



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.)

MINUTES OF THIRD ANNUAL GENERAL MEETING

PLACE : Suntec Singapore Convention & Exhibition Centre, MR 324-325 (AGM Room),
1 Raffles Boulevard, Singapore 039593

DATE : Tuesday, 25 April 2023

TIME : 3.00 p.m.

PRESENT : **Board of Directors**

Mr. David Lim Teck Leong	Chairman and Independent Non-Executive Director
Mr. Tan Huay Lim	Independent Non-Executive Director and Chairman of the Audit and Risk Committee
Mr. Koo Tsai Kee	Independent Non-Executive Director and Chairman of the Nominating and Remuneration Committee
Mr. Nicholas David Ashmore*	Independent Non-Executive Director
Mr. Tan Hai Peng Micheal	Non-Independent Non-Executive Director and Chairman of Strategic Planning Committee
Mr. Victor Song Chern Chean	Non-Independent Non-Executive Director
Mr. Tan Dah Ching	Non-Independent Non-Executive Director
Mr. Evan Cheah Yean Shin	Non-Independent Non-Executive Director
Dr. Tan Kok Heng	Alternate Director to Mr. Evan Cheah Yean Shin

ABSENT WITH APOLOGIES: :

Mr. Yezdi Phiroze Chinoy	Independent Non-Executive Director
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IN ATTENDANCE/ BY INVITATION :

Ms. Shaldine Wang	Chief Executive Officer
Mr. Joel Cheah Zhuo Yue	Chief Financial Officer (“CFO”)
Mr. Jonathan Edmunds	Chief Investment Officer (“CIO”)

Unitholders, the Trustee and other external professionals who attended the Annual General Meeting as set out in the attendance records maintained by the Manager.

CHAIRMAN OF THE MEETING : Mr. David Lim Teck Leong

* attended virtually from the United Kingdom (“UK”)

QUORUM

Mr. David Lim Teck Leong, Chairman of the Board of Elite Commercial REIT Management Pte. Ltd., the manager of Elite Commercial REIT (the “REIT” and the manager of the REIT, the “**Manager**”) welcomed the unitholders of the REIT (“**Unitholders**”) to the Third Annual General Meeting of the REIT (the “**Meeting**”) for the financial year ended 31 December 2022 (“**FY2022**”).

Mr. David Lim informed that he had been nominated by Perpetual (Asia) Limited, trustee of the REIT (the “**Trustee**”) to preside as Chairman of the Meeting (the “**Chairman**”) in accordance with the trust deed constituting the REIT dated 7 June 2018 (as amended, restated and supplemented) (“**Trust Deed**”).

As a quorum was present, the Chairman declared the Meeting open.

INTRODUCTION

The Chairman introduced the Board of Directors of the Manager, Management, representatives from the Trustee, the Auditors, KPMG LLP and the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. (“**BCAS**”).

NOTICE

The Notice of Meeting dated 31 March 2023 (“**Notice**”) and the Annual Report for FY2022 had been released on SGXNet and also published on the REIT’s corporate website.

With consent of the Meeting, the Notice convening the Meeting was taken as read.

CONDUCT OF VOTING

The Chairman informed that, in his capacity as Chairman of the Meeting, he directed voting of all resolutions to be conducted by way of electronic poll voting. The Chairman also informed that he had been appointed as proxy by certain Unitholders and will be voting in accordance with their instructions.

DrewCorp Services Pte. Ltd. and BCAS had been appointed as scrutineer and polling agent respectively for the conduct of the poll. Unitholders were then briefed on the electronic poll voting procedures.

PRESENTATION BY THE CHIEF EXECUTIVE OFFICER

Unitholders were informed that Ms. Shaldine Wang, the Chief Executive Officer of the Manager (the “**CEO**”), will present the REIT’s performance for FY2022. The responses to questions received from Securities Investors Association (Singapore) in advance of the Meeting had been published on SGXNET and the REIT’s corporate website. There were no queries received from Unitholders in advance of the Meeting.

The Chairman then invited the CEO to present a summary of the REIT’s performance for FY2022. Copies of the presentation slides had also been released via SGXNET and uploaded to the REIT’s corporate website.

QUESTIONS AND ANSWERS

After the presentation, Unitholders were invited to ask any questions relating to the proposed resolutions of the Meeting.

Queries from the Unitholders were dealt with as per **Appendix A**.

The Chairman then proceeded with the business of the Meeting.

ORDINARY BUSINESS:

1. **ORDINARY RESOLUTION 1 REPORT OF PERPETUAL (ASIA) LIMITED, STATEMENT BY ELITE COMMERCIAL REIT MANAGEMENT PTE. LTD. AND THE AUDITED FINANCIAL STATEMENTS OF ELITE COMMERCIAL REIT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 TOGETHER WITH THE AUDITORS' REPORT THEREON**

1.1 The motion for Ordinary Resolution 1 was proposed by the Chairman and seconded by Mr. David Pooi.

1.2 The motion was put to vote and the results of the poll were as follow:

Total number of Units represented by votes for and against the relevant resolution	For		Against	
	Number of Units	As a percentage of total number of votes for and against the relevant resolution (%)	Number of Units	As a percentage of total number of votes for and against the relevant resolution (%)
20,741,721	20,507,662	98.87	234,059	1.13

1.3 Based on the results of the poll, the Chairman declared the motion carried and it was RESOLVED:

“That the Report of Perpetual (Asia) Limited, as trustee of Elite Commercial REIT, the Statement by Elite Commercial REIT Management Pte. Ltd., as manager of Elite Commercial REIT and the Audited Financial Statements of Elite Commercial REIT for the financial year ended 31 December 2022 together with the Auditors' Report be received and adopted.”

