

ELITE COMMERCIAL REIT EMBARKS ON FIRST SUSTAINABILITY COLLABORATION WITH THE DEPARTMENT FOR WORK AND PENSIONS (“DWP”) IN THE UK

- *Signs agreement for asset enhancement works to boost sustainability and energy efficiency of properties in the REIT’s portfolio occupied by DWP, in line with the UK Government’s national climate agenda*
- *Agreement marks Elite Commercial REIT’s first collaboration with the DWP to ensure commercial premises meet energy efficiency standards*
- *Part of the Manager’s proactive strategy to enhance the long-term value of the REIT by ensuring the relevance of its portfolio in an increasingly sustainability-focused environment*

SINGAPORE, 28 February 2022 – Elite Commercial REIT Management Pte. Ltd., the manager (the “**Manager**”) of Elite Commercial REIT (the “**REIT**”), is pleased to announce that Elite Commercial REIT has signed separate agreements with its tenant, The Secretary of State for Levelling Up, Housing and Communities of the United Kingdom (“**UK**”), to undertake asset enhancement works across the assets in the REIT’s portfolio that are occupied by the Department for Work and Pensions¹ (“**DWP**”) to target sustainability and climate adaptation requirements. This is in line with the UK Government’s commitment to achieve net zero carbon emissions by 2050².

Under the terms of the agreement, the REIT will invest £12.5 million over three years towards asset enhancement works to improve sustainability and energy efficiency credentials of properties in its portfolio that are currently occupied by DWP. This marks Elite Commercial REIT’s first collaboration with the DWP to boost sustainability and energy efficiency of their occupied estate.

Asset enhancement works meeting pre-agreed criteria including repair, replacement or upgrade of the lighting systems, heating and cooling systems, insulation and solar panels, and other initiatives will be undertaken to improve the Energy Performance Certificate (“**EPC**”) ratings of the REIT’s properties that are occupied by the DWP.

¹ DWP is the UK’s largest public service department that is responsible for welfare, pensions and child maintenance for over 23 million claimants. DWP is a resilient occupier and the portfolio is crucial public infrastructure for the provision of DWP services.

² Gov.UK, HM Government, Net Zero Strategy: Build Back Greener, October 2021.

Ms Shaldine Wang, Chief Executive Officer of the Manager, said: “We are pleased to embark on this public-private collaborative effort, which came about as a result of our regular proactive engagement with the DWP. We fully support the UK Government’s push for transition to net zero carbon emissions. Investing in retrofitting works to enhance the energy efficiency ratings of assets in the portfolio will contribute towards reducing their environmental impact. This win-win initiative demonstrates our commitment to adapt our portfolio to address sustainability and climate change requirements, and to extend the relevance of our assets to tenants.

Separately, Elite Commercial REIT and DWP have also agreed to re-gear³ a significant number of leases of DWP-occupied properties by removing lease break options. Lease break options have been removed from the leases for 100 of the 117 DWP-occupied assets which had break clauses occurring in 2023. Following the lease re-gearing, 78.6% of the leases by total portfolio by gross rental income⁴ will continue straight to 2028 without any lease break options.

DWP is the UK Government’s biggest public service department, and is responsible for crucial welfare, pensions and child maintenance policy serving over 23 million⁵ claimants. The department is instrumental and integral in supporting the UK social fabric, administering the State Pension and a range of working age, disability and ill health benefits.

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³ Re-gearing a lease is the practice of renegotiating lease terms between the tenant and landlord during the course of the lease.

⁴ Based on annualised gross rental income as at 31 December 2021, taking into account the portfolio maiden acquisition completed on 9 March 2021.

⁵ Gov.UK, National statistics, DWP benefits statistics: August 2021, 3 September 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 the 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 freehold⁶ quality commercial buildings located across the UK valued at an aggregate of £500.1 million⁷, 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 insuring⁸ ("FRI") leases 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 23 million

⁶ Of the 155 properties, 150 properties are freehold properties and 5 properties are on long leasehold tenures.

⁷ As at 31 December 2021.

⁸ Under a full repairing and insuring lease, commonly known as 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.



claimants. DWP is a resilient 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%).



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