



(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.)

LEASE UPDATES AND SUSTAINABILITY COLLABORATION WITH THE UK GOVERNMENT'S MINISTRY OF DEFENCE AND DEPARTMENT FOR WORK AND PENSIONS

Pursuant to announcements dated 28 February 2022 and 11 March 2022 on lease updates, Elite Commercial REIT Management Pte. Ltd., as manager of Elite Commercial REIT (the "**Manager**"), is pleased to announce new lease updates to Elite Commercial REIT's portfolio of 155 commercial assets ("**Portfolio**") having secured a Sustainability Collaboration with the UK Government's Ministry of Defence ("**MOD**"), as well as further lease updates to the remaining assets occupied by the UK Government's Department for Work and Pensions ("**DWP**") with a lease break clause occurring in March 2023.

1. NEW LEASE UPDATES AND THE SECURING OF SUSTAINABILITY COLLABORATION WITH THE UK GOVERNMENT'S MINISTRY OF DEFENCE

The Manager is pleased to announce that the lease to the UK Government's Ministry of Defence ("**MOD**") for Tomlinson House, Blackpool Norcross Lane has had its lease break option occurring in March 2023 removed.

The lease is now confirmed to run until March 2028 without any lease break options, presenting income visibility for the next six years from March 2022 as well as further upside from its built-in inflation-linked rental escalation from April 2023.

The Manager has also reached an agreement with the MOD for a Sustainability Collaboration relating to asset enhancement works. The Manager will be investing £100,000 under the terms of a Sustainability Contribution towards pre-approved works relating to sustainability upgrade initiatives focused on improving the underlying energy efficiency of the building.

2. FURTHER LEASE UPDATES PERTAINING TO ASSETS OCCUPIED BY THE DWP

The Manager has received the notices to exercise the lease break options for seven out of eight remaining DWP-occupied assets with a lease break clause occurring in March 2023. The Manager will continue to engage the DWP on the remaining asset with a lease break clause occurring in March 2023 and will update the market in due course.

Further to the announcement on 11 March 2022, 108 out of 117 DWP-occupied assets have had their March 2023 lease break option removed, of which a majority of the DWP-occupied assets will enjoy rental growth from the built-in inflation-linked rental escalation from April 2023.

2.1 PROACTIVE ASSET MANAGEMENT APPROACH FOR ASSETS OCCUPIED BY THE DWP

The eight¹ DWP-occupied assets, where the notices to exercise the March 2023 lease break options have been received, represent 4.8% of the Portfolio's FY 2022 contractual rent².

As all the eight assets have a 12-month notice period on the lease, these assets will continue to be income-producing until March 2023 when the assets are vacated. The Manager is actively formulating the appropriate asset management strategy for each asset, with a view to maximising value outcomes and minimising holding costs.

Appraisals of the real estate market conditions and economic dynamics of the submarkets of each of the eight assets are underway, with a variety of options for each asset under consideration, including:

- potential for re-letting as an office or other uses
- disposal with vacant possession or following re-letting
- seeking consent for alternative uses (conversion or redevelopment) where those offer the best outcomes

The Manager is also actively engaged with the network of local advisors, to assist in any analysis and on future re-letting, redevelopment and/or disposal strategies for the eight assets.

The asset at John Street, Sunderland, which vacated on 31 March 2022, is being actively marketed through a local agent to engage with potential occupiers or purchasers. The most likely use for the asset is a continued office use, although the Manager continues to review alternative options as a matter of course. With reasonable levels of ongoing commercial investment activities in Sunderland, the Manager is encouraged this will assist in our asset management activities.

Further updates will be provided at the appropriate time.

3. RENTAL ESCALATION DUE IN 2023

3.1 RENTAL ESCALATION MECHANISM FOR ASSETS LEASED TO THE DWP AND THE MOD

A majority of the assets leased to the DWP and the MOD have rental escalation pegged to the UK Consumer Price Index ("CPI"), subject to an annual minimum increase of 1.0% and maximum of 5.0% on an annual compounding basis from 1 April 2018 to 31 March 2023.

3.2 ILLUSTRATED OUTCOME OF RENTAL CONTRIBUTIONS FOR ASSETS OCCUPIED BY THE DWP AND THE MOD

The illustrated rental contribution outcome has been prepared based on the FY 2022 contractual rent³. The minimum and maximum rental escalation is estimated to be at least 11.0% and up to 15.4% respectively. The actual rental escalation will be subject to the prevailing inflation rate through to 31 March 2023.

Two of the DWP-occupied assets in the Portfolio have a rental escalation that is based on open market rent review. For the purpose of illustration only, the Manager assumes no escalation for these two DWP-occupied assets.

¹ Includes the lease break notice received for one of the DWP-occupied assets announced on 11 March 2022.

