeds from the DRP were utilised to partially retire some loans as part of proactive capital deployment.

Following the corporate developments, net asset value of the REIT has improved slightly from £0.62 as at 30 June 2021 to £0.63 as at 30 September 2021.

Ms Shaldine Wang, Chief Executive Officer of the Manager, said: "We are pleased to continue to deliver a strong performance where we have again significantly surpassed IPO projections and actual results, amidst the pandemic. We continue to deliver on our promises, backed by our proven investment propositions. Our consistent growth is attributed to the stable income generated by our unique and defensive portfolio, and the resilient nature of our tenants.

"We are constantly looking for growth opportunities as well as ways to augment distributable income for our Unitholders and improve our capital structure. Recent corporate developments such as the admission of ECHL and its subsidiaries as a UK REIT group for tax treatment and the implementation of DRP are examples of how we seek to enhance the value of the REIT and deliver growing returns for our Unitholders."

ELITE COMMERCIAL REIT

Recognition for Elite Commercial REIT's inaugural annual report

The Manager is pleased to be accorded a Bronze award in the international ARC Awards 2021 under the Real Estate Investment Trust (REIT): Commercial / Industrial / Office category in recognition of Elite Commercial REIT's inaugural annual report.

The ARC Awards, organised by MerComm, Inc. for over 30 years, is renowned for its independence, integrity and fairness in judging, and acknowledges overall excellence in annual reports – including noteworthy and vital writing, as well as imaginative and original design. Elite Commercial REIT's annual report was evaluated by a global panel of judges based on creativity, clarity and effectiveness, amongst entries from more than 80 countries worldwide.

"We are grateful for the recognition of our efforts in our effective and timely communications with our stakeholders – a Bronze award at the prestigious global ARC Awards 2021 for our first annual report is definitely a feather in the cap that we hold dear," added Ms Wang.

Outlook and Prospects

The UK's vaccination programme continues its steady pace and has now seen about 78.9% of the population over the age of 12 having received two doses of the vaccine, while 85.9% have received at least one dose[5]. Boosted by a waning impact from Covid-19, the UK economy is estimated to have grown by 0.4% in August 2021 but remains 0.8% below its pre-pandemic level in February 2020[6].

As restrictions continue to ease and economic activity progressively recovers, growth is expected to be driven mainly by a rebound in consumer spending as noted in the 3.1% increase in Consumer Price Index ("**CPI**") in the 12 months to September 2021, down slightly from 3.2% in August 2021[7]. Inflation is also projected to temporarily rise in 4Q 2021 to slightly above 4% largely due to developments in energy and goods prices but is projected to fall back to the 2% target in the medium-term[8].

The Bank of England in its September 2021 Monetary Policy Committee ("**MPC**") meeting concluded that the existing monetary policies remain appropriate and have unanimously voted

[5] *Coronavirus.data.gov.uk website, as at 16 October 2021.*
[6] *Office for National Statistics, GDP monthly estimate, UK: August 2021, 13 October 2021*
[7] *Office for National Statistics, Consumer price inflation, UK: September 2021, 20 October 2021*
[8] *Bank of England, Bank Rate maintained at 0.1% - September 2021, 23 September 2021.*

for its bank rate to be held at 0.1%. However, the MPC had in its August Monetary Report forecasted a gradual increase in the bank rate to 0.2% in 3Q 2022, 0.4% in 3Q 2023 and 0.5% in 3Q 2024[9].

Unemployment rate in the UK in the three months from June to August 2021 stood at 4.5%[10], a slight reduction of 0.3% from the preceding three-month period, and the lowest in 2021. Following the end of the furlough scheme on 30 September 2021, the UK government announced a £500 million Plan for Jobs Expansion to support the labour market in the near-term[11]. Despite the recovery in the labour market, claimant count remains high at 2.1 million in September 2021 as compared to pre-pandemic level[12].

The Manager will be electing to receive 100% of its Management Fees in cash from financial year 2022 onwards to strengthen the REIT's financial position in the long term and preserve value for Unitholders. The current yield profile of the REIT allows for the transition to be made comfortably and the Manager will review the election mix periodically.

The Manager continues to be focused on growth opportunities via acquisition of yield-accretive assets that are on long-term leases to various UK government agencies. These opportunities are available to the REIT through its Sponsors' right of first refusal ("**ROFR**") pipeline and from third-party transactions in the open market.

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[9] Bank of England, Monetary Policy Report, August 2021, 5 August 2021.
[10] Office for National Statistics, Employment in the UK: October 2021, 12 October 2021.
[11] Gov.UK, £500 million Plan for Jobs Expansion, 4 October 2021.
[12] Office for National Statistics, Claimant Count.

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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 freehold[13] 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) leases[14] 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.

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[13] Of the 155 properties, 150 properties are freehold properties and 5 properties are on long leasehold tenures.
[14] 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%).

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

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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.