2. **ORDINARY RESOLUTION 2 RE-APPOINTMENT OF AUDITORS**

2.1 Ordinary Resolution 2 was to re-appoint KPMG LLP as Auditors of the REIT to hold office until the conclusion of the next Annual General Meeting and to authorise the Manager to fix their remuneration.

2.2 KPMG LLP had expressed their willingness to continue in office.

2.3 The motion for Ordinary Resolution 2 was proposed by the Chairman and seconded by Ms. Ang Lay Hoon.

2.4 The motion was put to vote and the results of the poll were as follow:

Total number of Units represented by votes for and against the relevant resolution	For		Against	
	Number of Units	As a percentage of total number of votes for and against the relevant resolution (%)	Number of Units	As a percentage of total number of votes for and against the relevant resolution (%)
20,749,665	20,515,553	98.87	234,112	1.13

2.5 Based on the results of the poll, the Chairman declared the motion carried and it was RESOLVED:

“That KPMG LLP be re-appointed as Auditors of Elite Commercial REIT and to hold office until the conclusion of the next Annual General Meeting and that the Manager be authorised to fix their remuneration.”

3. ANY OTHER BUSINESS

3.1 As no notice of any other ordinary business has been received by the Secretary of the Manager, the Meeting proceeded to deal with the special business of the Meeting.

SPECIAL BUSINESS:

4. ORDINARY RESOLUTION 3 GENERAL MANDATE FOR THE ISSUE OF NEW UNITS AND/OR CONVERTIBLE SECURITIES

4.1 Ordinary Resolution 3 was to authorise the Manager to issue units and/or convertible securities in the REIT pursuant to the provisions of the Listing Manual of Singapore Exchange Securities Trading Limited and the Trust Deed.

4.2 The motion for Ordinary Resolution 3 was proposed by the Chairman and seconded by Mr. David Pooi.

4.3 The motion was put to vote and the results of the poll were as follow:

Total number of Units represented by votes for and against the relevant resolution	For		Against	
	Number of Units	As a percentage of total number of votes for and against the relevant resolution (%)	Number of Units	As a percentage of total number of votes for and against the relevant resolution (%)
20,738,496	20,373,084	98.24	365,412	1.76

4.4 Based on the results of the poll, the Chairman declared the motion carried and it was RESOLVED:

“That authority be given to the Manager to:

- (a) (i) issue units in Elite Commercial REIT (“**Units**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, options, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

- (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders (including Units to be issued in pursuance of Instruments to be made or granted pursuant to this Resolution) shall not exceed twenty per cent (20.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), for the purpose of determining the aggregate number of Units and Instruments that may be issued under sub-paragraph (1) above, the total number of issued Units and Instruments shall be based on the total number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:
 - (a) any new Units arising from the conversion or exercise of the Instruments; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed constituting Elite Commercial REIT (as amended) (“**Trust Deed**”) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) unless revoked or varied by Unitholders in a general meeting of Elite Commercial REIT, the authority conferred by this Resolution shall continue in force (i) until (a) the conclusion of the next AGM of Elite Commercial REIT or (b) the date by which the next AGM of Elite Commercial REIT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier or (ii) in the case of Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments;

- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Elite Commercial REIT to give effect to the authority conferred by this Resolution.”

CONCLUSION

There being no other business to transact, the Chairman declared the Meeting closed at 3.50 p.m. and thanked everyone for their attendance.

Confirmed as True Record of Proceedings Held

David Lim Teck Leong
Chairman

**QUESTIONS AND ANSWERS RAISED AT THE ANNUAL GENERAL MEETING (“AGM”) OF
ELITE COMMERCIAL REIT (THE “REIT”) HELD ON 25 APRIL 2023**

Capitalised terms used herein, unless otherwise defined, shall have the meaning ascribed to them in the Annual Report of the REIT for the financial year ended 31 December 2022 (“FY2022”). Some questions and answers have also been edited for clarity.

