ELITE COMMERCIAL REIT

(a real estate investment trust constituted on 7 June 2018
under the laws of the Republic of Singapore)
(Managed by Elite Commercial REIT Management Pte. Ltd.)

# RESPONSE TO SGX-ST'S QUERY ON ELITE COMMERCIAL REIT'S UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

Oversea-Chinese Banking Corporation Limited and UBS AG, Singapore Branch are the joint issue managers for the Offering (collectively, the "Joint Issue Managers"). Oversea-Chinese Banking Corporation Limited, UBS AG, Singapore Branch, 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 and Underwriters").

Elite Commercial REIT Management Pte. Ltd. (the "**Manager**"), sets out its response to the query raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 13 August 2021 in relation to Elite Commercial REIT's unaudited condensed interim consolidated financial statements for the period from 1 January 2021 to 30 June 2021, as follows:

**SGX-ST Query on 13 August 2021:**

We refer to the Trust's financial statements for the period ended 30 June 2021 ("**1HFY21**").

We would appreciate it if the Trust can address the following queries via an SGXNet announcement by Tuesday, 17 August 2021:

(a) Please provide a breakdown of revenue and an explanation, on a line item basis, for the increase in revenue for 1HFY21 as compared to 1HFY20.

(b) Please disclose the nature of Other Trust Expenses and provide an explanation for the decrease in other trust expenses of £1,573,000.

(c) Please provide a breakdown of the Group's trade and other receivables of £10,344,000 for 1HFY21 and an explanation for the £9,463,000 increase in trade and other receivables since 31 Dec 2020 ("**FY20**").

(d) Please provide the aging of the Group's trade and other receivables of £10,344,000 for 1HFY21 and disclose the Board's assessment of the recoverability of the trade and other receivables.

(e) Please disclose a breakdown of trade and other payables amounting to £4,877,000 as at 30 June 2021. For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties.

**Manager's Response:**

(a) Revenue comprises mainly contracted rental income from leasing of the office spaces of the IPO Properties and newly acquired properties ("**New Properties**") on 9 March 2021. As disclosed on page 26 of the Unaudited Condensed Interim Consolidation Financial Statements and Dividend Announcement (the "**Announcement**") for the 6 months ended 30 June 2021, under Review of Performance section 2(a), the increased in revenue when compared to prior period is mainly due to the New Properties and 1H2021 reporting full 6 months of rental collection.

Please refer to the table below for further information:

| | 6 months ended 30/6/2021 | Period from 6/2/2020 (Listing Date) to 30/6/2020 | Variance Favourable/ (unfavourable) |
|---|---|---|---|
| | £'000 | £'000 | % |
| Revenue from IPO Properties | 11,532 | 9,316 | 23.8 |
| Revenue from New Properties | 4,364 | - | n.m |
| | 15,896 | 9,316 | 70.6 |

(b) Breakdown of the Group's other Trust expenses is as follows:

| | 6 months ended 30/6/2021 | Period from 6/2/2020 (Listing Date) to 30/6/2020 |
|---|---|---|
| | £'000 | £'000 |
| Other expenses | 828 | 680 |
| Listing costs expensed in statement of comprehensive income | - | 1,721 |
| | 828 | 2,401 |

As disclosed on page 27 of the Announcement, under Review of Performance section 2(d), Other Trust Expenses for the period from Listing Date to 30 June 2020 included £1.7 million of IPO listing costs expensed in the statement of comprehensive income. For the 6 months ended 30 June 2021, there were no such expenses recorded.

(c) Breakdown of the Group's trade and other receivables is as follows:

| | Group | | Trust | |
|---|---|---|---|---|
| | 30/6/2021 £'000 | 31/12/2020 £'000 | 30/6/2021 £'000 | 31/12/2020 £'000 |
| Trade receivables | 8,297 | 127 | - | - |
| Other receivables | 1,618 | 578 | 1,474 | 562 |
| Interest receivable | | - | 3,692 | 2,622 |
| Tax receivable | 141 | 128 | - | - |
| | 10,056 | 833 | 5,166 | 3,184 |
| Prepayments | 288 | 48 | 5 | 6 |
| | 10,344 | 881 | 5,171 | 3,190 |

The increase in trade receivables as at 30 June 2021 relates to approximately £8.3m of rental billed in advance for the period of July 2021 to September 2021, where a corresponding amount is recognized as deferred income. As disclosed on page 30 of the Announcement, the portfolio is 100% occupied. In terms of rent collection, the Group received in advance 99.7% of the rent for the period of July 2021 to September 2021, post the reported financial period.

(d) As per the responses in (c), the Group's trade and other receivables are not past due. Based on the Manager's assessment, the impairment allowance on the trade and other receivables is negligible.

(e) Breakdown of trade and other payables is as follows:

| | Group | | Trust | |
|---|---|---|---|---|
| | **30/6/2021** | **31/12/2020** | **30/6/2021** | **31/12/2020** |
| | **£'000** | **£'000** | **£'000** | **£'000** |
| Trade payables | 167 | 27 | - | 27 |
| Interest payable | 542 | 184 | - | - |
| Accrued operating expenses | 2,451 | 1,367 | 686 | 235 |
| Other payables | 1,717 | 963 | - | - |
| Amount due to subsidiaries (non-trade) | - | - | - | 916 |
| | 4,877 | 2,541 | 686 | 1,178 |

As at 30 June 2021, accrued operating expenses comprised mainly of accrued management fees payable to the REIT Manager (~£1.2m) and accrued third party professional fees (~£1.2m) and other payable comprised mainly of UK VAT payable (~£1.7m). The trade and other payables are current and within their payment terms.

By Order of the Board
Shaldine Wang
Chief Executive Officer

**Elite Commercial REIT Management Pte. Ltd.**
(Registration Number: 201925309R)
(as manager of Elite Commercial REIT)

17 August 2021

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