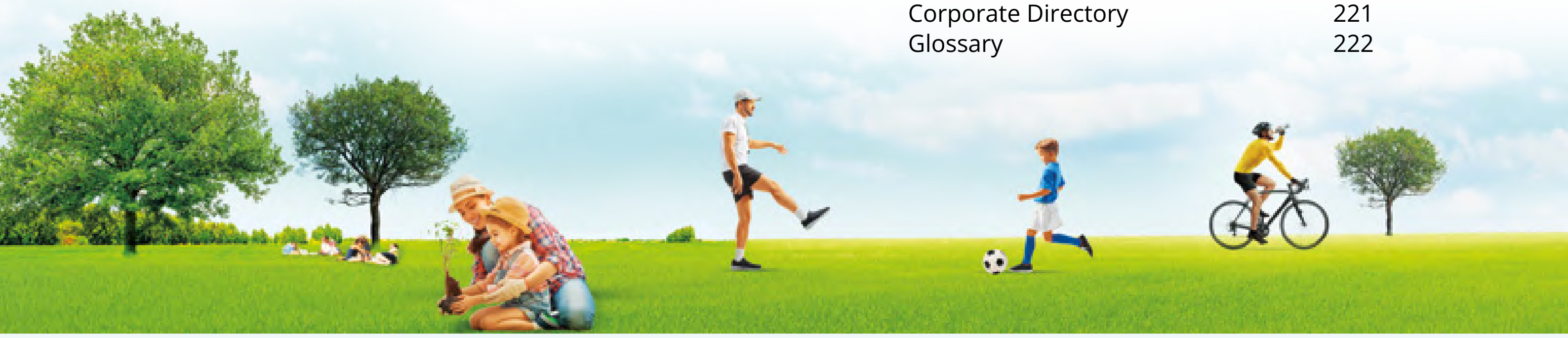
ELITE COMMERCIAL REIT

STRENGTHENING OUR FOUNDATION SHAPING A SUSTAINABLE FUTURE

ANNUAL REPORT 2022

Contents



STRENGTHENING OUR FOUNDATION SHAPING A SUSTAINABLE FUTURE

Staying resilient amidst adversity.

We have put in place a strong foundation, that has withstood tests throughout the year. Remaining resilient is a key theme that spans across all fronts – from asset management and capital management to sustainability initiatives.

Our measured strategy is guided by fundamental values that provide us with purpose aligned to our stakeholders, putting us in a good stead to pursue growth and shape a more sustainable future.

Annual Report 2022 is available for viewing online and download at: https://investor.elitecreit.com/ar.html

Corporate Profile

The First UK-focused Singapore REIT

Elite Commercial REIT (the "**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 REIT listed in Singapore.

The REIT's portfolio ("**Portfolio**") comprises 155 predominantly freehold[1] quality commercial buildings located across the UK with an aggregate value of £466.2 million[2,3]. The Portfolio has a total net internal area of approximately 3.9 million square feet and a total site area of approximately 72 hectares.

The Portfolio offers a stable cash flow with over 99.0% of the gross rental income derived from the AA-credit rated UK Government and a long weighted average lease expiry of 4.8 years[2]. The leases are on full repairing and insuring[4] ("**FRI**") basis and a majority of them include rental escalations that is linked to the UK Consumer Price Index.

Broadway House, Ealing

Beecroft Road, Cannock

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 20 million claimants. DWP is a uniquely resilient occupier and the Portfolio is part of the crucial public infrastructure through which DWP provides services to the community.

The 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.

The REIT is managed by Elite Commercial REIT Management Pte. Ltd., which is owned by Elite Partners Holdings Pte. Ltd. (68.0%), Jin Leng Investments Pte. Ltd. (17.0%) and Sunway RE Capital Pte. Ltd. (15.0%).

1. *Of the 155 properties, 150 properties are freehold properties and 5 properties are on long leasehold tenures.*
2. *As at 31 December 2022.*
3. *Portfolio value is the fair value of investment properties, based on independent professional valuations.*
4. *Under a full repairing and insuring lease, commonly known as triple net lease, the responsibility for the repair of the external and internal parts as well as the structure of the property is placed with the tenant for occupied assets.*

At a Glance

1st & Only
UK-focused Singapore REIT

>99%
leased to the AA-credit rated UK Government

~100%
rental collection in advance

~97%
freehold[1]

~98%
portfolio occupancy rate[2]

155
Total Assets

No. of properties

London	10	Midlands	17
South East	12	Wales	20
North West	26	East	8
Scotland	27	Yorkshire & Humber	11
South West	12	North East	12

See pages 42-63 for more information on our assets.

Key Investment Merits

1 **Resilient yields through economic cycles**
Consistently achieving ~100% of rental collection in advance, with over 99% of its gross rental income derived from AA-credit rated UK Government

2 **Geographically diversified**
A network of assets across the UK covering strategic regional cities

3 **Crucial public infrastructure**
Primarily occupied by the Department for Work and Pensions

4 **Strategically located assets**
Primarily in town centres, close to transportation nodes and amenities

5 **Future growth potential**
Acquisition pipelines, asset enhancement and redevelopment potential

Elite Commercial REIT Sponsors

Elite Partners Holdings Pte. Ltd.

Ho Lee Group Pte. Ltd.

Sunway RE Capital Pte. Ltd.

1. *Of the 155 properties, 150 properties are freehold properties and 5 properties are on long leasehold tenures.*
2. *As at 31 December 2022, by floor area.*

Key Financial Highlights

Revenue (£'000) 37,075 +6.7% y-o-y over FY 2021 34,731	Net Property Income (£'000) 35,741 +6.0% y-o-y over FY 2021 33,727	Portfolio Value[1] (£'000) 466,175 -6.8% y-o-y over FY 2021 500,103
Income Available for Distribution (£'000) 23,096 -5.8% y-o-y over FY 2021 24,525	Distribution per Unit (pence) 4.81 -11.4% y-o-y over FY 2021 5.43	Net Asset Value per Unit (£) 0.52 -14.8% y-o-y over FY 2021 0.61
Total Assets (£'000) 486,795 -8.7% y-o-y over FY 2021 533,364	Gross Borrowings (£'000) 222,200 -1.5% y-o-y over FY 2021 225,600	Aggregate Leverage[2] (%) 45.8
Interest Coverage Ratio[3] (times) 4.6x	Weighted Average Debt Maturity (years) 2.0	Fixed Interest Rate Exposure (%) 68.6

1. *Portfolio value is the fair value of investment properties based on independent professional valuations.*
2. *The Aggregate Leverage is calculated as Gross Borrowings divided by Total Assets net of the carrying amount of lease liabilities of £1.2 million.*
3. *The interest coverage ratio is computed based on the financial information for the year ended 31 December 2022. The interest coverage ratio is calculated by dividing the earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties and foreign exchange translation) ("**EBITDA**"), by the interest expenses and borrowing-related fees (excluding interest expense on lease liabilities). Interest expense on lease liabilities is excluded as it does not reflect the serviceability of loans and does not have any impact on the Group's debt servicing ability.*

Strong Foundation, Resilient Performance

Our focus on proactive tenant engagement and capital management initiatives over the years has cemented the REIT's ability to weather through the macroeconomic headwinds, resulting in a resilient performance.

Theatre Buildings, Billingham

LEASE STABILITY AND INCOME VISIBILITY

Lease break options removed from

109 assets

RESILIENT PERFORMANCE

6.7%↑

in Revenue for FY 2022

FINANCIAL PRUDENCE

Extension of

£94.0m

loan facility for another two years

DIVERSIFICATION OF FUNDING SOURCES

Established a

S$300.0m

Multicurrency Debt Issuance Programme

Chairman and CEO's Letter to Unitholders

Driving Momentum Focused on Goals

Dear Unitholders,

On behalf of the Board of Directors of Elite Commercial REIT Management Pte. Ltd., we are pleased to present Elite Commercial REIT's annual report for the financial year ended 31 December 2022 ("**FY 2022**").

2022 was a challenging year, not only for the UK, but also globally. Geopolitical events in Europe heightened energy prices and inflation rates spiked worldwide. Central banks raced to hike interest rates to bring inflation down to a more manageable level. As a result, borrowing costs for real estate loans soared. The Bank of England raised UK's interest rate to 4% in February 2023 from a low of 0.1% in December 2021.

Not only did the REIT managed to withstand challenges throughout the year, the Manager also delivered a set of resilient results in FY 2022.

From Left

David Lim Teck Leong
Chairman and Independent Non-Executive Director

Shaldine Wang
Chief Executive Officer

Elite Commercial REIT was not spared from the global macroeconomic trends. Rising interest rates contributed to the increase in cap rates and hence directly impacted our portfolio valuation and net asset value. Domestic political events dominated the UK in the second half of the year, exacerbating the already dire macroeconomic conditions.

Despite these headwinds and a volatile operating environment, the Manager has executed well on its strategies. Not only did the REIT managed to withstand challenges throughout the year, the Manager also delivered a set of resilient results in FY 2022. In the process, we have achieved various milestones – from asset management and capital management to sustainability efforts – to reinforce the resilience of the REIT.

Delivering Sustainable Returns to Unitholders

In FY 2022, we completed our major lease re-gearing exercise, with lease break options removed from 109 assets occupied by our main occupier, the Department for Work and Pensions ("**DWP**"), and UK's Ministry of Defence ("**MOD**"). Besides removing uncertainties related to the option to break, the positive outcome from the lease re-gearing provides enhanced lease stability and income certainty all the way to 2028.

Apart from rising interest rates, multiple headwinds have also affected valuations, including weaker demand for real estate investment, declining transaction volumes as well as rising construction costs on refurbishment and redevelopment projects. As a result, we saw our portfolio valuation declining 6.8% year-on-year to £466.2 million as at 31 December 2022, while general market research showed that the wider UK commercial property market saw capital values decrease by 13.3% in 2022[1] .

Despite the challenges, our revenue grew 6.7% year-on-year to £37.1 million, mainly attributable to a full period of rental contribution from the properties in the maiden acquisition completed on 9 March 2021. Tax savings from a lower headline tax rate also contributed to the overall performance. However, these were offset by the impact of increased interest cost on borrowings, the election of the Manager's fees in cash, marginally lower occupancy rate from vacancies at two assets and an enlarged equity base year-on-year. Distribution per Unit ("**DPU**") for FY 2022 was 11.4% lower year-on-year at 4.81 pence, which translates to a dividend yield of 10.2% based on our closing unit price of 47.0 pence on 31 December 2022.

Stable Portfolio Built on Strong Fundamentals

Since our listing, we have established a portfolio of 155 assets geographically diversified across the UK. We believe this lays a solid foundation from which we create value while delivering growth and returns for Unitholders. The resilience of the REIT is the result of the efforts of our team, comprising strong and experienced professionals with a proven track record of successes in their respective fields, who ensure the continued relevancy of our assets and lease longevity through regular engagements with tenants and industry advisers.

Over 99% of leases are signed by the UK Government[2], with the DWP – UK's largest public service department that is responsible for welfare, pensions and child maintenance for over 20 million claimants – as our primary occupier. Our ability to collect rental in full and on time, three months in advance on a consistent basis since listing and backed by AA-rated UK sovereign credit strength, makes our business model uniquely resilient.

It is key to note that our assets also serve as crucial public infrastructure for the DWP to support the UK social fabric and deliver on DWP's overarching mission to improve people's day-to-day lives and help them build a secure and prosperous future – by maximising employment and in-work progression[3]. About 85.5% of DWP-occupied assets in our portfolio is used as Front of House – primarily as JobCentre Plus for the provision of essential social welfare services where physical, face-to-face meetings and on-site check-ups are required.

To further reinforce our strong foundations, we have begun reviewing value creation opportunities for assets where the lease breaks have been exercised. The aim is to maximise value and minimise holding costs. This includes re-letting to new tenants as a commercial space, conversion into other uses, redevelopment potential or disposal in the open market.

1. *CBRE Research, United Kingdom Monthly Index Snapshot December 2022, 9 January 2023.*
2. *Majority of the leases are signed by the Secretary of State for Levelling Up, Housing and Communities (formerly known as the Secretary of State for Housing, Communities and Local Government), which is a Crown Body.*
3. *Gov.UK, Corporate report: DWP annual report and accounts 2021 to 2022, Secretary of State's Foreword, 28 July 2022.*

Chairman and CEO's Letter to Unitholders

Asset management works and plans are underway for a total of 12 assets which are vacant or vacating. We expect vacancy holding costs to increase in FY 2023 as the team executes its asset management strategies on these assets throughout the year. Nevertheless, taking into account the inflation-linked rental escalation of 134 assets, of which 11 assets will have rental reduction following the uplift, and the impact of portfolio vacancies, the revenue and net property income for the business is expected to continue to be stable.

Tenant retention remains the anchor strategy, with regular tenant engagements to understand their needs and to better serve them. The Manager is also committed to developing collaborations that would be mutually beneficial to both occupiers and landlord. Besides that, the Manager is focused on expanding and continuing dialogues on future lease renewals and extensions to diversify lease expiries and income profiles of the portfolio to deliver income visibility.

Financial Prudence in Mitigating Market Volatility

Our leases are all on full repairing and insuring ("**FRI**") basis and a majority of them contains a built-in inflation-linked rental step-up commencing in April 2023. This protects us from rising energy costs and operational expenses, as they are borne by the tenant for occupied assets. With our assets, liabilities and distributions denominated in British Pound, the REIT is naturally hedged against foreign exchange fluctuations as well.

In FY 2022, we have successfully extended £94.0 million in borrowings ahead of its January 2023 maturity by another two years from the new loan maturity date, with a one year extension option subject to certain loan covenants. This refinancing was completed during the most challenging time and hence, we now have no material loans due in FY 2023. About 68.6% of our interest rate exposure is fixed, and that helps to insulate the REIT from a rising interest rate hike environment.

In addition, we have established our inaugural S$300.0 million Multicurrency Debt Issuance Programme to diversify our fundraising avenues should the need arises. In FY 2023, we will look into tapping on our capital management initiatives to bring down gearing.

Shaping a Sustainable Future

Sustainability is an integral part of our business strategy. As climate change gathers pace, we understand how closely intertwined its impacts are on our business. As part of our commitment, our sustainability goals are aligned with the UK Government's national climate agenda of achieving net zero carbon emissions by 2050.

One key milestone on the sustainability front was securing our landmark Sustainability Collaboration with the DWP in February 2022, cementing our strong tenant-landlord relationship. This groundbreaking innovative public-private partnership with DWP was rapidly expanded in April 2022 to another government occupier, the MOD. Notwithstanding the FRI nature of our leases, we have entered into these Sustainability Collaborations where we commit about £14.8 million to partially fund pre-approved sustainability enhancement works to boost energy efficiency of our buildings that are occupied by the DWP and MOD. In FY 2022, £7.4 million of sustainability contribution has been disbursed for these sustainability enhancement works.

To fund our green initiatives and support wider sustainability efforts, we have secured our inaugural green loan facility of £15.0 million revolving credit facility ("**RCF**") raised under the newly established Sustainable and Sustainability-Linked Finance Framework. The green RCF remains undrawn as of 31 December 2022.

Over the past year, we have also proactively worked with tenants to insert green lease clauses where possible. About 95.4% of total portfolio by gross rental income[4] in FY 2022 has clauses to the effect of a green lease in their lease agreements, which facilitates the sharing of environmental data by our occupiers.

Sustainability in our business transcends environmental considerations. We are proud to have maintained management gender diversity at 50% and endeavour to enhance diversity and inclusion within the organisation. We continue to have training programmes to encourage employee development and ensure employee welfare to aid with talent retention.

The Board continues to work with the Sustainability Committee as well as the Sustainability Working Team to ensure good corporate governance and stringent measures are in place for regulatory compliance and anti-corruption while navigating a dynamic sustainability landscape.

4. *Based on annualised gross rental income as at 31 December 2022.*

The REIT's foundations remain robust, and we are ready to tap on future opportunities to fuel growth, as well as to withstand uncertain times through prudent capital management and maintenance of a strong balance sheet with financial flexibility. Opportunities from our Sponsors continue to be made available to us through the right of first refusal option, which will be evaluated carefully alongside open market prospects.

Focus on Unitholders

In FY 2022, Elite Commercial REIT was included in the FTSE ST Small Cap Index during the recent September 2022 review. The REIT has also been included in the iEdge SG ESG Transparency Index – an ESG-factor index which measures the performance of stocks in the broad sustainability index with a weighting tilted towards the company's ESG rating as provided by Sustainalytics. We strive to continue improving liquidity while providing stable income to our Unitholders.

Given the dynamic macroeconomic environment, we firmly believe in our approach of communicating with Unitholders regularly and providing timely disclosures. Our efforts were recognised with the REIT being awarded Certificates for Excellence in Investor Relations at the IR Magazine Awards 2022 – South East Asia, as finalists in three nominated award categories – Best Overall Investor Relations (Small Cap), Best Investor Relations Officer (Small Cap) and Best ESG Materiality Reporting (Small Cap).

Our FY 2021 annual report was also recognised at the international 16th Hermes Creative Awards 2022 as the Platinum Winner under the Print Media/Publications (Annual Report) category. Additionally, our maiden sustainability report was shortlisted as a finalist in the category of Asia's Best Sustainability Report (First Time) at the distinguished international 8th Asia Sustainability Reporting Awards 2022, which promotes and celebrates excellence in corporate reporting, disclosure and transparency.