Questions relating to the AGM resolutions	
1.	<p>The Manager was commended for its effort in the lease re-gearing exercise which resulted in the removal of March 2023 lease break clauses for 109 assets (the “Lease Re-gearred Assets”). As disclosed on page 28 of the Annual Report of the REIT for FY2022 (the “Annual Report”), 87.6% of the total REIT’s portfolio based on FY2022’s gross rental income (“GRI”) will remain in place until March 2028.</p> <p>Apart from the Lease-Regeared Assets, how many other assets fall under 87.6% of the total REIT’s portfolio which have a lease expiry in 2028?</p> <p><i>Answer (CEO and CIO):</i> 87.6% of the total REIT’s portfolio based on FY2022’s GRI and bearing a lease expiry in 2028 consists of the Lease Re-gearred Assets and 27 other assets without lease break options until 2028.</p>
2.	<p>Is St Katherine’s House, Northampton (“St Katherine’s House”) included in the 11.1% of the total REIT’s portfolio based on FY2022’s GRI?</p> <p><i>Answer (CEO):</i> 11.1% of the total REIT’s portfolio based on FY2022’s GRI illustrated on page 28 of the Annual Report had included St Katherine’s House which originally had a lease expiry in 2023. Subsequently during FY2023, the Manager has successfully renewed the lease at St Katherine’s House until 2028.</p>
3.	<p>Total purchase price for 10 assets which have been vacated/will be vacating in FY2023 amounted to c.£34 million (“m”). These assets were valued at c.£16m as at 31 December 2022, a decrease of more than 50% from their purchase price. In FY2022, two assets which had been vacated were purchased at c.£7.4m while valuation of these assets had decreased by 69% to c. £2.3m as at 31 December 2022.</p> <p>Income capitalisation method was adopted for the valuation of the REIT’s assets where valuation will be impacted by the operation income of its assets.</p> <p>Noted the REIT intended to pursue for capital recycling through capital receipts from potential disposals and dilapidation settlements. Will the assets be disposed of at their valuation as at 31 December 2022, which is lower than their purchase price?</p> <p><i>Answer (CIO):</i> In order to maximise value, the Manager will be adopting a variety of strategies for the vacated/vacating assets. This includes re-letting to new tenants, converting into other uses, considering any redevelopment potential or disposal. The REIT Manager will strive to dispose some of its assets in the open market at a price higher than the valuation. Unitholders will be kept informed of the detailed asset management strategy when appropriate.</p>

Questions relating to the AGM resolutions	
4.	<p>The valuation of the REIT's portfolio will be improved with its effort in asset management strategy. As a result, will the gearing level eventually decrease?</p> <p><i>Answer (CFO):</i> The capital recycling exercise is crucial because the REIT's gearing level was elevated due to the increase in capitalisation rates ("cap rates"), as explained by the CEO during her presentation earlier. Despite the REIT's income and debt profiles being stable, higher cap rates has resulted in a lower assets valuation. Thus, the gearing level will increase while NAV (net asset value) will decline.</p> <p>Vacant assets in the UK are subject to vacancy holding costs which will affect the NPI (net property income) of the REIT. Conversely, the REIT's NPI can be increased through disposal of vacant assets. Further, the disposal proceeds can be utilised to pare down loans, which in turn decreases the REIT's gearing level and increases the income available for distributions.</p>
5.	<p>Due to the current global macroeconomic situation, the disposal price will be significantly affected by the decline in valuation of assets. Therefore, disposal of vacant assets should be the last resort of the REIT.</p> <p>Instead of disposing the vacant assets, the REIT should hold on to these assets as the impact of vacancy holding costs should be relatively lower compared to the impact of disposing the assets at a loss.</p> <p><i>Answer (Chairman):</i> The points highlighted were noted. The Board of Directors of the Manager (the "Board") is aware of the need to evaluate the individual vacant assets and will carry out asset management plan for the REIT's portfolio.</p>
6.	<p>One Unitholder expressed her view that the REIT should consider disposing the vacant assets to reduce its gearing level.</p> <p><i>Answer (Chairman):</i> Whether to dispose of or to hold the vacant assets are considerations which the Board will take into account in deciding the asset management strategy of the REIT. The REIT intends to collect its dilapidations settlement for 12 vacated/vacating assets which are expected to be substantial. Disposal of vacant assets could only take place upon completion of the dilapidations settlement exercise.</p> <p>The REIT has to weigh both the impact of vacancy holding costs and consideration for disposing the vacant assets. The Board and Management of the REIT Manager will pursue the best available option to maximise Unitholders' value.</p>

Questions relating to the AGM resolutions	
7.	<p>How long would the dilapidations settlement process take to complete? Sidlaw House, Dundee has been vacated since FY2022 but the dilapidation negotiation seems to have yet to be agreed upon.</p> <p><i>Answer (Chairman):</i> In the UK, tenants under full repairing and insuring (“FRI”) leases are responsible for the maintenance of properties. At the end of the FRI lease term, tenants are required to reinstate the vacant properties to the condition when the lease term started.</p> <p>There is a defined dilapidation claim process in place. The REIT intends to secure the dilapidation claims before exploring other opportunities for the vacant assets. The time taken for dilapidations settlement varies depending on various factors.</p> <p>Dilapidation settlement is a commercially sensitive process. The Manager wants to assure Unitholders that the Manager will do it best to achieve optimal outcomes on behalf of Unitholders.</p>
8.	<p>Will Sidlaw House, Dundee remain vacant until the dilapidation settlement has been finalised?</p> <p><i>Answer (CIO):</i> The Manager has actively marketed the property for re-letting while negotiating for the optimal dilapidation settlement outcome. The Manager will update Unitholders on the progress on Sidlaw House, Dundee in due course.</p>