

**ELITE COMMERCIAL REIT STARTS STRONG;
FULL YEAR DPU SURPASSES IPO FORECAST BY 2.3%**

For The Financial Period From 6 February 2020 (Listing Date) To 31 December 2020

- **Outperformed IPO forecast with Distribution per Unit (“DPU”) of 4.44 pence**
- **Fair value gain on investment properties reflects the underlying intrinsic value of the properties**
- **Consistently achieved approximately 100% rent collection in advance, notwithstanding UK lockdown and Brexit**
- **Obtained 99.99% unitholders’ approval to proceed with maiden acquisition of 58 UK commercial properties**

SINGAPORE, 1 February 2021 – Elite Commercial REIT Management Pte. Ltd., the manager (the “**Manager**”) of Elite Commercial REIT (the “**REIT**”), today announced its actual financial results for its reporting period from 6 February 2020 (“**Listing Date**”) to 31 December 2020 (“**Reporting Period**”), achieving a distributable income to Unitholders of £14.8 million and DPU of 4.44 pence for the Reporting Period, which surpassed IPO forecasts by 2.1% and 2.3% respectively.

Summary of Financial Results

	2H2020			6 Feb 2020 to 31 Dec 2020		
	Actual ^(a) £'000	Forecast ^(b) £'000	Variance %	Actual ^(a) £'000	Forecast ^(b) £'000	Variance %
Revenue	11,647	11,701	(0.5)	20,963	20,985	(0.1)
Profit after tax ^(c)	19,497	6,899	182.6	23,358	10,521	122.0
Income available for distribution to Unitholders	8,340	8,105	2.9	14,841	14,536	2.1
Distribution per unit – Pence	2.49	2.42	2.9	4.44	4.34	2.3

Notes:

- (a) *Unaudited consolidated financial results for 2H2020 and from Listing Date to 31 December 2020 are the first reporting periods incorporating the results of the Initial Portfolio held 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.*
- (b) *Other than unit issue costs which were charged to the statement of comprehensive income, the forecast results for the period from the Listing Date to 31 December 2020 was derived by pro-rating the forecast results as disclosed in the Prospectus.*
- (c) *Actual profit before tax includes fair value gains on investment properties of £15.9 million while the profit after tax includes the net fair value gains on investment properties of £12.3 million.*

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**”).

Resilient financial results with distributable income and DPU surpassing IPO forecast

For the Reporting Period, Elite Commercial REIT reported an Income available for distribution to Unitholders amounting to £14.8 million, higher than IPO forecast by 2.1%.

The actual revenue of £21.0 million was in line with forecast.

Finance costs were 7.3% lower than forecast at £2.4 million largely due to the decline in the benchmark rate of three-month GBP LIBOR, resulting in finance cost savings as compared to the forecast prepared for the Prospectus.

Overall, the REIT recorded a significant 122.0% greater-than-forecasted profit after tax, as a result of fair value gain on investment properties which amounted to £15.9 million and after netting out corresponding deferred taxes on the fair value gain.

Ms Shaldine Wang, Chief Executive Officer of the Manager said, “We are pleased to announce a strong start with our DPU performance exceeding the IPO forecast. This is attributed to the stable cashflows generated by our portfolio amidst economic uncertainty arising from the COVID-19 pandemic and Brexit.”

“Our uniquely counter-cyclical occupier, the Department for Work and Pensions (“**DWP**”), which provides essential social welfare services and infrastructure, has seen its claimant count more than double to 2.7 million in November 2020 and increased utilisation of its services. 82.5% of the assets in the REIT’s portfolio are used by the DWP to provide key front-of-house services, primarily Jobcentre Plus unemployment services which have increased in importance given the economic impact of COVID-19. We remain positive about the REIT’s ability to continue to generate attractive and recession-proof cashflows, backed by UK Government tenants with high credit quality.”

For the six months ended 31 December 2020 (“**2H2020**”), Elite Commercial REIT reported an actual revenue of £11.6 million and a better-than-forecasted profit after tax of £19.5 million. Distributable income to Unitholders amounted to £8.3 million for 2H2020, an increase of 2.9% compared to IPO forecast of £8.1 million. 2H2020 DPU was 2.49 pence, up 2.9% from IPO forecast of 2.42 pence. The record date for the DPU is Thursday, 11 February 2021. Payment is expected to be made on Friday, 19 March 2021.

Stable Cashflow with rent collection in advance

Elite Commercial REIT maintains its stable and recession-resistant cash flow with its portfolio fully occupied as of 31 December 2020. Despite uncertainties amid the UK's lockdowns as well as Brexit, the Group received in advance 99.6% of the 3-months of rent for the period spanning across January to March 2021, and within seven days of the due date.