Our Future

Looking ahead, we remain cautiously optimistic about the UK economy. Cognisant of the market volatility that has temporarily disrupted UK's growth momentum, asset utilisation is expected to remain high in accordance with elevated demand for DWP's services.

The REIT's foundations remain robust, and we are ready to tap on future opportunities to fuel growth, as well as to withstand uncertain times through prudent capital management and maintenance of a strong balance sheet with financial flexibility. Opportunities from our Sponsors continue to be made available to us through the right of first refusal option, which will be evaluated carefully alongside open market prospects.

Acknowledgements

We would like to thank the Board of Directors for their vision, stewardship and invaluable advice during FY 2022. To Unitholders, Sponsors, tenants, occupiers, lenders, capital and business partners, thank you for your steadfast support and confidence in us.

To our employees, our strength amidst this arduous year would not have been possible without your passion, commitment and invaluable contributions. We look forward to your continued support in FY 2023 as we strive to create long-term and sustainable value.

David Lim Teck Leong
Chairman and Independent
Non-Executive Director

Shaldine Wang
Chief Executive Officer

Board of Directors

Elite Commercial REIT is anchored by strong corporate governance, led by a majority independent Board, with diverse expertise in areas like legal, audit and risk, real estate and compliance, to drive sustainable performance.

David Lim Teck Leong

Chairman and Independent Non-Executive Director
Sustainability Committee (Chairman)
Audit and Risk Committee (Member)
Nominating and Remuneration Committee (Member)

Date of first appointment as a Director:
8 January 2020

Length of service as a Director (as at 31 December 2022):
2 Years 11 Months

Academic and professional qualifications:
- Bachelor of Laws, King's College London
- Barrister-at-Law, Gray's Inn, London (1981)

Present other directorships (listed companies):
- G.K. Goh Holdings Limited (Independent and Non-Executive Director)

Present other principal commitments:
- David Lim & Partners LLP (Founder and Managing Partner)
- Allium Healthcare (Singapore) Pte. Ltd., a subsidiary of G.K. Goh Holdings Limited (Non-Executive Chairman)
- PT Eastern Logistics (President Commissioner)

Past directorships in other listed companies held over the preceding three years:
- New Toyo International Holdings Limited (Independent and Non-Executive Director)

Background and working experience:
Mr Lim is the founder and Managing Partner of David Lim & Partners LLP and has been the Managing Partner since 1990.

Mr Lim began his career at Rodyk & Davidson (now known as Dentons Rodyk & Davidson LLP) in 1982 with a focus in commercial litigation, corporate finance, restructuring, and mergers and acquisitions up till 1989. He has represented multiple multi-national corporations and corporations from a myriad of sectors including finance and banking, fund management, private equity, oil and gas, logistics, healthcare, construction, information technology and telecommunications, property development, hospitality and shipping.

He also sits on the boards of private companies in Singapore, Indonesia and Thailand in non-executive and independent capacities. He was also the Chairman and Non-Executive Director of Croesus Retail Asset Management Pte. Ltd. from 2012 to 2017. Mr Lim is an honorary legal advisor (for David Lim & Partners LLP) of the Singapore Physiotherapy Association and a Fellow of the Singapore Institute of Directors. He was also appointed by the Monetary Authority of Singapore to be a Member of the Corporate Governance Council from 2017 to 2018.

Tan Huay Lim

Independent Non-Executive Director
Audit and Risk Committee (Chairman)

Date of first appointment as a Director:
8 January 2020

Length of service as a Director (as at 31 December 2022):
2 Years 11 Months

Academic and professional qualifications:
- Bachelor of Commerce (Accountancy), Nanyang University, Singapore
- Fellow Chartered Accountant of Singapore, the Institute of Singapore Chartered Accountants
- Fellow Chartered Certified Accountant ("**FCCA**"), the Association of Chartered Certified Accountants (United Kingdom)
- Fellow Certified Practising Accountant ("**FCPA**"), the Certified Practising Accountants (Australia)

Present other directorships (listed companies):
- OUE Commercial REIT Management Pte. Ltd. (Independent Non-Executive Director)
- Dasin Retail Trust Management Pte. Ltd. (Independent Non-Executive Director)
- Linklogis Inc. (Independent Non-Executive Director)
- SF REIT Asset Management Limited (Independent Non-Executive Director)
- Sheng Siong Group Ltd. (Independent Non-Executive Director)

Present other principal commitments:
- Suzhou Guyu Dingruo Equity Investment Partnership (Limited Partnership) (Member of Investment Committee) 苏州古玉鼎若股权投资合伙企业(有限合伙)(投资委员会成员)

Past directorship in other listed companies held over the preceding three years:
- ASL Marine Holdings Ltd.
- Koufu Group Pte. Ltd. (formerly known as Koufu Group Limited)
- Zheneng Jinjiang Environment Holding Company Limited

Background and working experience:
Mr Tan has over 40 years of experience in audit, accounting and finance. He served as a partner at KPMG LLP Singapore for 23 years until his retirement in September 2015.

Mr Tan has extensive experience in auditing companies in a wide range of industries. He was a Banking Partner involved in the audit of financial institutions and was involved in a number of initial public offerings as well as merger and acquisition transactions during his tenure with KPMG. Mr Tan was the Singapore Head of KPMG Global China Practice from September 2010 to September 2015.

Koo Tsai Kee

Independent Non-Executive Director
Nominating and Remuneration Committee (Chairman)
Audit and Risk Committee (Member)

Date of first appointment as a Director:
8 January 2020

Length of service as a Director (as at 31 December 2022):
2 Years 11 Months

Academic and professional qualifications:
- Bachelor of Surveying (Hons), University of New South Wales, Australia
- Master of Science (Dist), University College London, UK
- Master of Philosophy, University of London, UK

Present other directorships (listed companies):
- Nil

Present other principal commitments:
- Nil

Past directorship in other listed companies held over the preceding three years:
- Nil

Background and working experience:
Mr Koo is currently the Advisory Director of Temasek International Advisors Pte. Ltd. He joined Temasek International Pte. Ltd. in 2011 as a Managing Director, specialising in strategic relations, and subsequently moved to Temasek International Advisors Pte. Ltd. in 2016. He is also a Non-Executive Director of Temasek Foundation and Temasek Foundation IPC. He spends time in grassroots work serving as 2nd Advisor of Tanjong Pagar GRC and Chairman of Audit Committee for the Tanjong Pagar Town Council. He was past Chairman of the Tanjong Pagar Town Council from 2006 to 2011. In addition, he is a Patron at RHT G.R.A.C.E Institute.

Before joining Temasek, Mr Koo served in various Ministries of the Singapore Government with his last appointment as the Minister of State for Defence.

Board of Directors

Nicholas David Ashmore

Independent Non-Executive Director

Date of first appointment as a Director:
8 January 2020

Length of service as a Director (as at 31 December 2022):
2 Years 11 Months

Academic and professional qualifications:
- Bachelor of Arts (Hons), Degree in History and English, Northumbria University, UK

Present other directorships (listed companies):
- Nil

Present other principal commitments:
- Ratho Consulting Ltd. (Founder and Executive Director)
- Equilibrium Gulf Ltd. (Executive Director)

Past directorship in other listed companies over the preceding three years:
- Nil

Background and working experience:
Major General (Retired) Ashmore founded Ratho Consulting Ltd. in 2018, which specialises in providing management consultancy services in the business strategy, defence, and property and infrastructure sectors. From 2017 to 2018, he was an Operations Director with Carillion Plc, where he was responsible for facilities management contracts with the UK Government.

Major General (Retired) Ashmore served in the British Army for more than 30 years, joining in 1984 and leaving in 2017 with the rank of Major General. He served at Regimental Duty with the Royal Regiment of Artillery, including on operations around the world, and also served in the UK's Ministry of Defence, where he specialised in defence resources and plans, property and infrastructure, and human resources. He was also responsible for UK Defence Estate strategy when he served as the Director of Strategy and Plans in the Defence Infrastructure Organisation from 2011 to 2015. He was a member of the UK Defence Infrastructure Board and the UK Government Construction Board.

Yezdi Phiroze Chinoy

Independent Non-Executive Director
Sustainability Committee (Member)

Date of first appointment as a Director:
1 July 2021

Length of service as a Director (as at 31 December 2022):
1 Year 6 Months

Academic and professional qualifications:
- Bachelor of Commerce and a Bachelor of Laws, University of Mumbai
- The Institute of Company Secretaries of India and of the Institute of Chartered Secretaries and Administrators, United Kingdom (now known as The Chartered Governance Institute UK & Ireland) (Member)
- International Compliance Association ("**ICA**")
- Certified Anti-Money Laundering Specialist ("**CAMS**")
- Financial Industry Certified Professional ("**FICP**")

Present other directorships (listed companies):
- Nil

Present other principal commitments:
- 6AM Ventures Pte. Ltd. (Founder and Executive Director)

Past directorship in other listed companies over the preceding three years:
- Nil

Background and working experience:
Mr Chinoy is a financial services professional with over three decades of experience in multiple roles and responsibilities spanning the banking and financial services industry across business lines and geographies.

Mr Chinoy was recently with Assicurazioni Generali S.p.A, one of the largest global insurance and asset management groups, as its Regional Chief Investment Officer for Asia from 2015 to 2022. In his role, Mr Chinoy oversaw investment strategies and was responsible for optimising investment performance of Generali's insurance operations in Asia. Mr Chinoy was also the Chief Executive Officer of Generali Investments Asia Ltd., a role he held concurrently between 2014 and 2018. Mr Chinoy also provided leadership as a director on the Board of Directors of several Generali Group Companies and Joint Ventures in China, Hong Kong and Singapore. Mr Chinoy has spent several years with other global financial institutions in Corporate Legal and Compliance and risk roles covering multiple jurisdictions.

Tan Hai Peng Micheal

Non-Independent Non-Executive Director
Strategic Planning Committee (Chairman)
Nominating and Remuneration Committee (Member)

Date of first appointment as a Director:
8 January 2020

Length of service as a Director (as at 31 December 2022):
2 Years 11 Months

Academic and professional qualifications:
- Bachelor of Science in Computer Engineering (Hons), Florida Institute of Technology, United States
- Master of Business Administration (for Senior Executives), National University of Singapore

Present other directorships (listed companies):
- Marco Polo Marine Limited (Independent Non-Executive Chairman)

Present other principal commitments:
- Elite Partners Capital Pte. Ltd. ("**EPC**") (Executive Chairman)
- Elite Partners Holdings Pte. Ltd. ("**EPH**") (Non-Executive Director)
- Ho Lee Group Pte. Ltd. (Executive Director)
- Teck Lee Holdings Pte. Ltd. (Executive Director)
- TPSC Asia Pte. Ltd. (Managing Director)

Past directorship in other listed companies held over the preceding three years:
- Nil

Background and working experience:
Mr Tan has extensive experience in management and business development in the real estate sector. He is currently the Executive Chairman of EPC, where he provides leadership in forging strategic business relationships and broadening business outreach, as well as offering advice and guidance to the senior management. He is also an Executive Director of Ho Lee Group Pte. Ltd. and is responsible for the general and strategic management of the group. He previously served on the Board of two SGX-ST-listed companies.

Awards:
- The Public Administration Medal (Bronze) (Military) in 2020 and The Commendation Medal (Military) in 2013 for his contributions to the Singapore Armed Forces.
- The Public Service Star and The Public Service Medal in 2017 and 2011 respectively for his contributions to community service as the Chairman of Sembawang Community Club Management Committee.

Victor Song Chern Chean

Non-Independent Non-Executive Director
Strategic Planning Committee (Member)

Date of first appointment as a Director:
2 August 2019

Length of service as a Director (as at 31 December 2022):
3 Years 4 Months

Academic and professional qualifications:
- Bachelor of Business (Business Administration), Royal Melbourne Institute of Technology
- Certificate of Real Estate Valuation, International Management Academy
- Certificate of Real Estate Investment Finance, Asia Pacific Real Estate Association

Present other directorships (listed companies):
- Nil

Present other principal commitments
- Elite Partners Holdings Pte. Ltd. (Executive Director)
- Elite Partners Capital Pte. Ltd. (Managing Director)

Past directorships in other listed companies held over the preceding three years:
- Nil

Background and working experience:
Mr Song has wide-ranging experience across the entire real estate investment value chain in leasing, asset management and advisory, build-to-suit activities, acquisitions, investment and divestment. He is one of the founding shareholders of EPH and the Managing Director of EPC. He is responsible for EPC's management and operations, investment strategies of the various funds under management, as well as investment activities, capital markets, asset management and build-to-suit project management. He is one of the founding members of two REITs – Viva Industrial Trust ("**VIT**") and Elite Commercial REIT. During his tenure at VIT's manager, Viva Industrial Trust Management Pte. Ltd. as Head of Asset Management and Investment Director, VIT's total assets under management grew steadily to over S$1 billion. VIT has since merged with ESR REIT (now known as ESR-LOGOS REIT). Mr Song also formulated investment strategies and executed investment transactions as part of the investment team at SGX-ST-listed Cambridge Industrial Trust (also now known as ESR-LOGOS REIT) and provided management and advisory services on real estate-related contracts as a consultant, and was an Operation and Marketing Manager at Lyman Group.

Board of Directors

Tan Dah Ching

Non-Independent Non-Executive Director

Date of first appointment as a Director:
2 August 2019

Length of service as a Director (as at 31 December 2022):
3 Years 4 Months

Academic and professional qualifications:
- Bachelor of Engineering (Chemical Engineering), National University of Singapore

Present other directorships (listed companies):
- TSH Corporation Limited (listed on the SGX Catalist Board) (Independent and Non-Executive Director)

Present other principal commitments:
- Jin Leng Investments Pte. Ltd. (Executive Director)

Past directorship in other listed companies held over the preceding three years:
- Nil

Background and working experience:
Mr Tan is currently Head of Capital Markets for Elite Partners Capital Pte. Ltd. ("**EPC**"), where he manages the capital markets and fundraising functions. Mr Tan has about 20 years of experience in corporate finance. Prior to joining EPC, he was managing his own portfolio of investments. From 2008 to 2013, he was a Business Development Manager at Swissco Holdings Limited, where he oversaw the corporate finance activities. Prior to that, he was an Investment Manager at Kim Seng Holdings Pte. Ltd. from 2006 to 2008 and an Associate at Genesis Capital Pte. Ltd. from 2003 to 2006, where he was involved in initial public offerings and financial advisory.

Evan Cheah Yean Shin

Non-Independent Non-Executive Director

Date of first appointment as a Director:
8 January 2020

Length of service as a Director (as at 31 December 2022):
2 Years 11 Months

Academic and professional qualifications:
- Bachelor's Degree in Commerce and a Bachelor's Degree in Business Systems from Monash University
- Chartered Financial Analyst ("**CFA**") Charterholder
- Certified Practising Accountants, Australia ("**CPA**") (Fellow)
- Malaysian Institute of Accountants (Member)

Present other directorships (listed companies):
- Sunway Construction Group Berhad (Non-Independent and Non-Executive Director)

Present other principal commitments:
- Sunway RE Capital Pte. Ltd. (Non-Executive Director)
- Sunway RE Capital Advisors (SG) Pte. Ltd. (Non-Executive Director)
- Sunway Money Sdn. Bhd. (Non-Executive Director and Chairman)
- Tianjin Eco-City Sunway Property Development Co. Ltd. (Non-Executive Director and Chairman)
- Credit Bureau Malaysia Sdn. Bhd. (Non-Executive Director and Chairman)
- Multicare Health Pharmacy Sdn. Bhd. (Non-Executive Director and Chairman)

Past directorship in other listed companies held over the preceding three years:
- Nil

Background and working experience:
Mr Cheah has over a decade of experience in general management, investments and technology across businesses within Sunway Group. He is currently the Group CEO for Digital and Strategic Investments in the leading Malaysian conglomerate with multi-industry interests from property to healthcare, hospitality, manufacturing, retail mall and fund management. He was previously the CEO of Sunway Group's China operations, responsible for its China Corporate Office. He was concurrently driving new business growth and synergies for the Group as the Executive Vice President – President's Office.

Tan Kok Heng

Alternate Director to Evan Cheah Yean Shin
Sustainability Committee (Member)
Strategic Planning Committee (Member)

Date of first appointment as an Alternate Director:
8 January 2020

Length of service as a Director (as at 31 December 2022):
2 Years 11 Months

Academic and professional qualifications:
- Bachelor of Science (Hons) in Estate Management, National University of Singapore
- Graduate Diploma in Financial Management, Singapore Institute of Management
- Master of International Business, Curtin University of Technology, Australia
- Doctorate (Transdisciplinary Studies), Central Queensland University, Australia

Present other directorships (listed companies):
- Lincotrade & Associates Holdings Pte.Ltd. (listed on the SGX Catalist Board) (Independent Non-Executive Chairman)

Present other principal commitments:
- Sunway RE Capital Pte. Ltd. (Executive Director and CEO)
- Sunway RE Capital Advisors (SG) Pte. Ltd. (Executive Director)

Past directorship in other listed companies held over the preceding three years:
- Nil

Background and working experience:
Dr Tan is currently the CEO of Sunway RE Capital Pte. Ltd., the real estate investment management arm of Sunway Berhad. He oversees the real estate fund management business, including deal origination and fund raising, with an emphasis on setting up listed and unlisted funds to build its overseas property business and grow its recurring income.