² As at 31 March 2022, taking into account three months of rent for John Street, Sunderland, six months of rent for Sidlaw House, Dundee and ten months of rent for Phoenix House, Bradford respectively.

³ As at 31 March 2022.

The table below sets out a summary of the illustrated rental contribution outcome for the assets occupied by the DWP and the MOD following the recent lease events as well as the estimation of the minimum and maximum rental escalation.

Types of Leases	Number of assets	Contractual rent ³ for FY 2022	Illustrated outcome after rental escalation	
			Minimum Estimation (11.0%)	Maximum Estimation (15.4%)
			£'000	£'000
Assets occupied by the DWP	146	33,370	33,812	35,140
Straight leases ⁵	27	11,783	13,079	13,597
Leases with lease break option removed				
▪ Without rent reduction	97	17,284	19,171	19,926
▪ With rent reduction ⁶	11	1,976	1,402	1,457
New five-year lease signed for East Street, Epsom ⁷	1	143	160	160
Leases with break option exercised				
▪ To vacate in 2023	8	1,758	-	-
▪ Vacated on 31 March 2022 ⁸	1	35	-	-
Lease pending an outcome	1	390	To be confirmed	
Asset occupied by the MOD	1	788	875	910
Total⁹	147	34,158	34,687	36,050

The total rental contribution from the DWP and the MOD for FY 2022 is £34.2 million and represents approximately 93% of the Portfolio's FY 2022 contractual rent². Following the rental escalation in April 2023, the total estimated rental contribution from the DWP and the MOD is between £34.7 million and £36.1 million, which represent an increase of between 1.5% and 5.5%. Please refer to Appendix 1 for a breakdown of the DWP and the MOD portfolio.

Properties with their lease break option exercised will undergo proactive asset management strategy. Any future rent derived from these properties is not included in the table above.

4. VALUATIONS

The Manager intends to conduct a mid-year valuation exercise to update the Portfolio value following the recent lease events.

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)

14 April 2022

⁵ Straight leases refer to the existing DWP-occupied assets without any lease break clauses.

⁶ The rental reduction mechanism will be simultaneously applied together with the rental escalation in April 2023.

⁷ Based on contractual rent of the new lease.

⁸ Refers to John Street, Sunderland, where the contractual rent for the asset pertains to the rent from 1 January 2022 to 31 March 2022.

⁹ Discrepancies between the listed figures and totals thereof are due to rounding.

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.

Appendix 1: Asset Summary of the DWP and the MOD Portfolio⁹

S/No	Property	Contractual rent ³ for FY 2022 £'000
Assets occupied by the DWP		
Straight leases⁵		
1	Broadlands House, Newport	468
2	Broadway House, Ealing	443
3	Collyer Court, Peckham	361
4	Cotswold House, Torquay	207
5	Crown Buildings, Colchester	204
6	Crown Buildings, Tonbridge	147
7	Crown House, Grantham	141
8	Crown House, Romford	529
9	Crown House, Worthing	327
10	Duchy House, Preston	245
11	Finchley Lane, Hendon	254
12	Glasgow Benefits Centre, Glasgow	1,940
13	Great Oaks House, Basildon	550
14	Great Western House, Birkenhead	650
15	Kilner House, Canning Town	271
16	Lodge House, Bristol	367
17	Medina Road, Finsbury Park	277
18	Medwyn House, Lewes	305
19	Monks Park Avenue, Bristol	115
20	Nutwood House, Canterbury	512
21	Oates House, Stratford	352
22	Palatine House, Preston	207
23	Palting House, Folkestone	269
24	Peckham High Street	416
25	Peel Park, Blackpool	1,695
26	Raydean House, Barnet	339
27	The Forum, Stevenage ¹⁰	190
Total		11,783
Leases with lease break option removed (without rent reduction)		
1	Acacia Walk, Nottingham	58
2	Afon House, Newtown	134
3	Bayfield Road, Portree	25
4	Beaufort House, Harlow	434
5	Beech House, Hyde	223
6	Blackburn Road, Burnley	472
7	Bowling Green Street, Bellshill	278
8	Brendon House, Taunton	382
9	Bridge House, Castleford	75
10	Bridge Street, Llangefni	64

¹⁰ Multi-tenanted asset. Contractual rent here refers to contributions from only the DWP.

