



(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.)
 (Registration No.: 201925309R)

ANNOUNCEMENT

Annual General Meeting held on 22 April 2021 Responses to Substantial and Relevant Questions

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 submitted their questions in advance of our annual general meeting (“**AGM**”) held virtually via “live” audio-visual webcast or “live” audio-only stream at 4:30pm on Thursday, 22 April 2021.

Questions that are similar in nature are grouped together as shown below. Some relate to topics covered in the material presented during the AGM. Responses for the questions not addressed during the AGM are listed here.

A. Methods of Financing, Trading Volume & Exchange Rate	
1.	When will the financing approach for the recent acquisition be finalised? Will there be any new acquisitions this year?
	<p>Referring to announcements made on 26th February 2021 and 9th March 2021, the acquisition was completed on 9th March 2021 via a) issuance of consideration units to the seller, b) borrowings and c) internal resources.</p> <p>The Manager remains focused on realising opportunities for growth via acquisition of assets that are predominantly leased to the UK Government. These opportunities are available to the REIT through the Rights of First Refusal (ROFR) pipeline from its Sponsors and open market supply. Timing for acquisition is dependent upon various factors, hence when such transactions arise, the Manager will make timely announcements as required.</p>
2.	The trading volume for the shares appears to be quite low. Do you have any plans on how to increase that? What actions are the company taking to improve investors’ confidence and stock performance?
	<p>Elite Commercial REIT has maintained a resilient trading performance amid COVID-19 and Brexit, outperforming indices including the Straits Times Index (STI) and FTSE ST Real Estate Investment Trusts Index (FTSE ST REIT) over the past year since listing, as disclosed in the REIT’s Annual Report and investor presentations uploaded on the SGXNET. The Manager is aware of the modest liquidity of the Units and has taken proactive steps to engage and educate the markets on the investment merits of the REIT.</p> <p>This includes taking a proactive approach in engaging with investors and unitholders through online platforms well as post-results briefings with research analysts and investors. Since listing on 6 February 2020, the Manager has engaged around 100 analysts and institutional investors through</p>

	<p>one-on-one and group meetings and participated in several webinars organised by UOB Kay Hian, Phillip Securities, KGI Securities, The Edge Singapore, and The Securities Investors Association (Singapore) together with the SGX, some of which were attended by more than 120 investors in a single session. The Manager is also committed to timely and transparent disclosures to keep the investment community well-informed of key corporate updates of the REIT, and material information are released via the SGXNET and Elite Commercial REIT's corporate website in a timely manner.</p> <p>The Manager has also increased outreach through interviews with media, including radio interviews with the CEO Ms. Shaldine Wang on Money FM on 16 November 2020 (Podcast link: https://www.moneyfm893.sg/guest/shaldine-wang-elite-commercial-reit/).</p> <p>Another example of a recent outreach can be seen via a collaboration with SGX Research: 10 in 10 – Elite Commercial REIT (SGX Code: MXNU). A copy of the report can be found via our website.</p> <p>The Manager will continue all its efforts to engage investors to enhance the awareness and understanding of Elite Commercial REIT among the investment community.</p>
<p>3.</p>	<p>What will be the impact of Brexit on this REIT? Is the organisation looking into hedging the exchange rates between GBP and SGD?</p>
	<p>As the UK navigates a post-Brexit economy, the impact on Elite Commercial REIT's business and rent collection is expected to be minimal, backed by the Manager's AA-rated tenant – the UK Government and its main occupier's (i.e. the Department of Work and Pensions) uniquely counter-cyclical operations. The REIT is expected to continue providing stable income to its unitholders with its expanded portfolio, having achieved a track record of approximately 100% rent collection in advance since listing. The REIT has also surpassed its IPO forecasts for the Reporting Period from 6 February 2020 (Listing Date) to 31 December 2020, achieving a distributable income to Unitholders of £14.8 million and DPU of 4.44 pence for the Reporting Period.</p> <p>The REIT has a natural hedge in place by having its assets and expenses in the same currency, the GBP. The distributions are reported and declared in GBP. Investors are also given a choice to receive their dividends in GBP or SGD. It is worth noting that the GBP has appreciated against the SGD since the IPO of the REIT.</p>
<p>B. Outlook and Future Plans</p>	
<p>4.</p>	<p>With the rise of work from home due to COVID, the occupancy of offices is expected to decline. Is the company concerned? Will there be decreased occupancy for your offices going forward?</p>
	<p>As a uniquely counter-cyclical occupier, the UK Government's Department for Work and Pensions (DWP), which is the REIT's primary tenant, is instrumental and integral to the UK social fabric, even amidst the UK's lockdowns, administering the State Pension and a range of working age, disability and ill health benefits.</p> <p>There has been an increase in claimant count at each of DWP's JobCentres as the UK Government has extended a range of economic support for businesses and unemployment recovery, including an extension of the furlough scheme and commitment to increase the number of work coaches to 27,000. Work coaches are employed in JobCentre Plus buildings, which are the REIT's primary property type, and they have to meet people face to face to provide essential services and support while maintaining social distancing. JobCentre Plus locations remained open throughout the nation's lockdowns to process and disburse benefits to claimants.</p> <p>The immediate impact of Covid-19 is that DWP has had to increase the amount of space it leases to cater to the surge in demand for their services. The Manager is keeping close tabs of the developments in the UK and will provide periodic updates to investors.</p>