Before joining Sunway, Dr Tan was the CEO of Fund Management Business and Head of Property Investment of Sime Darby Property Berhad ("**SDPB**"). He was instrumental in setting up several private real estate and development funds for SDPB, and was involved in numerous joint ventures. Prior to this, he held various executive appointments with Colliers International (Singapore) Pte. Ltd. and CapitaLand Limited. Dr Tan is a member of the Singapore Institute of Directors ("**SID**") and sits on SID's Nomination and Remuneration Chapter as a committee member.

Management Team

Shaldine Wang

Chief Executive Officer

Ms Shaldine Wang is the Chief Executive Officer of the Manager.

Ms Wang has over 25 years of experience in corporate finance, financial management and investments. Prior to her present appointment, she was the Portfolio Director of Elite UK Commercial Fund.

Prior to that, Ms Wang was the Head of Projects at Sime Darby Real Estate Management Pte. Ltd., where she was responsible for investment and development opportunities for the Sime Darby Property private fund. Before that, she was the Group Finance Director of China Huarong Energy Company Limited, a shipbuilding, energy exploration and production and offshore engineering company listed on the Hong Kong Stock Exchange, where she was in charge of finance-related activities of the Exploration & Production and Offshore & Marine business units.

Ms Wang was the Chief Financial Officer of PST Management Pte. Ltd., the trustee-manager of SGX-ST-listed Pacific Shipping Trust, which was sponsored by Pacific International Lines Pte. Ltd.. Before that, Ms Wang had served as the Head of Investment at Cambridge Industrial Trust Management Limited, the manager of SGX-ST-listed Cambridge Industrial Trust (now known as ESR-LOGOS REIT) where she was responsible for portfolio investment, divestment and built-to-suit activities.

Ms Wang holds a Bachelor of Science in Biological Science from the University of Guelph, Canada and a Master of Arts in International Financial Analysis from the University of Newcastle Upon Tyne, UK.

Joel Cheah

Chief Financial Officer

Mr Joel Cheah is the Chief Financial Officer of the Manager.

Mr Cheah is responsible for the overall financial, treasury, tax and risk management matters of the REIT, as well as working with the management team to formulate strategic plans for the REIT in accordance with the Manager's stated investment strategy.

In recognition of his outstanding stewardship over taxation matters, the Manager was named the winner for Excellence in Tax Management and Optimisation under the Operational Excellence Award category at the FutureCFO Excellence Awards 2022.

Mr Cheah has over 15 years of experience in the areas of finance, capital markets, treasury and strategic planning. Prior to his current role, he was the Finance Director of Elite UK Commercial Fund.

Prior to that, Mr Cheah was the Senior Vice President of Finance for the Manager of a SGX-ST-listed hospitality trust, where he was responsible for the oversight of the preparation of statutory accounts for reporting, managing tax affairs and treasury matters.

Mr Cheah also served as the Treasurer at Cambridge Industrial Trust Management, the manager of SGX-ST-listed Cambridge Industrial Trust (currently known as ESR-LOGOS REIT), where he was responsible for treasury, capital markets and portfolio risk management. He was named Highly Commended Winner for Best Financing Solution at the Adam Smith Asia Awards 2015.

Mr Cheah started his career in strategic planning and investment research roles for various financial institutions.

Mr Cheah holds a Bachelor of Business from Nanyang Technological University, Singapore and a Master of Science (Real Estate) from National University of Singapore. He is also a Chartered Financial Analyst.

Jonathan Edmunds

Chief Investment Officer

Mr Jonathan Edmunds is the Chief Investment Officer of the Manager.

Mr Edmunds has about 20 years of experience in the real estate industry, focusing on real estate investment and management across various sectors globally. Previously, he was the Investment and Asset Management Director of Elite UK Commercial Fund.

Preceding that, Mr Edmunds was the Director of the Real Estate department of AEP Investment Management Pte. Ltd., where he was responsible for the strategic investment and transaction management for their UK, Australia and Singapore mandates. He was also a lead manager of Basil Property Trust and was responsible for investments, fund acquisitions and structuring.

Mr Edmunds had previously worked in the UK and Switzerland. He was the Vice President of the Real Estate department in Beaumont Partners where he was responsible for fund raising, acquisitions, structuring, reporting, and managing the Global Student Housing and Multi-Family investment strategy. He also completed the analysis, structuring and closing of acquisitions for the company's European and North American credit income strategies.

Prior to that, Mr Edmunds served as the Director of the Real Estate department of WW Advisors Ltd, managing a US$250 million equity mandate to acquire income-producing assets in the UK and Europe. He originated and managed the acquisition of a portfolio of assets as well as structured and arranged the debt capital, implemented interest rate hedges and managed asset performance for the portfolio.

Earlier in his career, Mr Edmunds was an associate at Lazard, a Corporate Finance Advisory firm in the UK. He started off as an Associate of Deutsche Bank AG's Real Estate Debt Markets department.

Mr Edmunds graduated from University of the West of England with a BA (Hons) Business Studies. He also holds a Master of Arts in Property Valuation and Law from The City University in London, UK.

Chai Hung Yin

Assistant Vice President, Investor Relations

Ms Chai Hung Yin is the Assistant Vice President of Investor Relations for the Manager.

Ms Chai is responsible for facilitating communications and liaison with Unitholders, potential investors, analysts and the media. She formulates and drives investor engagement initiatives for the REIT, and provides strategic counsel and insights to senior management on investor sentiments and market conditions.

Ms Chai has over 18 years of experience in investor relations, corporate communications and journalism. Prior to joining the Manager, she spent close to four years with YTL Starhill Global REIT Management Limited, the manager of Starhill Global Real Estate Investment Trust, as the Assistant Vice President of Investor Relations and Corporate Communications. During her tenure there, Ms Chai played a key role in external and internal communications as well as in the process of developing the sustainability reporting framework for the REIT.

Prior to that, Ms Chai was a journalist with various newspapers, including the national financial broadsheet — The Business Times Singapore. During the 13 years working in the media industry, Ms Chai wrote for a public audience in various beats, from macroeconomic news to corporate, business, investment, regional, social and health, catering key messages to different market segments.

Ms Chai holds a Bachelor of Applied Science in Food Science and Technology from the National University of Singapore. Ms Chai also obtained the International Certificate in Investor Relations, jointly provided by The Investor Relations Society of United Kingdom and the Investor Relations Professionals Association (Singapore).

Strategy and Value Creation

The Manager is focused on delivering sustainable growth and returns to Unitholders over the long term.

01 Our Competitive Strengths

Strategically Located Assets with Strong Fundamentals

Our portfolio of 155 strategically located commercial assets is primarily leased to an AA- credit rated tenant on full repairing and insuring lease terms with superior WALE.

Primary Occupier of a Resilient Nature

The UK Government's DWP is naturally a resilient occupier as it administers crucial welfare, pensions and child maintenance policy serving over 20 million claimants. To this end, our assets provide crucial infrastructure for DWP to serve the community.

Strong Financials with Enhanced Flexibility

Our proactive approach towards capital management ensures our resilient financial position provides us with enhanced financial flexibility to pursue attractive growth opportunities.

Proactive Manager with Proven Track Record

The collective wealth of experience and knowledge of our employees in investment and management of real estate assets, finance and investor relations is integral to the REIT's long-term growth and value creation.

Strong Sponsors with Alignment of Interest

Our Sponsors' interests are aligned with Unitholders through their holdings in Elite Commercial REIT. We are able to leverage our Sponsors' real estate expertise, financial strength and potential ROFR assets.

Attractive Market with Demonstrated Resilience

The highly liquid UK real estate market continues to demonstrate long-term resilience and attract international investors based on the country's transparent real estate framework and open approach to foreign investment.

02 Our Approach to Value Creation

The Manager seeks to deliver sustainable and growing returns through the following strategies:

Acquisition Growth Strategy

- Adopt a long-term investment approach to enhance future income and capital growth
- Focus on improving tenant mix and optimising lease profiles to increase stability of income
- Employ a rigorous research-driven selection process to identify value-enhancing commercial properties to generate attractive cash flows and yields
- Access to our Sponsors' Right Of First Refusal ("**ROFR**") pipeline of strategically located UK commercial assets
- Harness the extensive expertise and network of our Sponsors and our team in the UK to source for quality acquisitions from the open market

Active Asset Management Strategy

- Focus on tenant retention through proactive tenant engagement to understand their requirements and to better serve them
- Develop mutually beneficial collaborations between tenants/occupiers and landlord
- Formulating the best outcomes for properties in the portfolio to maximise value and deliver sustainable returns
- Diversify lease expiries and income profile with a focus on expanding and continuing dialogues on future lease renewals and extensions
- Identify potential property enhancements or redevelopment opportunities to enhance income streams
- Divest under-performing assets to redeploy capital and optimise the performance of our portfolio

Prudent Capital Management Strategy

- Prudent management of Aggregate Leverage and Interest Coverage Ratio coupled with diversification of funding sources to optimise financial flexibility
- Employ an appropriate mix of debt and equity to finance acquisitions and asset enhancements
- Optimise borrowing costs and employ all-in borrowing cost hedging strategies
- Continuous monitoring of exposure to risk with a view to maximise risk-adjusted returns to Unitholders

Sustainability Integration Strategy

- Work closely and collaboratively with the main occupier to realise sustainability enhancement works leading to improved energy efficiency of DWP-occupied assets
- Expand successful sustainability collaborations with more occupiers and tenants to 'green' the portfolio and improve energy efficiency of the assets and hence their desirability
- Incorporate sustainability considerations into overall business strategy to secure lease longevity and to ensure portfolio remains relevant amidst a changing real estate landscape
- Secure green financing for better cost efficiencies to support wider sustainability efforts

03 FY 2022 Value Creation

Resilient Financial Performance

- Revenue of £37.1 million, compared to £34.7 million in FY 2021
- Income available for distribution to Unitholders of £23.1 million, compared to £24.5 million in FY 2021
- Total DPU of 4.81 pence compared to 5.43 pence in FY 2021
- Distribution yield of 10.2% based on the closing unit price of 47.0 pence as at 31 December 2022

Proactive Asset Management and Tenant Engagement

- Portfolio occupancy remains high at 97.9% as at 31 December 2022
- Over 99% leased to a resilient tenant base backed by AA-rated UK sovereign credit rating ensuring stable cashflow
- Consistent success in ~100% advance rental collection since listing despite lockdowns, challenging business conditions and macroeconomic volatility
- Landmark lease re-gearing optimised lease profile and enhanced income visibility, ensuring that 87.6% of portfolio by GRI[1] run free of lease break options to 2028
- A total of 134 assets to benefit from built-in inflation-linked rental escalations commencing April 2023
- Lease renewal of St Katherine's House, Northampton with a ~12% rental uplift, securing income for the next six years up to December 2028

Prudent Capital Management

- Aggregate leverage of 45.8%
- All-in borrowing cost[2] of 3.1%
- 68.6% of interest rate exposure fixed
- Interest coverage ratio[3] of 4.6 times
- 61% of assets are unencumbered[4]
- Available debt headroom of ~£40 million[5]
- Established a S$300.0 million Multicurrency Debt Issuance Programme
- Extended £94.0 million in borrowings by another two years with one-year embedded extension option, subject to certain financial covenants, thereby extending debt maturity profile; no material refinancing in FY 2023
- Secured inaugural green financing in the form of £15.0 million in green revolving credit facility raised under the newly established Sustainable and Sustainability-linked Finance Framework
- Recognised at the FutureCFO Excellence Awards 2022 with Excellence in Tax Management and Optimisation Award for future-proofing the REIT's tax structure via an innovative and landmark restructuring

Sustainability and Corporate Governance

- Secured landmark sustainability collaboration with main occupier DWP and subsequently with MOD in February and April 2022 respectively – a ~£14.8 million investment over three years to improve sustainability and energy efficiency across assets occupied by the DWP and MOD, in line with the UK Government's national climate agenda of achieving net zero carbon emissions by 2050
- Sustainability enhancement works on various DWP-occupied properties across the REIT's portfolio have been planned to optimise energy use
- Upgrade in Energy Performance Certificate ("**EPC**") rating from D to B for Bradmarsh Business Park, Rotherham, following the occupier's upgrading of heating/HVAC system[6] and installation of LED lighting
- Inclusion of specific green lease wordings[7] into the recently renewed five-year lease for St Katherine's House, Northampton
- Continue to be included in the SGX Fast Track Programme for listed issuers which recognises companies for high standards of corporate governance and good compliance track record

Investor Relations Efforts

- Active coverage by four research houses, namely CGS-CIMB, DBS Group Research, UOB Kay Hian and UBS
- Included into new indices such as the iEdge SG ESG Transparency Index and FTSE ST Small Cap Index during the FTSE ST Index Series September 2022 review
- Published inaugural Sustainability Report FY 2021
- Successfully organised a virtual Annual General Meeting on 27 April 2022
- Annual Report 2021 was recognised as the Platinum Winner, the highest honour, under the Print Media/Publications (Annual Report) category at the international 16th Hermes Creative Awards 2022
- Awarded Certificates for Excellence in Investor Relations as finalists in three nominated award categories at the prestigious IR Magazine Awards 2022 – South East Asia
- Shortlisted as a finalist in the category of Asia's Best Sustainability Report (First Time) at the distinguished international 8th Asia Sustainability Reporting Awards 2022
- Conducted inaugural investor perceptions survey of covering and non-covering analysts to gather feedback on Elite Commercial REIT
- Organised and participated in more than 60 investor, analyst, media and financial blogger engagement sessions, including public outreach events, reaching out to over 3,900 investors, potential investors, analysts, the media, financial bloggers and members of the public
- Engagement with followers of Elite Commercial REIT's corporate Linkedin page via regular posts on developments of the REIT

1. *Based on annualised gross rental income as at 31 December 2022.*
2. *Includes amortisation of debt-related transaction costs.*
3. *The interest coverage ratio is calculated by dividing the earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties and foreign exchange translation) ("**EBITDA**"), by the interest expenses and borrowing related fees (excluding interest expense on lease liabilities). Interest expense on lease liabilities is excluded as it does not reflect the serviceability of loans and does not have any impact on the Group's debt servicing ability.*
4. *Based on valuations; unencumbered assets refer to properties without land mortgages.*
5. *Based on aggregate leverage of 50%.*
6. *HVAC refers to the heating, ventilation and air conditioning system responsible for heating and cooling the building.*
7. *Refers to green lease clauses within a lease agreement which facilitates the sharing of environmental data by our occupiers.*

Key Milestones

2022

Feb

Outperfomed IPO projections for eight consecutive quarters;
FY 2021 DPU exceeded projections by
11.3%

FUTURECFO EXCELLENCE AWARDS 2022

Winner
for Excellence in Tax Management and Optimisation under the Operational Excellence Award category at the **FutureCFO Excellence Awards 2022**
for trailblazing on taxation matters and admission of the REIT's UK unit as a UK REIT Group

Apr

Publication of inaugural Sustainability Report 2021

Successfully held virtual Annual General Meeting ("**AGM**") on 27 April 2022

Outperformed with DPU growth of
4.9% y-o-y
in 1Q 2022

Feb-Apr

Successful lease re-gearing exercise,
with lease break options removed from 109 assets in the portfolio occupied by the UK's Department for Work and Pensions ("**DWP**") and Ministry of Defence ("**MOD**")

Department for Work & Pensions | Ministry of Defence

Secured landmark Sustainability Collaboration
with the UK Government, first with the DWP and then expanded to the MOD, to boost sustainability and energy efficiency of their occupied estate

May

Annual Report 2021
was recognised as the
Platinum Winner
— the highest honour — under the Print Media/ Publications (Annual Report) category at the international 16th Hermes Creative Awards 2022.

Aug

Distributable income grew; reported DPU of
2.56 pence
for 1H 2022

Sep

Included into new indices, among others:

- FTSE ST Small Cap Index
- iEdge SG ESG Transparency Index

2023

Oct

Established a
S$300.0m
Multicurrency Debt Issuance Programme to diversify the REIT's funding sources

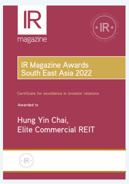
Nov

Reported DPU of
3.79 pence
for 9M 2022

Extended £94.0 million in borrowings by another two years; no material loan coming due in FY 2023

Secured first green loan facility of
£15.0m
revolving credit facility raised under newly established Sustainable and Sustainability-Linked Finance Framework

Dec



Awarded Certificates for Excellence in Investor Relations as finalists in three nominated award categories at the prestigious **IR Magazine Awards 2022 – South East Asia**

- Best Overall Investor Relations (Small Cap)
- Best Investor Relations Officer (Small Cap)
- Best ESG Materiality Reporting (Small Cap)

Shortlisted as a finalist in the category of **Asia's Best Sustainability Report (First Time)** at the distinguished international **8th Asia Sustainability Reporting Awards ("ASRA") 2022,** which promotes and celebrates excellence in corporate reporting, disclosure and transparency

Feb

FY 2022 DPU of
4.81 pence

Interest coverage ratio remains healthy at
4.6x

Aggregate leverage of
45.8%
as at 31 December 2022

68.6%
of interest rate exposure is fixed

Portfolio occupancy rate remains high at
97.9%
as at 31 December 2022

Portfolio valuation stood at
£466.2m
as at 31 December 2022

Stable cashflow with
100%
of rental collected three months in advance

Built-in Hedges, Insulated from Volatility

Our strong foundation and business fundamentals, bolstered by our sound financials, provide overall stability amidst volatile market conditions.

