



(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.)

## ANNOUNCEMENT

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### ANNUAL GENERAL MEETING TO BE HELD ON 27 APRIL 2022 RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

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Elite Commercial REIT Management Pte. Ltd., as manager of Elite Commercial Real Estate Investment Trust (“**Elite Commercial REIT**”, and the manager of Elite Commercial REIT, the “**Manager**”) would like to thank all unitholders of Elite Commercial REIT (“**Unitholders**”) who have submitted their questions in advance of our Annual General Meeting (“**AGM**”) to be convened and held by way of electronic means on **Wednesday, 27 April 2022 at 4.00 p.m. (Singapore Time)**.

Please refer to Appendix 1 hereto for the list of substantial and relevant questions, and the Manager’s responses to these questions.

BY ORDER OF THE BOARD  
Shaldine Wang  
Chief Executive Officer

**Elite Commercial REIT Management Pte. Ltd.**  
(Company registration no. 201925309R)  
as manager of Elite Commercial REIT

21 April 2022

#### 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: Responses to substantial and relevant questions

Questions	Responses
<p>I understand inflation in the UK is now well over 5%. It is expected to rage on higher. What will be the financial effects?</p>	<p>Based on the latest inflation data released by the United Kingdom (“<b>UK</b>”) Government in March 2022, the Consumer Prices Index (“<b>CPI</b>”) rose by 7.0% in the 12 months to March 2022, up from 6.2% in February 2022<sup>1</sup>. This is the highest 12-month CPI inflation rate in the National Statistics series, which began in January 1997<sup>1</sup>.</p> <p>Yet, inflation is expected to increase further in the coming months, to around 8% in 2Q 2022, and perhaps even higher later this year, reflecting global energy prices, with some further material contribution from tradable goods prices<sup>2</sup>. However, upward pressures on inflation are expected to dissipate over time and projected to fall back to a little above the 2% target in two years’ time<sup>2</sup>.</p> <p>Elite Commercial REIT (the “<b>REIT</b>”) is inflation-protected as a majority of the leases in its portfolio of 155 commercial properties (“<b>Portfolio</b>”) come with built-in inflation-linked rental escalation pegged to the UK 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. The new rental rate will begin on 1 April 2023.</p> <p>In its announcements dated 14 April 2022, the Manager provided an illustrated outcome of rental contributions for assets occupied by the UK Government’s Department for Work and Pensions (“<b>DWP</b>”) and the Ministry of Defence (“<b>MOD</b>”), following the recent lease events pertaining to the assets occupied by these two government departments. These two departments contribute approximately 93% of the REIT’s Portfolio contractual rental income for FY 2022.</p> <p>The illustration showed that the total estimated rental contribution from the DWP and the MOD will increase between 1.5% and 5.5% when the inflation-linked rental escalation starts in April 2023.</p> <p>Following the recent lease events, the Manager intends to conduct a mid-year valuation exercise to update the Portfolio value.</p> <p>Besides that, the REIT’s assets are all leased out on a full repairing and insuring (“<b>FRI</b>”) basis, where the responsibility for the repair of the external and internal as well as the structure of the property is placed with the tenant. Elite Commercial REIT, as the landlord, has no repairing or insuring liability.</p> <p>In view of the increasing inflationary pressures, many central banks in the world hike interest rates to combat rising prices. At the Bank of England’s (“<b>BoE</b>”) Monetary Policy Committee (“<b>MPC</b>”) meeting in March 2022, the MPC voted by a majority to raise BoE base rate by a further 25bps, bringing the rate to 75bps.</p> <p>In turn, higher BoE base rate would have an impact in terms of borrowing costs. However, Elite Commercial REIT is expected to be largely insulated as approximately 63% of its interest rate exposure is fixed.</p>

<sup>1</sup> Office for National Statistics, Consumer price inflation, UK: March 2022, 13 April 2022.

<sup>2</sup> Bank of England Monetary Policy Summary March 2022, 17 March 2022.

Questions	Responses
<p>What is the average age of the buildings in the portfolio? Is there a concern that the tenant might want to move to newer buildings in the area when the tenancy expires?</p>	<p>The properties in the Portfolio are functional commercial properties, with strategic locations in town and city centres near transportation nodes and amenities. The network of properties that Elite Commercial REIT owns are geographically diversified across the UK and are part of the crucial public infrastructure that allows the REIT's primary occupier, the DWP, to serve the community and thereby play an integral role in supporting UK's social fabric.</p> <p>The age of the buildings ranges between the purpose-built office buildings constructed in the 2000s and the bulk of those built between 1970s to 1990s. As the assets are leased out on a full repairing and insuring ("<b>FRI</b>") basis, the responsibility of the repair of the external and internal as well as the structure of the property is placed with the tenant. Elite Commercial REIT, as the landlord, has no repairing or insuring liability.</p> <p>Notwithstanding the FRI lease terms where the occupier has quiet enjoyment of the buildings, the Manager has committed to invest an aggregate of approximately £14.8 million in Sustainability Contribution towards pre-approved asset enhancement works to improve energy efficiency credentials of the properties occupied by the DWP and the MOD. The improvement works would ensure that the assets continue to remain relevant to our occupiers and tenants for a longer time and hence increase the likelihood of tenant retention. The Manager is also actively engaging the occupiers and tenants to better understand their needs.</p> <p>The current average rental rate for Elite Commercial REIT's portfolio of assets is approximately £9.60 per square feet ("<b>psf</b>") per annum and the average value of the REIT's properties is approximately £130 psf. Comparing this to the current construction cost (excluding land, professional fees and developer's profit) of £190 psf to £250 psf in the UK, Elite Commercial REIT's current average rental rate is a very affordable rate for the government. In addition, if the occupier were to move to another location, it would need to incur additional fit-out cost. Therefore, it could be more cost-effective for occupiers to stay put.</p>
<p>Does the REIT have a capital recycling policy? Will low-yielding assets be sold to acquire newer properties with higher yields?</p>	<p>The Manager has in place a proactive asset management approach towards managing our portfolio. The Manager's focus has been on growing the asset under management of the REIT and working on the lease re-gearing exercise to achieve lease stability and income visibility for Elite Commercial REIT.</p> <p>The Manager is open towards capital recycling and will evaluate it on a case-by-case basis. The Manager will take a holistic approach in making decision for any capital recycling exercise. Asset yield will not be the only consideration in such assessment. There are many other factors for consideration such as occupancy and leasing demand, growth potential in the area, asset return generation, repositioning needs and others.</p>