5.	<p>All your tenants are government entities. This might sound like a positive, but do you not think that there is a huge concentration risk? What if the British Government's credit rating decline or default on its obligations?</p>
	<p><u>Tenant(s)</u></p> <p>The REIT's initial portfolio is entirely tenanted by DWP, the largest department of the UK Government. This high conviction strategy has allowed the REIT to outperform many other Singapore and UK REITs, particularly in terms of rent collection. The REIT has collected more than 99% of rents due within 7 days of the rent payment date.</p> <p>DWP provides key social welfare services to the UK population in periods of strong and weak economic performance. The services provided include Employment, Pensions, Childcare Maintenance and Disability. DWP is well located throughout the UK to serve more than 20 million people across the nation.</p> <p>The REIT intends to focus on government/sovereign tenants given the high credit rating, stable occupational position and underlying diversification of that type of tenant.</p> <p>In the REIT's maiden acquisition, the new portfolio increased tenant base diversification by including properties that are let to other UK Government departments such as Ministry of Defence, Environmental Agencies, Her Majesty's Courts and Tribunals Service, etc.</p> <p>The REIT intends to generate additional diversification through focusing on acquiring properties that are leased to other Government tenants such as Her Majesty's Revenue and Customs ("HMRC"), National Health Service ("NHS"), Environment Agencies, etc.</p> <p><u>Covenant Strength / Credit Rating</u></p> <p>Standard & Poor's credit rating for the United Kingdom stands at AA with a stable outlook. Moody's credit rating for the United Kingdom was last set at Aa3 with a stable outlook. Fitch's credit rating for the United Kingdom was last reported at AA- with a negative outlook. DBRS's credit rating for the United Kingdom is AA (high) with a stable outlook.</p> <p><u>Engagement with the Tenant(s)</u></p> <p>The UK Government went asset light in the mid-1990s. Being the largest occupier of real estate in the UK, the government is very familiar with working with domestic and international landlords.</p> <p>The Manager is focused on maintaining a strong working relationship with the primary tenant, the DWP, and more broadly with the UK Government. We hold regular calls and video meetings with various departments and respond promptly to any requests or questions relating to the property. No issues have arisen regarding the quality of our property or asset management approach.</p>
6.	<p>As the REIT benefits from the counter-cyclical economy, when the economy picks up and soars, how will it affect REIT DPU received and its property acquisition/growth?</p>
	<p>Elite Commercial REIT has been established to provide investors stable returns both in times of economic prosperity and austerity. The REIT's portfolio has a long WALE of 7.2 years as at 31 March 2021.</p> <p>The REIT's main occupier, the DWP, provides key social welfare services to the UK population in periods of strong and weak economic performance. The services provided include Employment, Pensions, Childcare Maintenance and Disability. DWP is well located throughout the UK to serve more than 20 million people across the nation. For FY19/20, DWP has reported that approximately 60% of the benefits is in relation to pensions and the older generation. UK like any European nation is facing a growing aging population. Another 29% of the benefits goes to Disability. Hence,</p>

	<p>regardless of the performance of economy, the needs for these groups of claimants remain. As a result, the REIT is well-positioned to provide regular and stable distributions to its unitholders.</p> <p>The Manager is actively exploring acquisition opportunities to grow its portfolio size and enhance returns. In addition, as demonstrated via the maiden acquisition, other government users will be added into the REIT's portfolio to diversify the tenant concentration.</p>
7.	Has the Company thought of offering a dividend reinvestment plan?
	<p>The Manager is aware of the benefits of a Dividend Reinvestment Plan (DRP) in raising capital and lowering the gearing ratio for the Company. The Manager is committed to practicing good financial discipline in advancing prudent debt and capital management, to ensure stability in generating returns for its Unitholders.</p> <p>The Manager will consider a DRP after fully evaluating its merits and how much it would be beneficial for the REIT, and will only consider implementing a DRP when it is deemed an appropriate time to do so.</p>
C. Remuneration Matters	
8.	I note that there is no mention regarding the quantum, even in bands, regarding the remuneration of its key management. This is very unusual and a deviation from the norm. Please provide a fuller explanation why remuneration, in bands, was not provided.
	<p>As disclosed in the Annual Report, the Board has assessed and elected not to disclose the above remuneration for the following reasons:</p> <p>(i) the competition for talent in the REIT management industry is very keen and the Manager has, in the interests of Unitholders, opted not to disclose the remuneration of its CEO and top five key management personnel (who are not Directors or the CEO) so as to minimise potential staff movement which would cause undue disruptions to the management team of Elite Commercial REIT;</p> <p>(ii) it is important that the Manager retains its competent and committed staff to ensure the stability and continuity of business and operations of Elite Commercial REIT;</p> <p>(iii) due to the confidentiality and sensitivity of staff remuneration matters, the Manager is of the view that such disclosures could be prejudicial to the interests of Unitholders. Conversely, the Manager is of the view that such non-disclosure will not be prejudicial to the interests of Unitholders as the information provided regarding the Manager's remuneration policies is sufficient to enable Unitholders to understand the link between remuneration paid to the CEO and the top five key management personnel (who are not Directors or the CEO) and their performance; and</p> <p>(iv) there is no misalignment between the remuneration of the CEO and key management personnel and the interests of the Unitholders as their remuneration is paid out from the fees the Manager receives from Elite Commercial REIT, rather than borne by Elite Commercial REIT.</p>

BY ORDER OF THE BOARD

Elite Commercial REIT Management Pte. Ltd.
(as manager of Elite Commercial REIT)
(Company Registration Number: 201925309R)

Shaldine Wang
Chief Executive Officer

22 April 2021

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 Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.