South Western House, Aldershot

BROADLY PROTECTED FROM RISING ENERGY PRICES

Triple Net

Full Repairing and Insuring Leases

LARGELY PROTECTED FROM RISING INFLATION

Built-in inflation-linked rental step-up commencing

April 2023

NATURALLY HEDGED AGAINST FOREX FLUCTUATION

Assets, liabilities and distributions are denominated in

British Pound

WIDELY INSULATED FROM INTEREST RATE HIKE

68.6%

of interest rate exposure fixed

Financial Review

Holborn House, Derby

Statement of Comprehensive Income	Year ended 31/12/2022 £'000	Year ended 31/12/2021 £'000	Variance Favourable/ (unfavourable) %
Revenue	37,075	34,731	6.7
Property operating expenses	(1,334)	(1,004)	(32.9)
Net property income	**35,741**	**33,727**	**6.0**
Manager's management fee	(2,310)	(2,453)	5.8
Trustee's fee	(106)	(99)	(7.1)
Other trust expenses	(1,373)	(1,983)	30.8
Net finance costs	(7,417)	(4,346)	(70.7)
Net change in fair value of investment properties	(41,372)	(28,217)	(46.6)
Loss before tax	**(16,837)**	**(3,371)**	**(399.5)**
Tax expense	(1,495)	(1,370)	(9.1)
Loss after tax	**(18,332)**	**(4,741)**	**(286.7)**
Income available for distribution to Unitholders	**23,096**	**24,525**	**(5.8)**
Distribution per Unit (pence)	**4.81**	**5.43**	**(11.4)**

In FY 2022, Elite Commercial REIT's distributable income to Unitholders stood at £23.1 million and Distribution per Unit ("**DPU**") of 4.81 pence.

Revenue was £37.1 million in FY 2022, an increase of 6.7% from £34.7 million in FY 2021 primarily due to the full-year income contribution from the maiden acquisition completed in March 2021. For the same reasons, net property income was £35.7 million in FY 2022, 6.0% higher compared to £33.7 million in FY 2021.

The Manager's management fee was 5.8% lower at £2.3 million in FY 2022, largely attributed to the REIT's decline in distributable income. The Manager's management fee relates to the base fee which, as defined in the Trust Deed, is calculated based on 10% of the annual distributable income.

Net finance costs was £7.4 million, 70.7% higher compared with £4.3 million in FY 2021. This was driven by the increase in Sterling Overnight Index Average ("**SONIA**") over the course of the financial year and the full-year impact of increased borrowings to fund the REIT's maiden acquisition completed on 9 March 2021.

In FY 2022, Elite Commercial REIT's distributable income to Unitholders stood at £23.1 million and Distribution per Unit ("**DPU**") of 4.81 pence. Based on Elite Commercial REIT's unit price of 47.0 pence as of 31 December 2022, it translates to a distribution yield of 10.2%.

The market values of the investment properties as at 31 December 2022 were based on independent professional valuations undertaken by Knight Frank LLP. A decrease in fair value of investment properties of £41.4 million was recorded in FY 2022. The decline is mainly attributed to widely reported market factors including the impact of rising interest rates on financing cost, which has resulted in weaker demand for real estate investment and declining transaction volumes. The impact of rising construction costs on refurbishment and redevelopment projects has caused values for vacant and vacating assets to be impacted as well.

Tax expense was £1.5 million in FY 2022. The increase in tax expenses in FY 2022 when compared to FY 2021 was mainly due to a lower deferred tax credit attained in FY 2022. The deferred tax credit in FY 2022 arose from a decrease in the fair value of investment properties, which led to the reversal of deferred tax previously provided on fair value gains for certain properties. In contrast, the deferred tax credit in FY 2021 was mainly due to the full reversal of deferred tax provision on investment properties upon Elite UK Commercial Holdings Limited's ("**ECHL**") entry into the UK REIT regime on 26 August 2021, whose impact was partly offset by the deferred tax provision of the fair value gains on certain properties during the year. The increase in tax expenses was offset slightly by a full-year impact of reduction in headline tax rate from 19% to 15% once ECHL was successfully technically listed[1] on The International Stock Exchange ("**TISE**").

The net fair value changes on investment properties and deferred tax credit were non-cash items and adjusted as distribution adjustments.

Elder House, Northallerton

1. 100% of the shares in ECHL continue to be held by Elite Commercial REIT and there is no trading of ECHL shares.

Capital Management

The Manager of Elite Commercial REIT employs a disciplined and prudent approach to capital management to optimise the REIT's capital structure and cost of capital.

The Manager periodically assesses the levels of diversification of the REIT's sources of debt financing and will access the capital markets to optimise gearing levels and maximise returns to Unitholders. This methodical approach provides the REIT with financial flexibility to realise its growth and value creation objectives.

FY 2022 was a year fraught with global and domestic macroeconomic volatility. Despite this backdrop of uncertainties, the REIT's financial position withstood the headwinds and coupled with proactive and sound capital management by the Manager, the REIT emerged resilient, as shown in the following key financial indicators.

Key Financial Indicators	As at 31 December 2022
Total Gross Borrowings (£ million)	222.2
Total Assets (£ million)	486.8
Aggregate Leverage[1] (%)	45.8
Interest Coverage (times)	4.6x
Weighted Average Debt Maturity *(years)*	2.0
Proportion of Interest Rate Fixed *(%)*	68.6
All-in Borrowing Cost[2] *(%)*	3.1
Proportion of Unencumbered Assets[3]	61

Strengthening Financial Flexibility

The Manager has successfully completed three capital management initiatives in FY 2022:

Extended £94.0 million in borrowings ahead of the January 2023 loan maturity, thereby extending the REIT's debt maturity profile. The extended loan facility will now mature on 25 January 2025, with a built-in extension option of one year from the new loan maturity date, subject to certain financial covenants. The Manager has also entered into a Sterling Overnight Index Average ("**SONIA**") swap arrangement for £90 million with a swap rate of 4.19%.

Established a S$300.0 million Multicurrency Debt Issuance Programme, under which Perpetual (Asia) Limited (in its capacity as trustee of Elite Commercial REIT), may issue notes and/or perpetual securities from time to time, in an effort to diversity funding sources to support its growth and value creation objectives. There were no issuances made under the programme as of 31 December 2022.

Secured the REIT's inaugural green loan facility in the form of £15.0 million green revolving credit facility raised under the REIT's newly established Sustainable and Sustainability-Linked Finance Framework. Proceeds of the facility will be used by the Manager to fund agreed upon sustainability-related asset enhancement initiatives and eligible green projects for assets occupied by the DWP and MOD, including existing and new projects in the future. The loan facility remains undrawn as of 31 December 2022.

1. *The Aggregate Leverage is computed by dividing Gross Borrowings by Total Assets net of carrying amount of lease liabilities of £1.2 million.*
2. *Includes amortisation of debt-related transaction costs.*
3. *Based on valuations; unencumbered assets refer to properties without land mortgages.*

Optimised Capital Risk Profile

As at 31 December 2022, total gross borrowings was £222.2 million. This was slightly lower compared to the year prior due to the partial repayment of the utilised bridge loan facility from £6.6 million to £3.2 million during the year. In addition to the utilised bridge loan facility, the REIT has in place £201.0 million of term loan facilities and a £18.0 million revolving credit facility, both of which have been fully drawn as at 31 December 2022. The new £15.0 million green revolving credit facility established this year has yet to be drawn as at 31 December 2022.

With an aggregate leverage of 45.8% as at 31 December 2022, the REIT ended the year below the regulatory limit of 50.0%[4]. At this aggregate leverage, the REIT has a debt headroom of about £40.0 million[5].

The REIT has a relatively well-staggered debt maturity profile with minimal repayment due in FY 2023. With an all-in borrowing cost[2] of 3.1% and interest coverage ratio of 4.6 times, the REIT is well-positioned to meet its debt obligations as and when they fall due.

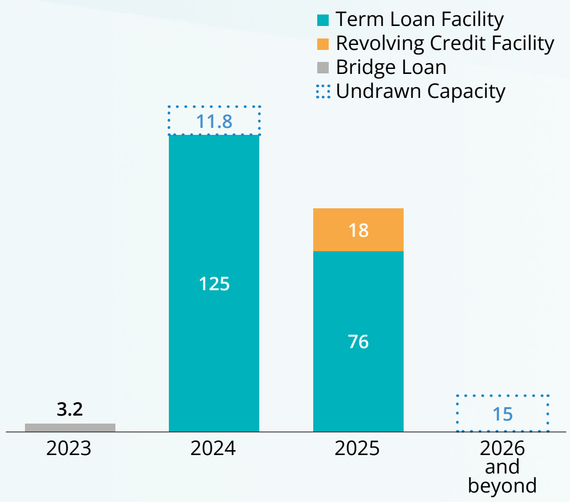
The REIT's weighted average debt stands at 2.0 years as of 31 December 2022, mainly as a result of the extension of £94.0 million in borrowings. The Manager intends to improve on the REIT's weighted average debt maturity, by actively exploring the refinancing of borrowings ahead of their maturities and extending the loan tenor.

Risk Management Strategies

Elite Commercial REIT benefits from a natural hedge as its assets and borrowings are predominantly denominated in pounds and its functional currency is also in pounds. The Manager also seeks to ensure stability in overall borrowing costs by fixing at least 50% of the REIT's interest rate exposure.

Beaufort House, Harlow

Debt Maturity Profile (£ million)



Debt Composition

4. *Based on Appendix 6 of the guidelines prescribed under the Property Fund Guidelines of the Code & Collective Investment Scheme issued by the Monetary Authority of Singapore.*
5. *Based on aggregate leverage of 50.0%.*
6. *Includes interest rate swaps with a total notional amount of £90 million.*

Asset Management

In the face of macroeconomic uncertainty and adversity, the Manager of Elite Commercial REIT focused on reinforcing the stability of its portfolio. In FY 2022, we achieved a major step towards our objective with the favourable outcome from our major lease re-gearing exercise. With enhanced lease stability and income certainty, the REIT is well-positioned to remain defensive through economic cycles.

Optimising Lease Profile and Enhancing Income Visibility

Breakthrough Lease Re-gearing Exercise

As part of a multi-pronged approach towards asset management, we embarked on a lease re-gearing exercise through active engagements with tenants, which resulted in the removal of the March 2023 lease break clauses for 109 assets occupied by the DWP and the MOD in the portfolio.

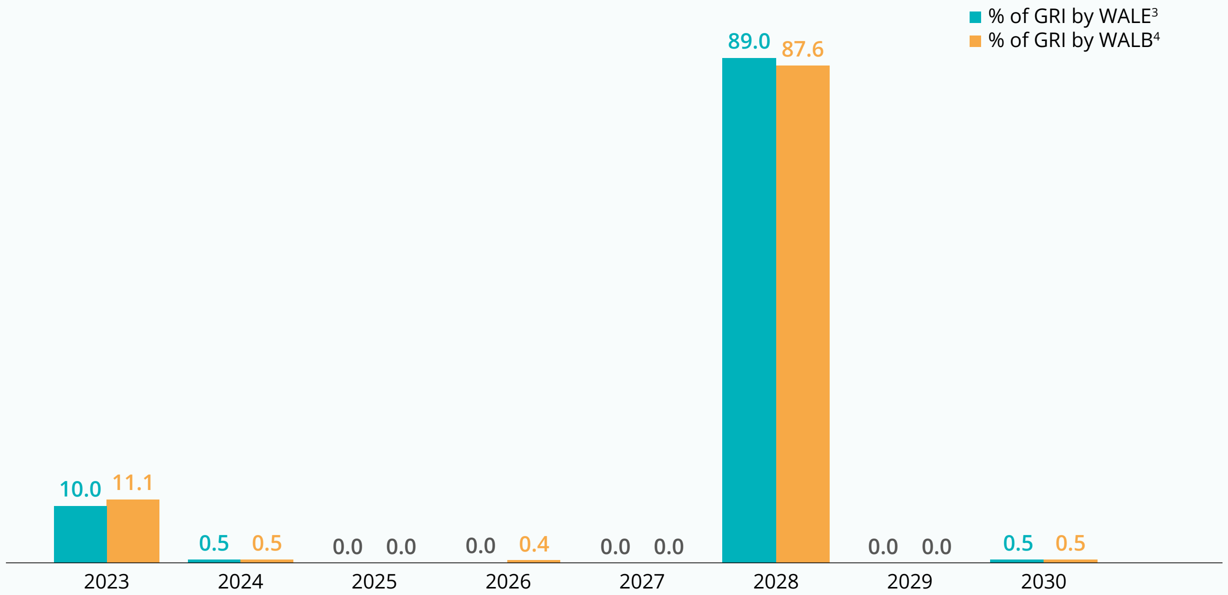
This milestone success ensures that 87.6% of the total REIT's portfolio based on FY 2022's gross rental income[1] ("**GRI**") will remain in place until March 2028, providing lease stability and income visibility for the next five years on a large proportion of the portfolio.

Built-in Inflation-linked Rental Escalation

The leases also include an inflation-linked rental escalation clause, offering potential upside in the form of an increase in rent commencing 1 April 2023. The rental uplift is tied to the UK Consumer Price Index, with a minimum yearly increase of 1.0% and a maximum of 5.0% compounded annually from 1 April 2018 to 31 March 2023.

Stable Lease Structure and Profile

Lease Expiry Profile as at 31 December 2022 (% of total portfolio rent)[2]



Notes:
1. *Based on annualised gross rental income as at 31 December 2022.*
2. *Discrepancies between the listed figures and totals thereof are due to rounding.*
3. *Percentage of GRI by WALE (Weighted Average Lease to Expiry) – Based on the final termination date of the lease agreement (assuming the tenant does not terminate the lease on the permissible break dates).*
4. *Percentage of GRI by WALB (Weighted Average Lease to Break) – Based on the next permissible break date at the tenant's election or the expiry of the lease, whichever is earlier.*

FY 2022 Portfolio Highlights

Number of Properties
155
FY 2021: 155

Occupancy Rate
97.9%
FY 2021: 100%

Portfolio Value
£466.2m
FY 2021: £500.1 million

WALE
4.8 years
FY 2021: 6.0 years

Net Internal Area
3.9m sq ft
FY 2021: 3.9 million sq ft

Lease Profile
87.6%
of total REIT's portfolio based on FY 2022 GRI[1] will remain in place until 2028

A total of 134 assets in the portfolio will benefit from the built-in inflation-linked rental escalation effective from April 2023, with the estimated range of rental escalation for the 134 assets ranging between 11.0% and 15.4%.

Coupled with a long WALE of 4.8 years as at 31 December 2022, the lease stability and income certainty from this exercise enhances the REIT's defensiveness in the current macroeconomic environment.

Proactive Asset Management Approach

Proactive Tenant Engagement to Drive Sustainable Returns

Strengthening portfolio resilience entails developing good landlord-tenant relationships. We have regular engagements with our primary occupier, DWP, and other Government tenants including the Ministry of Defence, National Records of Scotland, HM Courts and Tribunals Service, National Resources Wales, Home Office and the Environment Agency, to ensure our properties continue to meet their requirements.

DWP contributed 91.5% of portfolio by GRI[1] for FY 2022 and this strong tenant base enables strong consistent rental collection of ~100% a quarter in advance, and provides additional income stability amidst the current headwinds, which translates into stable income for Unitholders.

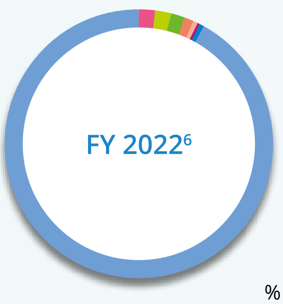
Asset Management

DWP's social services remains an essential service to UK citizens as DWP continues to support more than 22 million claimants in the year to February 2022[1]. As the UK Government's largest public service department responsible for crucial welfare, pensions and child maintenance services, DWP has dispensed a total of £217 billion in benefits and pensions in FY 2021/22[2].

With continuing economic pressures, the unemployment rate is projected to rise modestly to 4.3% by Q4 2023 and to rise to around 5.25% in the medium term[3]. DWP will continue to play a crucial role in maximising employment and in-work progression, as well as delivering vital support and services, including to some of the most vulnerable people in society[4].

Tenant Breakdown by Annualised Gross Rental Income

%		
89.6	1.8	0.5
2.1	1.8	0.3
2.1	1.1	0.7



%		
91.5	1.9	0.5
2.2	1.8	0.3
0.0	1.1	0.7

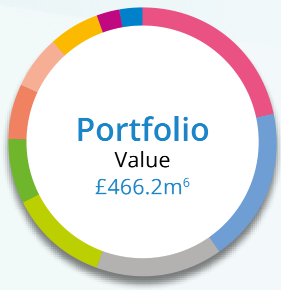
- Department for Work & Pensions
- Ministry of Defence
- HM Revenue & Customs
- National Records of Scotland
- HM Courts & Tribunals Service
- Cyfoeth Naturiol Cymru Natural Resources Wales
- Home Office
- Environment Agency
- Other Tenants

Proven Asset Management Expertise

Maintaining Portfolio Diversity

For FY 2022, we maintained our existing diversified portfolio of 155 commercial properties in key regions across the UK with an aggregate net internal area of 3.9 million sq ft. Our portfolio has a diversified geographical spread, with approximately 27.2% of it by value situated in London and the South East.