S/No	Property	Contractual rent ³ for FY 2022 £'000
11	Bristol Road South, Birmingham	286
12	Broadway House, Houghton Le Spring	144
13	Brunswick House, Birkenhead	156
14	Castle House, Huddersfield	202
15	Castlestead House, Montrose	41
16	Centurion House, Castleford	78
17	Chantry House, Chester	400
18	Chantry House, Rotherham	122
19	Charles Street, Newport	166
20	Claverhouse Industrial Park, Dundee	281
21	Cleddau Bridge Business Park, Pembroke Dock	119
22	Coustonholm Road, Glasgow	303
23	Crown Building, Banbury	253
24	Crown Building, Kilmarnock	302
25	Crown Buildings, Abertillery	37
26	Crown Buildings, Bridgend	376
27	Crown Buildings, Chester Le Street	65
28	Crown Buildings, Ilkeston	113
29	Crown Buildings, Mexborough	62
30	Crown House, Chatham	432
31	Cyppa Court, Chippenham	160
32	Discovery House, Stornoway	93
33	Dock Street, Porthcawl	26
34	Flemington House, Motherwell	264
35	George Street, Corby	100
36	Gloucester House, Bognor Regis	214
37	Great Moor Street, Bolton	100
38	Hadrian House, Eston	150
39	Hall Street, Campbeltown	60
40	Hannah Street, Porth	65
41	Hanover House, Bridgwater	178
42	Hatfield House, Peterlee	107
43	Heron House, Falkirk	262
44	Heron House, Stockport	322
45	High Road, Ilford	356
46	High Street, Bilston	119
47	High Street, Dingwall	31
48	High Street, Rhyl	71
49	High Street, Swansea	188
50	Holborn House, Derby	453
51	Hougoumont House, Liverpool	105
52	Irish Street, Dumfries	119
53	Kent Street, Bristol	95
54	Lee-Moran House, Burnley	170

S/No	Property	Contractual rent ³ for FY 2022 £'000
55	Low Hall, Pontefract	77
56	Maengwyn Street, Machynlleth	12
57	Mitre House, Lancaster	410
58	Mulberry House, Goole	37
59	New Reiver House, Galashiels	235
60	Oldway House, Swansea	105
61	Parc Menai, Bangor	384
62	Parklands, Falkirk	684
63	Pollokshaws Road, Glasgow	155
64	Portland House, Redcar ¹⁰	75
65	Premier House, Liverpool	61
66	Quay Street, Haverfordwest	75
67	Queens House, Plymouth	106
68	Regent House, Weston Super Mare	213
69	Roskell House, Fleetwood	47
70	Roydale House, Leigh	119
71	Saxon Mill Lane, Tamworth	96
72	Scotland House, Stourbridge	128
73	Silver Street, Bury	79
74	South Muirhead Road, Glasgow	73
75	South Western House, Aldershot	164
76	Speke Road, Liverpool	55
77	Spring Gardens House, Swindon	617
78	Springfield House, Liverpool	104
79	St Andrew's House, Hexham	242
80	St Cross House, Southampton	455
81	St John Street, Stranraer	66
82	St John's Square, Seaham	61
83	St Martin's House, Bootle ¹⁰	369
84	Station Road, Port Talbot	61
85	Summerlock House, Salisbury	185
86	Tannery House, Alfreton	86
87	Temple House, Wolverhampton	247
88	Theatre Buildings, Billingham	57
89	Trinity Road, Elgin	143
90	Upper Huntbach Street, Stoke-On-Trent	210
91	Waggon Road, Leven	28
92	Wallacetoun House, Ayr	284
93	Ward Jackson House, Hartlepool	207
94	Washwood Heath Road, Birmingham	77
95	Wilmslow Road, Manchester	197
96	Windsor Road, Neath	119
97	Wyvern House, Bedford	188
Total		17,284

S/No	Property	Contractual rent ³ for FY 2022 £'000
Leases with break option removed (with rent reduction⁶)		
1	Atlas Road, Glasgow	397
2	Beecroft Road, Cannock	137
3	Crown Buildings, Aberdare	103
4	Elder House, Northallerton	94
5	Lothersdale House, Wellingborough	265
6	Norham House, Berwick Upon Tweed	43
7	Reiverdale House, Ashington	114
8	Rishton House, Lowestoft	215
9	St Andrew's House, Bury St Edmunds	230
10	Thistle House, Tonypany	112
11	Whitburn Road, Bathgate	266
Total		1,976
New five-year lease signed for East Street, Epsom		
1	East Street, Epsom	143
Total		143
Leases with break option exercised		
1	Cardwell Place, Blackburn	126
2	Crown Buildings, Caerphilly	124
3	Crown House, Burton On Trent	128
4	Hilden House, Warrington	560
5	Leeds Road, Bradford	114
6	Openshaw Job Centre, Manchester	60
7	St Paul's House, Chippenham	273
8	Victoria Road, Kirkcaldy	372
Total		1,758
Leases with break option exercised (Vacated on 31 March 2022)		
1	John Street, Sunderland ⁸	35
Total		35
Lease pending an outcome		
1	Lindsay House, Dundee	390
Total		390
Total DWP Portfolio		33,370
Assets occupied by the MOD		
1	Tomlinson House, Blackpool Norcross Lane	788
Total MOD portfolio		788
Total DWP and MOD portfolio		34,158