The DWP is the UK Government's largest public service department for crucial welfare, pensions and child maintenance policy serving over 20 million claimants. Even amidst the UK's lockdowns and Brexit uncertainties, the DWP remains instrumental and integral to the UK social fabric, administering the State Pension and a range of working age, disability and ill health benefits. Notwithstanding the COVID-19 situation, the Group's leases did not undergo force majeure or termination clauses during the Reporting Period.

Well-capitalised REIT backed by prudent capital structure

Elite Commercial REIT remains well-capitalised, backed by a prudent capital structure, with adequate working capital and debt headroom to meet its ongoing obligations with no refinancing requirements till the financial year ending 2024. Elite Commercial REIT has an aggregate leverage¹ of 31.0% and interest coverage ratio of 7.7x.

As at 31 December 2020, Elite Commercial REIT has in place £140.0 million of senior unsecured loan facilities, of which £103.2 million is drawn. 50% of the drawn loan is a fixed rate loan, bearing an interest rate of 2.275% per annum. The remaining 50% of the drawn loan is a floating rate loan bearing an interest rate of a margin above the 3-month GBP LIBOR.

¹ Total borrowings and deferred payments (if any) as a percentage of the Deposited Property.

Maiden Acquisition of 58 UK commercial properties

In line with Elite Commercial REIT's growth strategy, the Manager had announced plans to acquire 58 UK commercial properties for £212.5 million in October 2020, its first acquisition since listing. Elite UK Commercial Fund II had, during the time of the initial public offering of Elite Commercial REIT, granted a right of refusal over the assets held by Elite UK Commercial Fund II. The Manager received 99.99% approval from unitholders in relation to the proposed acquisition during an Extraordinary General Meeting ("EGM") that was held on 25 January 2021.

The accretive acquisition is expected to increase the REIT's DPU yield by 3.2%², with a 67% expansion in portfolio size, and a 57% growth in market capitalisation. Overall, the REIT will maintain its 99% exposure to the UK Government whilst diversifying its occupier mix to government agencies in addition to the DWP.

The Manager's primary intention is to finance the proposed acquisition with (i) the issue of Consideration Units, (ii) net proceeds from an equity fund raising, and/or (iii) external bank borrowings (refer to the Circular dated 28 December 2020 for more information).

Ms Shaldine Wang said, "We are on track with our growth plans with resolutions passed at the EGM held in relation to our proposed acquisition of 58 UK properties. With the acquisition, the REIT increases its London exposure to 14% of the enlarged portfolio, which is beneficial to the REIT's long-term rental and capital growth."

Outlook and Prospects

The UK's economy outlook for the year remains muted as rising COVID-19 infections and lockdown controls are expected to weigh on the UK economy. The Office for Budget Responsibility (OBR) opined that the UK's GDP will be as much as 4% lower in the long term, following the UK's "hard Brexit", and this view is shared by Bank of England's Governor, Andrew Bailey. The central bank is ready to support the economy by maintaining low-borrowing costs for longer if conditions deteriorate rapidly.

² Based on pro forma DPU (6 Feb 2020 to 30 Jun 2020), assuming Elite Commercial REIT finances the acquisition through: (i) the issuance of new units to Elite UK Commercial Fund II being the Vendor Nominee as consideration for the Proposed Acquisition ("Consideration Units"), and (ii) a £30 million Equity Fund Raising. For illustrative purposes only, assuming the acquisition is funded by a drawdown of loan facilities and the Vendor's Loan, the DPU accretion will be 8.3%.

As at November 2020, DWP received approximately 2.7 million unemployment claims, which more than doubled from 1.2 million in March 2020. The UK's unemployment rate is expected to increase once the furlough scheme ends at the end of April 2021, and peak at 7.5% by mid-2021. In response, the UK Government has extended a range of economic support for businesses and unemployment recovery.

Given COVID-19's minimal impact on its business and rent collection, Elite Commercial REIT is expected to continue to provide stable income to its unitholders. The Manager remains focused on strengthening the portfolio and will closely monitor the market to explore opportunities for growth via yield-accretive acquisitions. This includes a right of first refusal 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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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 97 predominantly freehold³ quality commercial buildings located across the UK, with a total net internal area of approximately 2.6 million square feet and a total site area of approximately 47 hectares.

The Portfolio offers a stable cash flow with over 99.0% of the gross rental income derived from the AA-rated UK Government and a long weighted average lease expiry of 7.3 years⁴. The full repairing and insuring (triple net) leases⁵ 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.

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/>

³ Of the 97 properties, 96 properties are freehold properties and one property is on a long leasehold tenure expiring on 19 May 2255.

⁴ As at 31 December 2020.

⁵ 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.

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. This document may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view on future events. No representation or warranty express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this document. Neither the Manager nor any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use of, reliance on or distribution of this document or its contents or otherwise arising in connection with this document.

The past performance of Elite Commercial REIT is not indicative of future performance. The listing of the Units on the Singapore Exchange Securities Trading Limited (“SGX-ST”) does not guarantee a liquid market for the Units. 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.