Portfolio Breakdown by Valuation



	%		%
London	15.5	Midlands	6.9
South East	11.7	Wales	6.4
North West	21.6	East	6.4
Scotland	18.4	Yorkshire & Humber	2.9
South West	7.5	North East	2.7

Our portfolio is primarily freehold with 150 properties or about 97% of our portfolio possessing freehold tenures, whilst the remaining 5 properties are on long leasehold tenures. More than 99% of Elite Commercial REIT's gross rental income is derived from the AA-credit rated UK Government. The leases are on a full repairing and insuring[7] ("**FRI**") basis whereby, the responsibility for the repair of the external and internal parts as well as the structure of the property is placed with the tenant for occupied assets. This mitigates the repair costs, operational costs and insuring liability for the REIT during the term of the lease.

The quality of our properties is underpinned by their robust leases, strong tenant profile, good location and primarily freehold tenures. Our portfolio of properties was valued at £466.2 million as at 31 December 2022, compared to £500.1 million as at 31 December 2021 and £517.7 million as at 30 June 2022.

1. *Gov.UK, National statistics, DWP benefits statistics: August 2022, 19 August 2022.*
2. *Gov.UK, Corporate report, DWP annual report and accounts 2021 to 2022, 28 July 2022.*
3. *Bank of England, Monetary Policy Report, Monetary Policy Committee, February 2023.*
4. *Gov.UK, Corporate report, DWP annual report and accounts 2021 to 2022, Secretary of State's Foreword, 28 July 2022.*
5. *Based on annualised gross rental income for the period of 1 January 2021 to 31 December 2021, taking into account the portfolio maiden acquisition completed on 9 March 2021.*
6. *As at 31 December 2022.*
7. *Under a full repairing and insuring lease, commonly known as triple net lease, the responsibility for the repair of the external and internal parts as well as the structure of the property is placed with the tenant for occupied assets.*

The decline is mainly attributed to widely reported market factors, including the impact of rising interest rates on financing cost, which has resulted in weaker demand for real estate investment and declining transaction volumes. The impact of rising construction costs on refurbishment and redevelopment projects has impacted buyer and tenant sentiment and caused values for vacant and vacating assets to also be negatively impacted.

Maximising Portfolio Value

We have successfully renewed the lease at St Katherine's House, Northampton, for another five years with about 12% rental uplift, providing income certainty.

During FY 2022, two assets (i.e. John Street, Sunderland and Sidlaw House, Dundee) were vacated. Looking forward, there are 10 assets that will be vacating in FY 2023, of which eight assets are income producing until March 2023, an asset until July 2023, and another asset until September 2023. Therefore, the REIT expects vacant holding costs to increase in the coming year.

Primarily located near transportation networks and amenities, we continue to market and assess market demand and conditions of the respective areas. Whilst we consider some assets to remain suitable for re-letting as an office or other uses, the disposal of select assets may be considered with vacant possession or following re-letting. There may also be potential for refurbishment, alternative uses or redevelopment on selected assets.

To ensure the best outcomes, we actively formulate asset management strategies specific to each asset, with the focus on maximising value outcomes and minimising holding costs. This involves consultations with our network of local advisors to assist. We continue to focus on and actively manage these assets.

Future-readying Assets through Sustainability

Ongoing Sustainability Collaboration with DWP

Sustainability is a core element of our business strategy, and we will continue to proactively incorporate sustainability considerations while further "greening" our portfolio.

We are aligned with the UK Government's national climate goals of achieving net zero carbon emissions by 2050 and have mid-term target to achieve an Energy Performance Certificate rating of B or higher for our properties, which may have a positive impact on our portfolio given the increasing demand for net zero buildings[8].

During the year, we made good progress in terms of sustainability enhancement works on various DWP-occupied properties in the REIT to optimise energy use. Some examples of planned and ongoing works include the replacement of existing variable refrigerant system, gas- or oil-fueled boilers and air-conditioning systems with more efficient systems, as well as window and roofing replacement.

Expanding Sustainability Collaboration with Other Occupiers

We remain committed towards a more energy efficient portfolio. In FY 2022, we see an upgrade in the Energy Performance Certificate ("**EPC**") rating for Bradmarsh Business Park, Rotherham from D to B, following the occupier's upgrade of heating/HVAC system[9] and the installation of new LED lighting inside the building and in the car park.

Where possible, we are also inserting green lease clauses into new leases. We achieved success in the recently renewed lease of St Katherine's House, Northampton, where specific green lease wordings were included into the new lease, which facilitates the sharing of environmental data by our occupiers.

Inaugural Green Financing to Support Sustainability Efforts

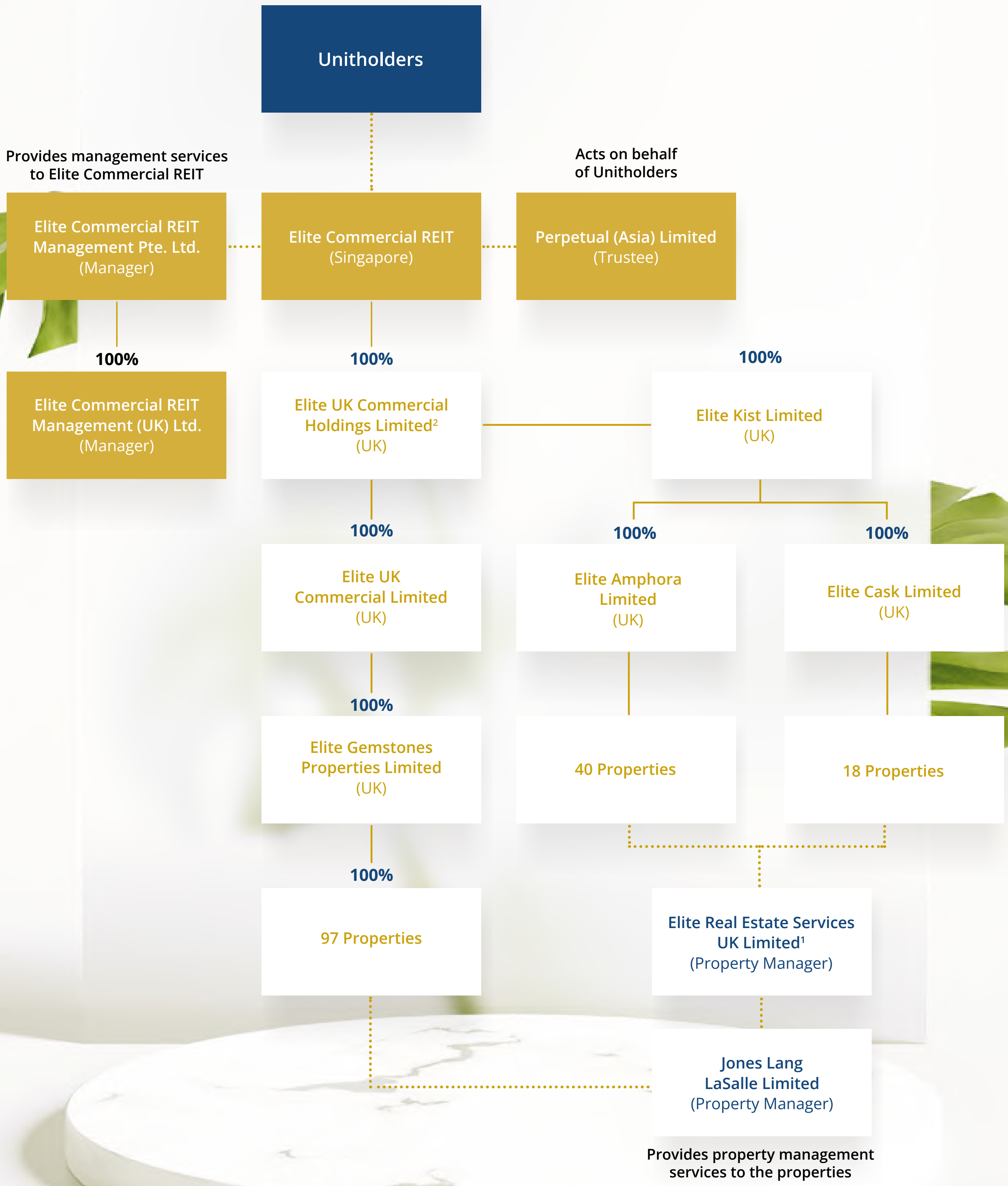
Our commitment towards greening our portfolio is one that requires resources. To support our sustainability efforts, we secured our inaugural green revolving credit facility of £15.0 million that was raised under the REIT's newly established Sustainable and Sustainability-Linked Finance Framework.

This credit facility will be used to fund sustainability-related asset enhancement initiatives and eligible green projects for assets occupied by the DWP and MOD, including existing and new projects in the future.

The establishment of the financing framework provides a mechanism for us to be able to issue sustainable financing instruments such as green loans and bonds, social loans and bonds to finance or refinance new and existing projects under the eligible green and/or social categories, and sustainability-linked loans and bonds following the guidelines laid out in the Framework, simultaneously supporting our capital management strategy.

8. *Colliers, UK Property Forecasts 2023.*
9. *HVAC refers to the heating, ventilation and air-conditioning system responsible for heating and cooling the building.*

REIT Structure



1. *Elite Real Estate Services UK Limited has been appointed Property Manager to Elite Amphora Limited and Elite Cask Limited.*
2. *Elite UK Commercial Investments Limited (UK), a wholly subsidiary of Elite UK Commericial Holdings Limited, is currently undergoing liquidation and will exit REIT Structure.*

Investor Relations

The REIT Manager firmly believes that good investor relations management is crucial in sustaining a high level of transparency and good governance.

Timely, Transparent Disclosures

The REIT Manager is committed to keeping Unitholders and the investment community well-informed of key events and the performance of Elite Commercial REIT as well as industry developments in the UK where its assets are located. Material information are released into the public domain in a timely and transparent manner, via SGXNet and Elite Commercial REIT's corporate website www.elitecreit.com, and in the form of SGX announcements, news releases, presentation slides, circulars and annual reports. Elite Commercial REIT has published its second Sustainability Report 2022 together with this Annual Report 2022.

This provides investors and members of the public with ease of accessibility to Elite Commercial REIT's latest updates and information. The REIT's corporate website is refreshed regularly, and viewers can subscribe to email alerts to receive Elite Commercial REIT's announcements in a prompt manner. Elite Commercial REIT also engages with Unitholders via yearly Annual General Meetings ("**AGM**") and ad-hoc Extraordinary General Meetings ("**EGM**"), when required.

In FY 2022, the REIT Manager successfully organised a virtual Annual General Meeting on 27 April 2022, with live voting and a live question and answer session, allowing interactions between Unitholders and the Board of Directors and the Management team.

Proactive Communication with Investors

The REIT Manager values investors as fundamental stakeholders of the REIT, and views ongoing investor engagement as an essential avenue to strengthen ties while providing a greater understanding of the REIT's performance and future growth strategies. The COVID-19 pandemic had resulted in restrictions placed on in-person roadshows, meetings and site visits, but this had not deterred the REIT Manager from engaging existing and potential investors as well as research analysts through online platforms and over phone calls, providing reassurance by posting updates on the latest developments and addressing queries raised.

Highlights

Actively covered by
Four
Research houses (UBS, CGS-CIMB Research, UOB Kay Hian and DBS Group Research)

Organised and participated in over 60 engagement sessions, reaching over
3,900
investors, analysts, media, financial bloggers and members of the public

Conducted inaugural
Investor Perception Survey
of covering and non-covering analysts to gather feedback on Elite Commercial REIT

Inclusion into the
FTSE ST Small Cap Index
during the FTSE ST Index Series September 2022 review

Annual Report 2021 was recognised as the
Platinum Winner
under the Print Media/ Publications (Annual Report) category at the international 16th Hermes Creative Awards 2022

Awarded
Certificate for Excellence in Investor Relations
as finalists in three nominated award categories at the prestigious IR Magazine Awards 2022 – South East Asia

In FY 2022, the REIT Manager has organised and participated in more than 60 engagement sessions in post-results and business updates briefings, group virtual conferences, one-on-one meetings, investor webinars, conferences and public outreach events reaching out to over 3,900 existing and potential investors, research analysts, trading representatives, the media, financial bloggers and members of the public.

The REIT Manager had intensified its public outreach by participating in numerous webinars organised for trading representatives and retail investors, hosted by brokerages such as UOB Kay Hian, CGS-CIMB, Phillip Securities, Maybank Kim Eng Securities and Lim & Tan Securities, some of which were attended by close to 280 investors in a single session.

Investor Relations

The REIT Manager also presented in public investment forums such as Shareinvestor's REIT Symposium 2022 Online Edition, SIAS-SGX Corporate Connect and the S-REIT event to commemorate 20 years of S-REITs jointly organised by The Edge Singapore, SGX and REITAS. The exclusive interview with the Manager at the REIT Symposium drew a healthy interest with more than 390 attendees tuning in online and close to 290 listening on-site at the hybrid event.

The REIT Manager continues to create increased awareness of Elite Commercial REIT through regular social media posts detailing the REIT's developments on the REIT's corporate LinkedIn page, currently followed by more than 700 followers, as well as through a collection of videos on the REIT's YouTube corporate channel and meetings with financial bloggers.

Research Coverage

Elite Commercial REIT continues to be actively covered by four research houses namely UBS, CGS-CIMB Research, UOB Kay Hian and DBS Group Research. The REIT Manager continues to engage other non-covering brokers to enhance their understanding of the REIT's unique investment proposition, portfolio performance and value. The REIT Manager also conducted its inaugural investor perceptions survey through one-on-one interviews of covering and non-covering analysts to gather feedback on Elite Commercial REIT and to better understand the concerns and views that they may have.

As a member of the REIT Association of Singapore ("**REITAS**"), the REIT Manager endeavours to build stronger relations and awareness amongst the investment community via knowledge sharing.

Inclusion into New Indices

During the FTSE ST Index Series September 2022 review, the REIT was included into the FTSE ST Small Cap Index. Besides that, it is also worth noting that the REIT has also been included into the iEdge SG Thematic Indices, such as the iEdge SG ESG Transparency Index – an ESG-factor index that measures the performance of stocks in the broad sustainability index with a weighting tilted towards the company's ESG rating as provided by Sustainalytics.

Awards and Accolades

The REIT Manager constantly strives for excellence in what it does, and its efforts have paid off in view of the recognitions that Elite Commercial REIT has garnered so far. The REIT Manager has sought out innovative ways to bring more value to Unitholders. The REIT has been reaping the tax-saving benefits of the successful technical listing of the REIT's UK entities on The International Stock Exchange since August 2021, translating to better returns for Unitholders.

In recognition for the innovative approach towards tax structuring and management, the REIT Manager was named the winner for Excellence in Tax Management and Optimisation under the Operational Excellence Award category at the FutureCFO Excellence Awards 2022. The inaugural annual award honours achievements made by finance leaders and acknowledges challenges and opportunities that finance professionals face to maintain resiliency throughout the pandemic in pursuit of sustainable growth moving ahead.

Timely and transparent disclosure is at the heart of the REIT's communications with Unitholders and its efforts have been recognised on the global arena through the awards won by its second Annual Report 2021 and recognition received for its inaugural Sustainability Report 2021.

- Annual Report 2021 was recognised as the Platinum Winner, the highest honour, under the Print Media/Publications (Annual Report) category at the international 16th Hermes Creative Awards 2022, which recognises the creative industry's best publications and communications programmes, among others.

- Inaugural Sustainability Report 2021 was shortlisted as a finalist in the category of Asia's Best Sustainability Report (First Time) at the distinguished international 8th Asia Sustainability Reporting Awards ("**ASRA**") 2022, which promotes and celebrates excellence in corporate reporting, disclosure and transparency.

In seeking out innovative ways to better investor engagement, the REIT's investor relations efforts are recognised as being among the best in the South East Asia region in terms of investor relations and ESG Materiality Reporting.

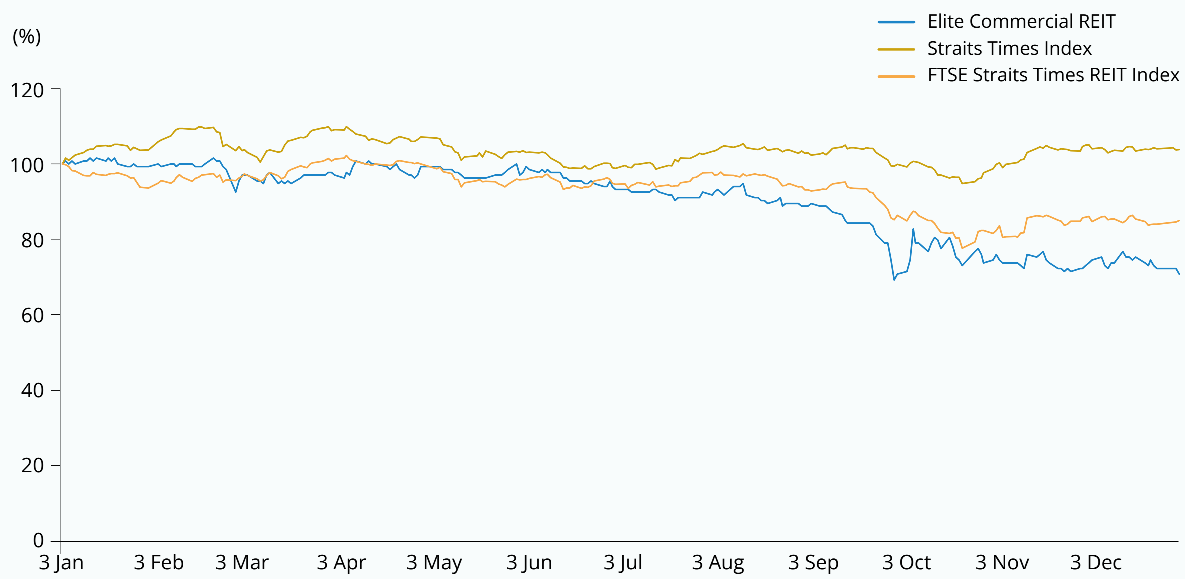
- Awarded Certificates for Excellence in Investor Relations as finalists in three nominated award categories at the prestigious IR Magazine Awards 2022 – South East Asia

  - Best Overall Investor Relations (Small Cap)
  - Best Investor Relations Officer (Small Cap)
  - Best ESG Materiality Reporting (Small Cap)

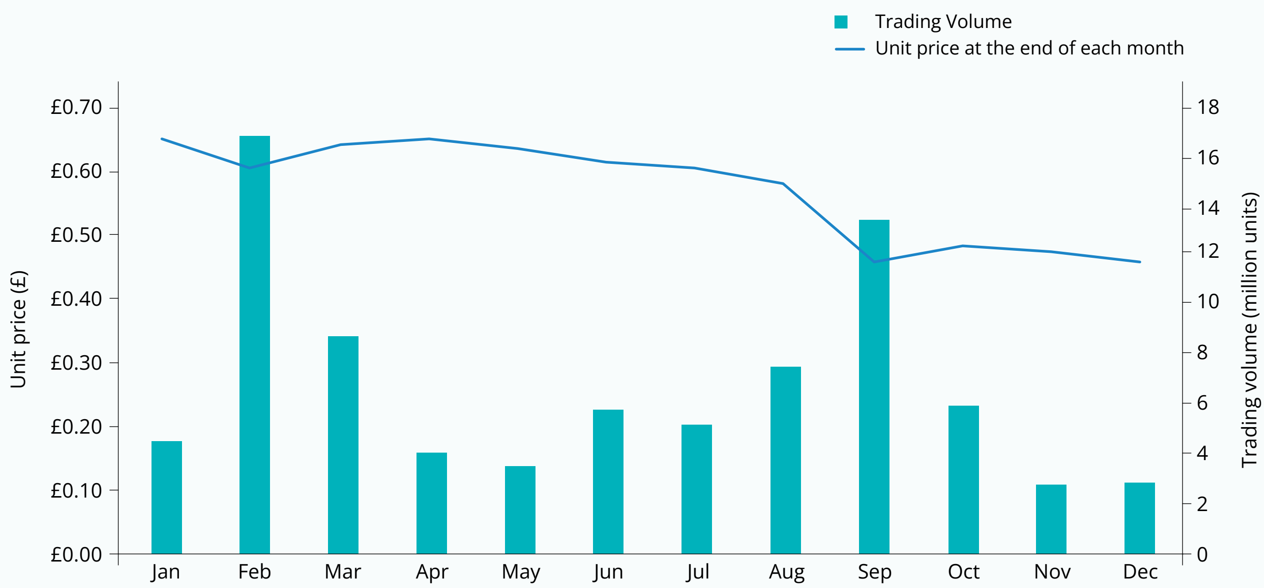
Elite Commercial REIT Unit Price Performance

	FY 2022	FY 2021
Opening Price	£0.665	£0.660
Closing Price	£0.470	£0.665
Highest Price	£0.675	£0.680
Lowest Price	£0.460	£0.645
Total Trading Volume *(million units)*	82.97	87.68
Average Daily Trading Volume *(million units)*	0.33	0.35
Market Capitalisation *(million)*	£226.1	£316.9
Distribution yield for the period	10.2%	8.2%

Relative Price Performance for the period of 1 January 2022 to 31 December 2022



Monthly Trading Performance for the period of 1 January 2022 to 31 December 2022



Investor Relations

Elite Commercial REIT is a Constituent of these Key Indices:

MSCI	MSCI Singapore All Cap index MSCI World All Cap index MSCI Pacific All Cap index
FTSE	FTSE ST All-Share Index FTSE ST Small Cap Index FTSE Singapore Micro Cap Index FTSE Singapore Small/Micro Cap Index FTSE Asia Pacific Small/Micro Cap Index FTSE Asia Pacific ex JP PAK AU NZ Small/Micro Cap Index FTSE Asia Pacific ex JP IND PAK AU NZ Small/Micro Cap Index FTSE Asia Pacific ex Japan Small/Micro Cap Index FTSE Asia Pacific ex Japan ex China Small/Micro Cap Index FTSE Asia Pacific ex Japan Australia and New Zealand Micro Cap Index FTSE Asia Pacific Micro Cap Index FTSE Asia Pacific ex JP PAK AU NZ Micro Cap Index FTSE Asia Pacific ex JP IND PAK AU NZ Micro Cap Index FTSE Asia Pacific ex Japan Micro Cap Index FTSE Asia Pacific ex Japan ex China Micro Cap Index FTSE Developed Small/Micro Cap Index FTSE Developed Asia Pacific Small/Micro Cap Index FTSE Developed Asia Pacific ex Japan Small/Micro Cap Index FTSE Developed ex Japan Small/Micro Cap Index FTSE Developed ex North America Small/Micro Cap Index FTSE Developed ex UK Small/Micro Cap Index FTSE Developed ex US Small/Micro Cap Index FTSE Developed ex Greece Small/Micro Cap Index FTSE Developed ex Greece Micro Cap Index FTSE Developed Micro Cap Index FTSE Developed Asia Pacific Micro Cap Index FTSE Developed Asia Pacific ex Japan Micro Cap Index FTSE Developed ex Japan Micro Cap Index FTSE Developed ex North America Micro Cap Index FTSE Developed ex UK Micro Cap Index FTSE Developed ex US Micro Cap Index FTSE Global Small/Micro Cap Index FTSE Global ex North America Small/Micro Cap Index FTSE Global ex UK Small/Micro Cap Index FTSE Global ex US Small/Micro Cap Index FTSE Global Micro Cap Index FTSE Global Small/Micro Cap ex Canada Index FTSE Global ex North America Micro Cap Index FTSE Global ex UK Micro Cap Index FTSE Global ex US Micro Cap Index FTSE Micro Cap ex Canada Index
GPR	GPR General (World) Index GPR General Asia Index GPR General Singapore Index GPR General Quoted (World) Index GPR General Quoted Asia Index GPR General Quoted Singapore Index GPR/APREA Composite Index GPR/APREA Composite Singapore Index GPR/APREA Composite REIT Index GPR/APREA Composite REIT Singapore Index
iEdge	iEdge S-REIT Index iEdge SG Real Estate Index iEdge SG ESG Transparency Index (September 2021 Rebalance)

Beecroft Road, Cannock

Investor Enquiries

Unitholders, investors, analysts, fund managers, the media and members of the public may reach out to our investor relations team for more information on Elite Commercial REIT.

CHAI Hung Yin
Elite Commercial REIT Management Pte. Ltd.
T: (65) 6955 9977
E: hungyin.chai@elitecreit.com

FY 2022 Investor Relations Calendar

KEY EVENTS / ENGAGEMENTS
Financial Year Ended 31 December 2022

Q1	
18 January	CLSA Singapore Hidden Jewels Access Day 2021
21 February	FY 2021 Results Announcement FY 2021 post-results briefing for analysts, media and financial bloggers
28 February	Joint analyst call on Lease Re-gearing and Sustainability Collaboration
1 March	Investor and analyst briefings on Lease Re-gearing and Sustainability Collaboration UOB Kay Hian trading representative briefing
9 March	DBS Group Research investor call
10 March	S-REITs Corporate Day for Korean investors
21 & 24 March	Featured on financial blogger Kenny Loh's blog mystocksinvesting.com
21 March	Phillip Securities trading representative teach-in session
24 March	CGS-CIMB trading representative teach-in session
Q2	
4 April	Publication of Annual Report 2021 and inaugural Sustainability Report 2021
27 April	Successfully held 2nd Annual General Meeting by way of electronic means
29 April	1Q 2022 post-results briefing for analysts, media and financial bloggers SIAS-SGX Corporate Connect
21 May	ShareInvestor's REITs Symposium 2022 Online Edition
31 May	Participation in the panel discussion at the PERE Asia Summit Singapore 2022
9 June	CGS-CIMB ProsperUs webinar
Q3	
5 July	Advertisement featured in Shareinvestor's INVE$T e-magazine July 2022 edition
5 August	1H 2022 results announcement 1H 2022 post-results briefing for analysts, media and financial bloggers
10 August	DBS Group Research investor call
11 August	UOB Kay Hian investor webinar
25 August	Citi-SGX-REITAS REITs / Sponsors Forum 2022
30 August	Lim & Tan Securities investor webinar
19 September	Featured in the special supplement on 20 years of S-REITs by The Edge Singapore
20 September	Participation in the panel discussion at the S-REIT event jointly organised by The Edge Singapore, SGX and REITAS
Q4	
18-20 October	Investor perception engagement sessions with covering and non-covering analysts about their views of Elite Commercial REIT
4 November	3Q 2022 business updates announcement 3Q 2022 business updates briefing for analysts, investors and financial bloggers
8 November	Phillip Securities investor webinar
9 November	DBS Group Research investor call
24 November	Participation in the panel discussion at the 2022 GRESB Regional Insights: Asia event for real estate, hosted in partnership with CBRE

Stable Portfolio, Strong Fundamentals

Our portfolio of geographically diversified and strategically located assets, leased to a defensive primary occupier and backed by AA-rated UK sovereign credit strength, forms a solid foundation that enables us to provide stable cashflow and deliver sustainable returns to our Unitholders.

Upper Huntbach Street, Stoke-On-Trent

RESILIENT TENANT BASE

>99%

gross rental income derived
from AA-credit rated UK Government

SECURED DISTRIBUTIONS

Consistently achieved

~100%

of rental collection three months
in advance since listing

GEOGRAPHICALLY DIVERSIFIED

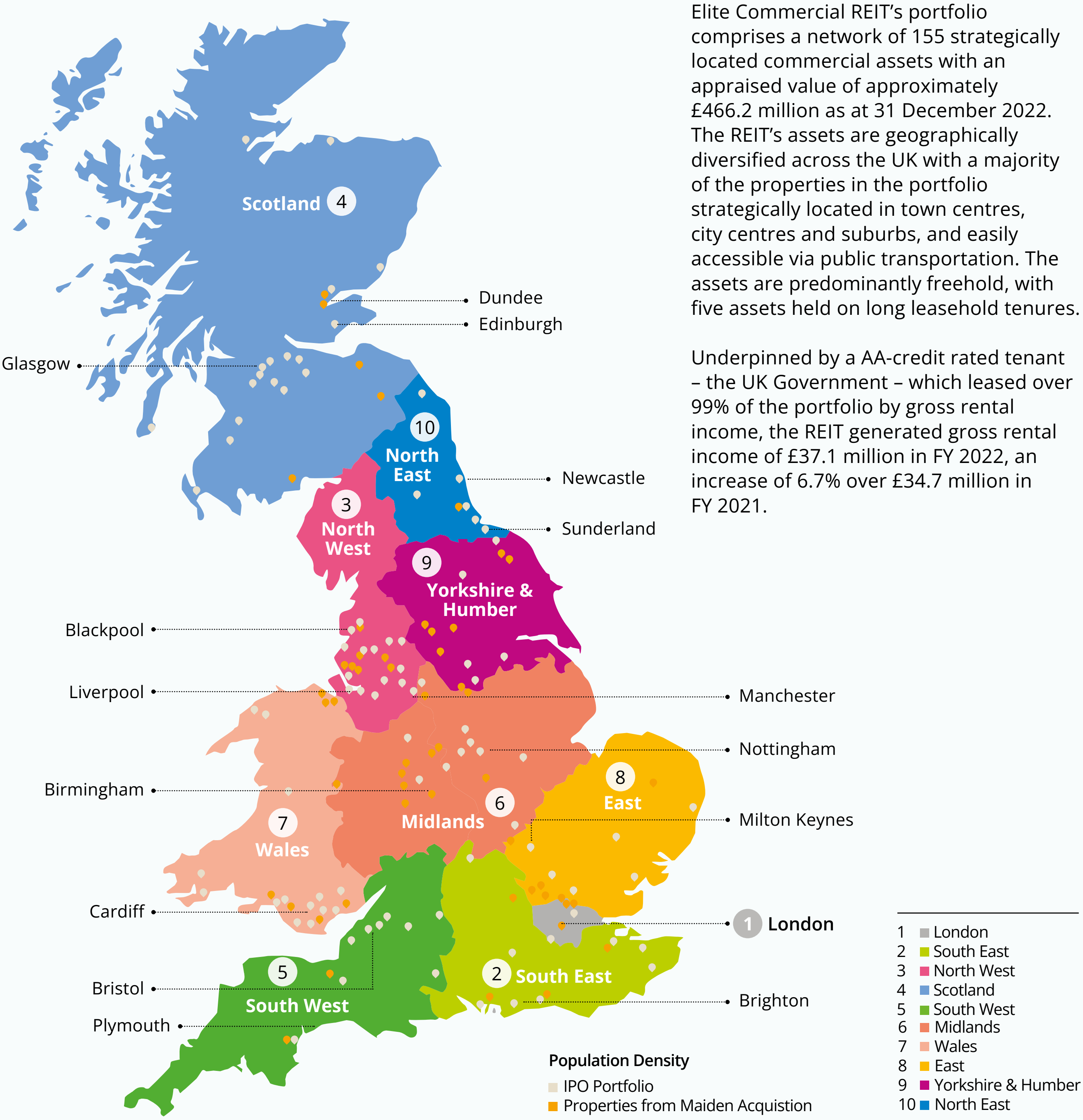
Strategically
located

network of assets across the UK

Portfolio Overview

Elite Commercial REIT's portfolio comprises a network of 155 strategically located commercial assets with an appraised value of approximately £466.2 million as at 31 December 2022. The REIT's assets are geographically diversified across the UK with a majority of the properties in the portfolio strategically located in town centres, city centres and suburbs, and easily accessible via public transportation. The assets are predominantly freehold, with five assets held on long leasehold tenures.

Underpinned by a AA-credit rated tenant – the UK Government – which leased over 99% of the portfolio by gross rental income, the REIT generated gross rental income of £37.1 million in FY 2022, an increase of 6.7% over £34.7 million in FY 2021.



A portfolio of

155

strategically located

office assets across the UK

Geographically Diversified

Largely Freehold

Resilient Tenant Base

As part of its lease management strategies, the REIT Manager continues to diversify its tenant mix for greater resilience through varied exposure to UK sovereign credit. Through its maiden acquisition in FY 2021, the REIT added new tenants such as the Ministry of Defence, National Records of Scotland, HM Courts and Tribunals Service, Natural Resources Wales, Home Office and Environment Agency, amongst others.

With the DWP continuing to play a crucial role in supporting the UK's social fabric with the provision of JobCentre Plus services for the unemployed, Pension Services, Child Maintenance Services, and Disability Services, Elite Commercial REIT's properties continue to be part of the crucial public infrastructure for the UK community. Approximately 85.5% of DWP-occupied assets in the REIT's portfolio provide Front of House services and primarily function as front-facing Jobcentre Plus offices. The remaining 14.5% provide Back of House support services which includes call centres, claims processing, finance, accounts and investigation.

As reported in Knight Frank's independent market report, the quicker rate of return to the office in the regional markets has proved influential, with the regional markets also offering a favourable price differential compared with London and the South East.

CBRE Research noted that pricing will stabilise during 2023 and this should stimulate more investment activity[2]. Office investment volumes are expected to be 20% down year-on-year in 2023, with the majority of transactions focused in the second half of the year[2]. Yields are expected to increase in 2023, with prime yield compression resuming across UK office markets from 2024-2027[2].

			%
London	5.0	Midlands	9.2
South East	8.0	Wales	8.7
North West	25.3	East	5.7
Scotland	21.8	Yorkshire & Humber	4.8
South West	6.6	North East	4.9

			%
London	15.5	Midlands	6.9
South East	11.7	Wales	6.4
North West	21.6	East	6.4
Scotland	18.4	Yorkshire & Humber	2.9
South West	7.5	North East	2.7

			%
London	9.9	Midlands	7.9
South East	10.1	Wales	7.5
North West	21.7	East	6.2
Scotland	21.3	Yorkshire & Humber	3.9
South West	8.0	North East	3.5

Region	Number of Properties	Net Internal Area (sq ft)	Valuation as at 31 Dec 2022	Annualised Gross Rental Income[1]
London	10	193,532	£72,290,000	£3,599,544
South East	12	310,261	£54,480,000	£3,689,554
North West	26	985,205	£100,508,500	£7,904,289
Scotland	27	847,174	£86,043,500	£7,766,572
South West	12	257,045	£34,855,000	£2,898,289
Midlands	17	357,872	£32,347,000	£2,854,693
Wales	20	338,258	£29,680,500	£2,746,485
East	8	223,847	£29,705,000	£2,258,202
Yorkshire & Humber	11	186,281	£13,433,500	£1,433,190
North East	12	189,865	£12,832,000	£1,265,419
	155	**3,889,340**	**£466,175,000**	**£36,416,237**

Property Usage	% of DWP-occupied assets
Front of House[3] (Primarily JobCentre Plus)	85.5
Back of House (Support functions including Call Centres)	14.5

1. *Based on annualised gross rental income as at 31 December 2022.*
2. *CBRE Research, UK Real Estate Market Outlook 2023.*
3. *Including mixed use properties with a medical centre, back office or retail component in addition to the Jobcentre Plus.*

Portfolio Profiles

London

10 properties

■ DWP Jobcentre Plus

Featured Property

High Road, Ilford

The High Road, Ilford property is a bespoke three-storey office building constructed in 2006 and is located in the London Borough of Redbridge, Ilford, a large town in East London. The Property is situated on the arterial High Road which lies on the eastern periphery of the town centre, 1.3 miles (2.1 km) from Ilford Station, and a short walk from Seven Kings Station, offering regular services into Central London via London Overground and Elizabeth Line (Crossrail) services.

Net Internal Area
18,741 sq ft

Land Tenure
Freehold

Valuation
£6.18m

Usage
Jobcentre Plus

London


1


2


3


4


5


6


7


8


9


10

No.	Name of Property[a]	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2022	Annualised Gross Rental Income[b]
1	Broadway House, Ealing	Broadway House, 86-92 Uxbridge Road, Ealing, London, W13 8RA	17,303	100	£10,890,000	£9,000,000	£443,362
2	Collyer Court, Peckham	Collyer Court, Collyer Place, Peckham, SE15 5DL	16,786	100	£8,350,000	£7,800,000	£361,209
3	Crown House, Romford	Crown House, 30 Main Road, Romford, RM1 3HH	35,119	100	£12,235,000	£10,200,000	£529,376
4	Finchley Lane, Hendon	Crown Building, 10 Finchley Lane, Hendon, London, NW4 1DP	15,987	100	£5,550,000	£5,600,000	£254,200
5	High Road, Ilford	564-570 High Road, Ilford, IG3 8EJ	18,741	100	£5,791,915	£6,175,000	£356,394
6	Kilner House, Canning Town	Kilner House, 197 Freemasons Road, London, E16 3PD	13,276	100	£6,255,000	£4,835,000	£270,570
7	Medina Road, Finsbury Park	52-53 Medina Road, Finsbury Park, London, N7 7JX	15,710	100	£6,400,000	£4,930,000	£276,963
8	Oates House, Stratford	Oates House, 1 Tramway Avenue, London, E15 4PN	14,424	100	£8,640,000	£7,950,000	£351,825
9	Peckham High Street	24-26 Peckham High Street, SE15 5DS	17,470	100	£9,625,000	£9,000,000	£416,388
10	Raydean House, Barnet	Raydean House, 15 Western Parade, Barnet, EN5 1AH	28,716	100	£8,330,000	£6,800,000	£339,257

Notes:
(a) *All properties in London are freehold properties.*
(b) *Based on annualised gross rental income as at 31 December 2022.*

Portfolio Profiles

South East

12
properties

■ DWP Jobcentre Plus

Featured Property

Nutwood House, Canterbury

Nutwood House is a modern, detached two-storey office building, located in Canterbury, a local government district in the county of Kent. The property is 1 mile (1.6 km) east of Canterbury town centre and enjoys good connectivity to the M20 motorway and Canterbury West train station.

Net Internal Area
27,172 sq ft

Land Tenure
Freehold

Valuation
£7.68m

Usage
Jobcentre Plus

South East

No.	Name of Property[(a)]	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2022	Annualised Gross Rental Income[(b)]
1	Broadlands House, Newport	Staplers Road, Newport, Isle of Wight, PO30 2HX	31,930	100	£8,360,000	£6,925,000	£468,311
2	Crown Building, Banbury	Southam Road, Banbury, OX16 2EX	25,051	100	£4,112,260	£3,175,000	£253,085
3	Crown Buildings, Tonbridge	Crown Buildings, Bradford Street, Tonbridge, TN9 1DU	11,480	100	£3,035,000	£2,925,000	£146,679
4	Crown House, Chatham	The Brook, Chatham, ME4 4LQ	30,088	100	£6,654,910	£5,915,000	£432,326
5	Crown House, Worthing	High Street, Worthing, BN11 1NG	31,503	100	£6,100,000	£4,825,000	£326,711
6	East Street, Epsom	50 East Street, Epsom, KT17 1HQ	8,687	100	£2,554,234	£2,225,000	£143,158
7	Gloucester House, Bognor Regis	High Street, Bognor Regis, PO21 1HH	21,318	100	£3,029,171	£3,215,000	£214,083
8	Medwyn House, Lewes	Medwyn House, Mountfield Road, Lewes, BN7 2XR	24,440	100	£5,995,000	£5,800,000	£305,187
9	Nutwood House, Canterbury	Chaucer Road, Canterbury, CT1 1ZZ	27,172	100	£9,600,000	£7,675,000	£512,000
10	Palting House, Folkestone	Trinity Road, Folkestone, CT20 2RH	35,968	100	£4,800,000	£3,630,000	£268,840
11	South Western House, Aldershot	Station Road, Aldershot, GU11 1HP	19,924	100	£2,241,471	£2,220,000	£164,174
12	St Cross House, Southampton	St Cross House, 18 Bernard Street, Southampton, SO14 3PJ	42,700	100	£5,483,231	£5,950,000	£455,000

Notes:
(a) *All properties in South East are freehold properties.*
(b) *Based on annualised gross rental income as at 31 December 2022.*

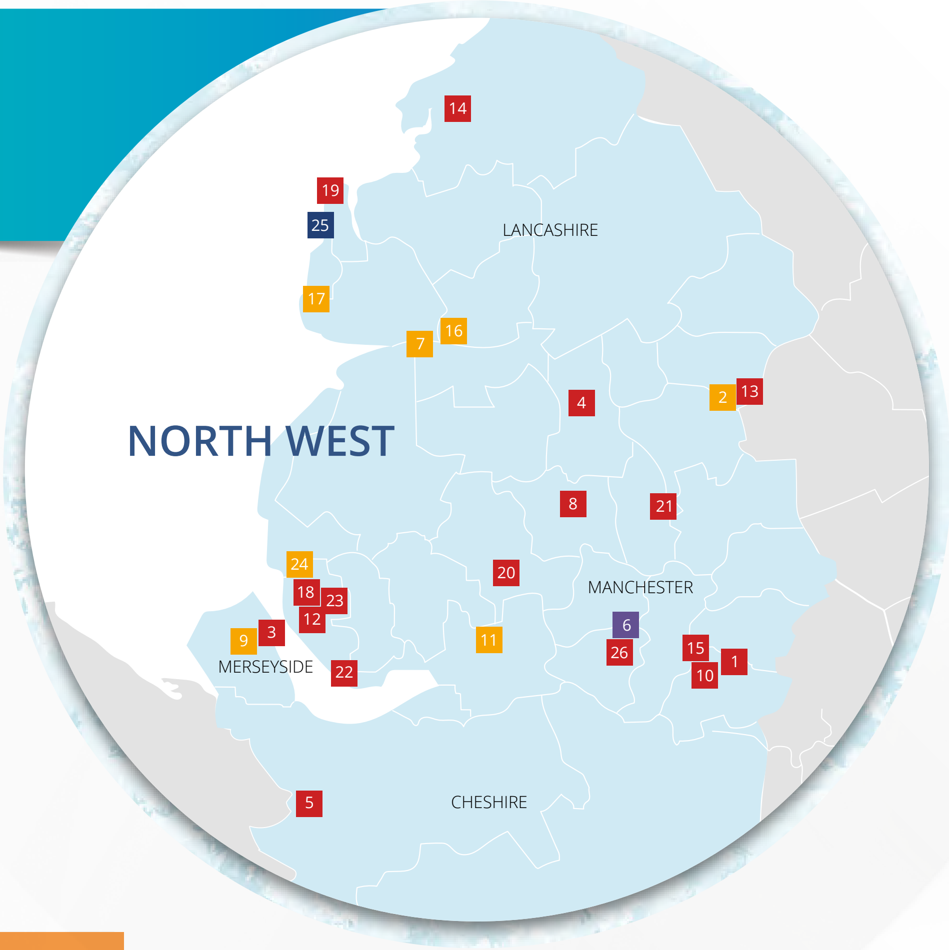
Portfolio Profiles

North West

26 properties

- DWP Jobcentre Plus
- DWP Back Office
- Home Office
- Ministry of Defence

- Properties 7 and 16 are in close proximity and share the same post code.



Featured Property

Peel Park, Blackpool

Peel Park comprises two Grade A offices connected via a covered glass walkway. The property is located in Blackpool, a large town and seaside resort on the Lancashire coast in England. Situated 3 miles (4.8 km) to the south east of Blackpool town centre, Peel Park is accessible via the M55 and M6 motorways, and the nearby Blackpool South train station.

Net Internal Area
156,542 sq ft

Land Tenure
Freehold

Valuation
£25.00m

Usage
Back Office

North West

No.	Name of Property[(a)]	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2022	Annualised Gross Rental Income[(b)]
1	Beech House, Hyde	Clarendon Street, Hyde, SK14 2LP	39,550	100	£2,519,483	£2,585,000	£223,037
2	Blackburn Road, Burnley	Blackburn Road, Burnley, BB12 7NQ	47,591	100	£5,971,464	£6,285,000	£472,113
3	Brunswick House, Birkenhead	Brunswick House, 17-21 Price Street, Birkenhead, CH41 6JN	27,956	100	£2,083,015	£1,900,000	£155,705
4	Cardwell Place, Blackburn	33 Cardwell Place, Blackburn, Lancashire, BB2 1LG	15,393	100	£985,000	£500,000	£125,568
5	Chantry House, Chester	Chantry House, 55-59 City Road and Crew Street, Chester, CH1 3AQ	34,561	100	£5,348,448	£5,600,000	£400,000
6	Units 1-2 Dallas Court, Salford	Units 1-2, Dallas Court, Salford, M50 2GF	16,044	100	£1,455,000	£1,225,000	£165,000
7	Duchy House, Preston	96 Lancaster Road, Preston, PR1 1NS	43,217	100	£4,185,000	£3,200,000	£244,825
8	Great Moor Street, Bolton	Jobcentre Plus, Great Moor Street, Bolton, BL3 6DT	13,842	100	£1,341,707	£1,400,000	£100,455
9	Great Western House, Birkenhead	Great Western House, Woodside, Birkenhead, CH41 6DA	80,141	100	£9,120,000	£8,685,000	£650,000
10	Heron House, Stockport	Wellington Street, Stockport, SK1 3BE	43,271	100	£3,967,462	£3,785,000	£322,490
11	Hilden House, Warrington	Winmarleigh Street, Warrington, WA1 1LA	50,841	100	£7,083,512	£4,300,000	£560,215
12	Hougoumont House, Liverpool	29 Hougoumont Avenue, Waterloo, Liverpool, L22 0PB	17,082	100	£1,251,054	£1,380,000	£105,091

Notes:

(a) *All properties in North West are freehold properties except for Units 1-2 Dallas Court, Salford, which is on long leasehold tenure with a 99-year lease term from 24 June 1987.*

(b) *Based on annualised gross rental income as at 31 December 2022.*

North West

No.	Name of Property[a]	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2022	Annualised Gross Rental Income[b]
13	Lee-Moran House, Burnley	Victoria Street, Burnley, BB11 1DD	17,886	100	£2,154,592	£1,875,000	£170,407
14	Mitre House, Lancaster	Church Street, Lancaster, LA1 1EQ	64,597	100	£4,662,491	£6,335,000	£409,806
15	Openshaw Job Centre, Manchester	Jobcentre Plus, Cornwall Street, Manchester, M11 2WR	13,133	100	£808,700	£475,000	£60,273
16	Palatine House, Preston	Lancaster Road, Preston, PR1 1NS	36,522	100	£3,540,000	£2,745,000	£207,079
17	Peel Park, Blackpool	Brunel Way, Blackpool, FY4 5ES	156,542	100	£28,210,000	£25,000,000	£1,695,000
18	Premier House, Liverpool	Premier House, 95 Breckfield Road North, Liverpool, L5 4QY	9,475	100	£814,827	£690,000	£60,775
19	Roskell House, Fleetwood	11-27 Kemp Street, Fleetwood, FY7 6JX	5,863	100	£527,064	£443,500	£46,800
20	Roydale House, Leigh	2-10 Windermere Road, Leigh, WN7 1UT	21,022	100	£1,268,429	£1,420,000	£118,550
21	Silver Street, Bury	Silver Street, Bury, BL9 0DP	9,352	100	£1,002,001	£1,040,000	£79,106
22	Speke Road, Liverpool	Jobcentre Plus, Speke Road, Garston, Liverpool, L19 2JZ	8,317	100	£741,308	£740,000	£55,250
23	Springfield House, Liverpool	416 Eaton Road, Liverpool, L12 3HT	10,534	100	£1,135,215	£1,045,000	£104,253
24	St Martin's House, Bootle	Stanley Road, Bootle, L69 9BN	86,418	100	£4,008,005	£4,570,000	£387,592
25	Tomlinson House, Blackpool Norcross Lane	Tomlinson House, Norcross, Thornton Cleveleys, Blackpool, FY5 3WP	93,502	100	£10,543,733	£10,625,000	£788,342
26	Wilmslow Road, Manchester	96 Wilmslow Road, Manchester, M14 5BJ	22,553	100	£2,484,731	£2,660,000	£196,557

Notes:

(a) *All properties in North West are freehold properties except for Units 1-2 Dallas Court, Salford, which is on long leasehold tenure with a 99-year lease term from 24 June 1987.*

(b) *Based on annualised gross rental income as at 31 December 2022.*

Portfolio Profiles

Scotland

27 properties

- DWP Jobcentre Plus
- DWP Back Office
- National Records of Scotland
- Vacant

Featured Property

Glasgow Benefits Centre, Glasgow

Glasgow Benefits Centre is a large, three-storey office complex housing the only Passport Office in Scotland. The property is located along Milton Street in Glasgow, the largest city in Scotland and the third largest in the UK. Glasgow Benefits Centre has good access to transportation with the Cowcaddens Subway Station, Buchanan Bus Station, and Glasgow Central and Queen Street railway stations within walking distance.

Net Internal Area
137,287 sq ft

Land Tenure
Freehold

Valuation
£29.95m

Usage
Back Office

Scotland

No.	Name of Property[a]	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2022	Annualised Gross Rental Income[b]
1	Atlas Road, Glasgow	200 Atlas Road, Glasgow, G21 4DL	49,788	100	£4,488,734	£2,980,000	£397,111
2	Bayfield Road, Portree	Bayfield Road, Portree, Isle of Skye, IV51 9EN	1,943	100	£312,763	£257,000	£24,901
3	Bowling Green Street, Bellshill	417 Main Street, Bellshill, ML4 1HT	21,679	100	£2,843,830	£3,310,000	£277,847
4	Castlestead House, Montrose	4 Castle Place, Montrose, DD10 8AL	4,246	100	£428,602	£424,000	£41,363
5	Claverhouse Industrial Park, Dundee	6 Jack Martin Way, Dundee, DD4 9FF	45,740	100	£3,376,686	£3,170,000	£281,392
6	Coustonholm Road, Glasgow	8 Coustonholm Road, Glasgow, G43 1SS	36,124	100	£3,625,739	£3,620,000	£303,446
7	Crown Building, Kilmarnock	12 and 14 Woodstock Street, Kilmarnock, KA1 2BN	39,181	100	£3,434,606	£3,270,000	£301,762
8	Discovery House, Stornoway	2 Castle Street, Stornoway, HS1 2BA	7,276	100	£1,117,840	£955,000	£93,259
9	Flemington House, Motherwell	600 Windmillhill Street, Motherwell, ML1 2HN	29,268	100	£2,820,663	£2,635,000	£263,779
10	Glasgow Benefits Centre, Glasgow	Northgate, 96 Milton Street, Glasgow, G4 0DX	137,287	100	£31,765,000	£29,950,000	£1,940,350
11	Hall Street, Campbeltown	40 Hall Street, Campbeltown, PA28 6BZ	8,288	100	£567,608	£561,500	£59,758
12	Heron House, Falkirk	Wellside Place, Falkirk, FK1 5SE	25,454	100	£2,635,321	£3,050,000	£262,181
13	High Street, Dingwall	3 High Street, Dingwall, IV15 9HL	3,438	100	£330,139	£309,500	£30,808
14	Irish Street, Dumfries	67-75 Irish Street, Dumfries, DG1 2NU	12,303	100	£1,427,478	£1,120,000	£118,536

Notes:
(a) All properties in Scotland are freehold properties.
(b) Based on annualised gross rental income as at 31 December 2022.

Scotland


15

16

17

18

19

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27

No.	Name of Property[a]	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2022	Annualised Gross Rental Income[b]
15	Ladywell House, Edinburgh	Ladywell House, Edinburgh EH12 7TF	54,622	100	£7,388,577	£4,800,000	£675,000
16	Lindsay House, Dundee	Lindsay House, 18-30 Ward Road, Dundee, DD1 1NE	39,264	100	£4,692,911	£2,050,000	£390,000
17	New Reiver House, Galashiels	New Reiver House, Roxburgh Street, Galashiels, TD1 1PD	21,216	100	£2,830,450	£2,400,000	£235,000
18	Parklands, Falkirk	Callendar Boulevard, Falkirk, FK1 1XT	81,350	100	£7,413,651	£9,300,000	£683,789
19	Pollokshaws Road, Glasgow	159-181 Pollokshaws Road, Glasgow, G41 1PU	15,812	100	£1,957,667	£1,505,000	£154,722
20	Sidlaw House, Dundee	Sidlaw House, Dundee, DD2 1DX	64,998	-	£5,955,000	£1,800,000	-
21	South Muirhead Road, Glasgow	3 South Muirhead Road, Cumbernauld, Glasgow, G67 1AX	9,097	100	£882,218	£765,000	£73,081
22	St John Street, Stranraer	12 St John Street, Stranraer, DG9 7EL	6,402	100	£712,406	£602,500	£65,646
23	Trinity Road, Elgin	13-21 Trinity Road, Elgin, IV30 1RJ	17,427	100	£1,476,938	£1,660,000	£142,946
24	Victoria Road, Kirkcaldy	26 Victoria Road, Kirkcaldy, Fife, KY1 1EA	49,379	100	£4,478,483	£650,000	£372,184
25	Waggon Road, Leven	9 Waggon Road, Leven, KY8 4PT	4,901	100	£306,971	£284,000	£27,637
26	Wallacetoun House, Ayr	John Street, Ayr, KA8 0BX	29,207	100	£3,046,547	£2,690,000	£283,747
27	Whitburn Road, Bathgate	31-33 Whitburn Road, Bathgate, EH48 1HG	31,484	100	£2,756,951	£1,925,000	£266,327

Notes:
(a) *All properties in Scotland are freehold properties.*
(b) *Based on annualised gross rental income as at 31 December 2022.*

Portfolio Profiles

South West

12 properties

- DWP Jobcentre Plus
- DWP Back Office
- DWP Others

Featured Property

Spring Gardens House, Swindon

Spring Gardens House is a nine-storey office building located along Princes Street in Swindon, a large town in Wiltshire, South West England. The property is a 10-minute walk from the Swindon train station and enjoys good access to other public facilities and amenities in the town centre.

Net Internal Area
47,918 sq ft

Land Tenure
Freehold

Valuation
£8.45m

Usage
Jobcentre Plus

South West

No.	Name of Property[(a)]	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2022	Annualised Gross Rental Income[(b)]
1	Brendon House, Taunton	Upper High Street, Taunton, TA1 3RL	41,750	100	£5,560,238	£5,050,000	£381,723
2	Cotswold House, Torquay	Warren Road, Torquay, TQ2 5UX	22,260	100	£3,250,000	£2,705,000	£206,540
3	Cyppa Court, Chippenham	Cyppa Court, Chippenham, SN15 3LH	12,299	100	£2,138,154	£2,000,000	£160,000
4	Hanover House, Bridgwater	Hanover House, Northgate, Bridgwater, TA6 3HG	21,598	100	£2,144,280	£2,100,000	£178,182
5	Kent Street, Bristol	17-19 Kent Street, Bedminster, Bristol, BS3 3NW	6,339	100	£1,040,000	£1,080,000	£95,083
6	Lodge House, Bristol	Fishponds Road, Bristol, BS16 3HZ	25,979	100	£4,000,000	£4,935,000	£366,588
7	Monks Park Avenue, Bristol	1 Monks Park Avenue, Horfield, Bristol, BS7 0UD	10,183	100	£2,160,000	£1,485,000	£115,477
8	Queens House, Plymouth	Queens House, St Levan Road, Plymouth, PL2 3BD	14,094	100	£1,421,352	£1,275,000	£106,482
9	Regent House, Weston Super Mare	High Street, Weston Super Mare, BS23 1JH	21,704	100	£2,722,200	£2,695,000	£212,637
10	Spring Gardens House, Swindon	Princes Street, Swindon, SN1 2HY	47,918	100	£7,807,501	£8,450,000	£617,373
11	St Paul's House, Chippenham	Marshfield Road, Chippenham, SN15 1LA	15,785	100	£3,695,242	£900,000	£272,877
12	Summerlock House, Salisbury	Summerlock Approach, Salisbury, SP2 7RW	17,136	100	£2,722,200	£2,180,000	£185,327

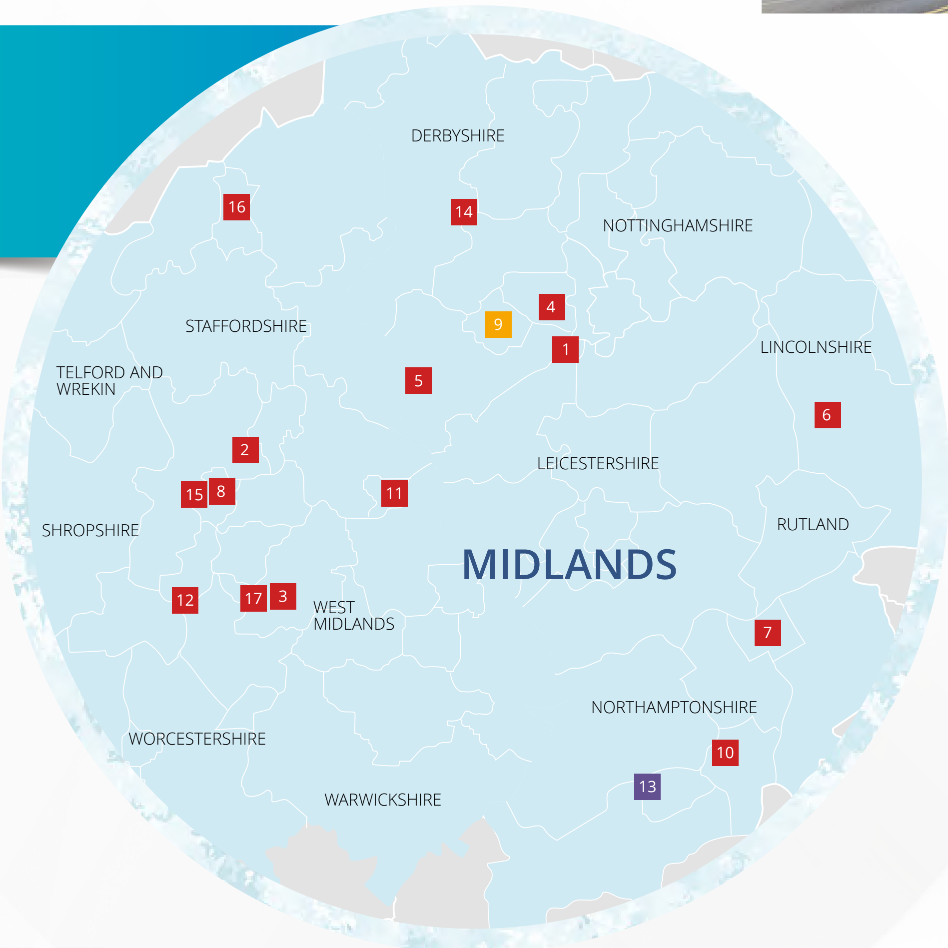
Notes:
(a) All properties in South West are freehold properties.
(b) Based on annualised gross rental income as at 31 December 2022.

Portfolio Profiles

Midlands

17
properties

- DWP Jobcentre Plus
- DWP Call Centre
- HM Courts and Tribunals Service



Featured Property

Holborn House, Derby

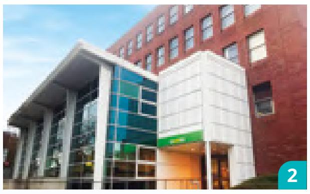
Holborn House is a three-storey L-shaped office building located within Wyvern Business Park, in the city of Derby. Wyvern Business Park is accessible directly off the A52 and Derby Midland Station is located 1.7 miles (2.7 km) to the west, with the station offering links to Nottingham, Lincoln, Stoke-on-Trent and London with local buses offering regular services to the station.

Net Internal Area
35,120 sq ft

Land Tenure
Freehold

Valuation
£6.19m

Usage
DWP Call Centre



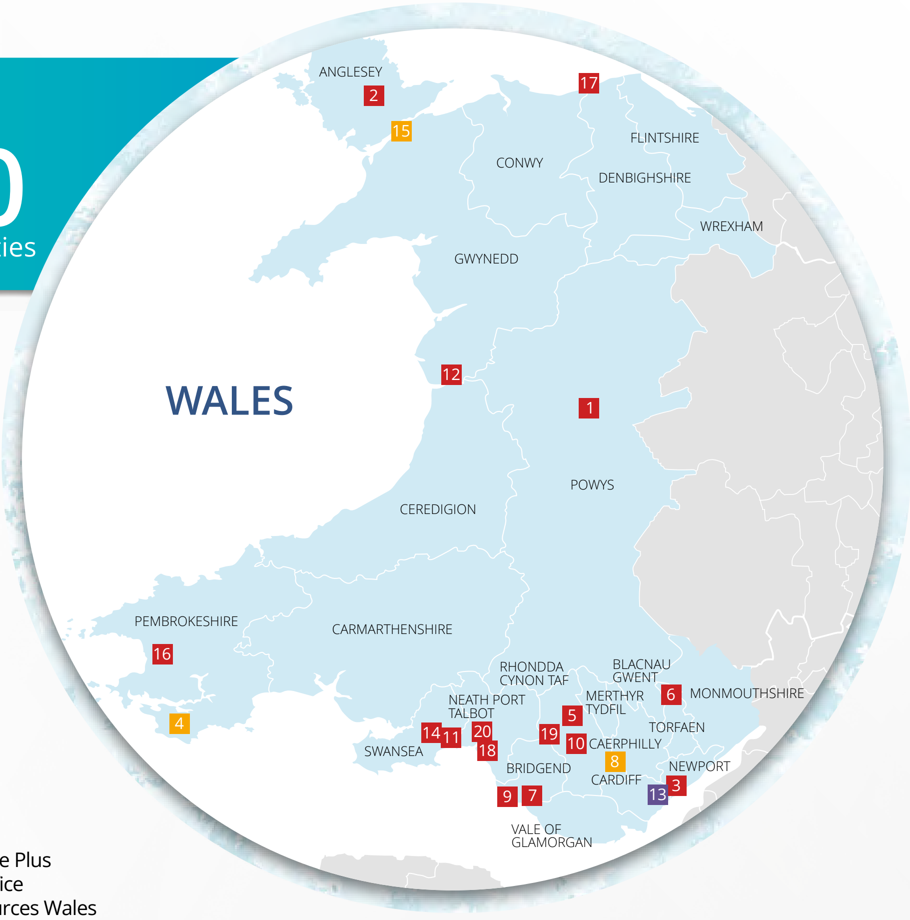
No.	Name of Property[a]	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2022	Annualised Gross Rental Income[b]
1	Acacia Walk, Nottingham	3 Acacia Walk, Beeston, Nottingham, NG9 2LW	4,306	100	£776,117	£761,500	£57,656
2	Beecroft Road, Cannock	Beecroft Road, Cannock, WS11 1JR	31,517	100	£1,778,118	£1,280,000	£137,015
3	Bristol Road South, Birmingham	1300 Bristol Road South, Northfield, Birmingham, B31 2TQ	18,996	100	£4,306,940	£3,600,000	£286,296
4	Crown Buildings, Ilkeston	58 South Street, Ilkeston, DE7 8TU	18,352	100	£1,419,019	£1,155,000	£112,904
5	Crown House, Burton On Trent	New Street, Burton On Trent, DE14 3SL	47,574	100	£1,766,534	£900,500	£128,185
6	Crown House, Grantham	49A Castlegate, Grantham, NG31 6SY	24,962	100	£2,650,000	£1,710,000	£141,407
7	George Street, Corby	Thoroughsale House, George Street, Corby, NN17 1PH	8,847	100	£1,341,707	£1,125,000	£100,235
8	High Street, Bilston	Jobcentre Plus, 14 High Street, Bilston, WV14 0DB	10,779	100	£1,684,792	£1,275,000	£119,039
9	Holborn House, Derby	Wyvern Business Park, Stanier Way, Derby, DE21 6BF	35,120	100	£6,440,609	£6,190,000	£452,639
10	Lothersdale House, Wellingborough	West Villa Road, Wellingborough, NN8 4TA	32,313	100	£4,019,589	£2,465,000	£265,055
11	Saxon Mill Lane, Tamworth	Jobcentre Plus, 90 Saxon Mill Lane, Tamworth, B79 7JJ	10,698	100	£1,366,213	£1,350,000	£96,418
12	Scotland House, Stourbridge	Scotland House, 169 Lower High Street, Stourbridge, DY8 1ES	12,452	100	£1,813,449	£1,425,000	£128,252
13	St Katherine's House, Northampton	St Katherine's House, 21-27 St Katherine's Street, Northampton, NN1 1RS	27,745	100	£2,100,000	£2,000,000	£209,430
14	Tannery House, Alfreton	King Street, Alfreton, DE55 7AF	10,226	100	£1,164,175	£1,030,000	£86,499
15	Temple House, Wolverhampton	Temple House, Wolverhampton, WV2 4AU	27,523	100	£2,983,613	£3,125,000	£247,000
16	Upper Huntbach Street, Stoke-On-Trent	91 Upper Huntbach Street, Hanley, Stoke on Trent, ST1 2BX	21,540	100	£2,739,576	£2,280,000	£209,815
17	Washwood Heath Road, Birmingham	Jobcentre Plus, 295 Washwood Heath Road, Birmingham, B8 2XX	14,922	100	£1,029,255	£675,000	£76,848

Notes:
(a) All properties in Midlands are freehold properties.
(b) Based on annualised gross rental income as at 31 December 2022.

Portfolio Profiles

Wales

20 properties



- DWP Jobcentre Plus
- DWP Back Office
- Natural Resources Wales

Featured Property

Parc Menai, Bangor

Parc Menai is a detached two-storey building with a L-shape floorplate configuration. The Property is located within Parc Menai which is approximately 3 miles (4.8 km) south west of the centre of Bangor, North Wales. Parc Menai can be accessed via the A487 trunk road at junction 9 of the North Wales Expressway.

Net Internal Area
32,583 sq ft

Land Tenure
250-year lease term from 20 May 2005

Valuation
£4.90m

Usage
Back Office

No.	Name of Property[(a)]	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2022	Annualised Gross Rental Income[(b)]
1	Afon House, Newtown	Afron House, The Park, Newtown, SY16 2PZ	19,160	100	£1,697,045	£1,550,000	£134,000
2	Bridge Street, Llangefni	Bridge Street, Llangefni, LL77 7YJ	9,601	100	£764,533	£675,000	£63,990
3	Charles Street, Newport	2-6 Charles Street, Newport, NP20 1JR	18,334	100	£2,217,799	£1,950,000	£165,750
4	Cleddau Bridge Business Park, Pembroke Dock	Pembroke Dock, SA72 6UP	19,418	100	£1,430,603	£1,350,000	£119,460
5	Crown Buildings, Aberdare	Greenbach Street, Aberdare, CF44 7HU	24,290	100	£1,262,637	£904,500	£102,662
6	Crown Buildings, Abertillery	Portland Street, Abertillery, NP13 1YF	9,159	100	£411,226	£416,500	£37,117
7	Crown Buildings, Bridgend	Angel Street, Bridgend, CF31 4AA	46,058	100	£4,286,017	£4,325,000	£376,304
8	Crown Buildings, Caerphilly	Claude Road, Caerphilly, CF83 1WT	20,712	100	£1,540,649	£535,000	£124,374
9	Dock Street, Porthcawl	Dock Street, Porthcawl, CF36 3BL	3,023	100	£318,555	£325,500	£25,699
10	Hannah Street, Porth	35 Hannah Street, Porth, CF39 9RB	7,018	100	£660,278	£679,500	£64,763
11	High Street, Swansea	37-38 High Street, Swansea, SA1 1LS	19,609	100	£2,160,384	£1,900,000	£188,006
12	Maengwyn Street, Machynlleth	43-45 Maengwyn, Machynlleth, SY20 8EB	3,655	100	£173,757	£153,500	£12,421
13	Newport Road, Cardiff	Ty Cambria, 29 Newport Road, Cardiff, CF24 0TP	33,749	100	£4,876,706	£4,250,000	£405,000
14	Oldway House, Swansea	Clase Road, Morriston, Swansea, SA6 8BT	14,575	100	£1,251,054	£1,065,000	£104,611
15	Parc Menai, Bangor	Parc Menai, Bangor, LL57 4FD	32,583	100	£3,973,254	£4,900,000	£384,196
16	Quay Street, Haverfordwest	16-20 Quay Street, Haverfordwest, SA61 1BH	8,603	100	£839,828	£834,000	£75,000
17	High Street, Rhyl	Jobcentre Plus, 80 High Street, Rhyl, LL18 1UB	9,452	100	£894,472	£840,000	£70,815
18	Station Road, Port Talbot	64-66 Station Road, Port Talbot, SA13 1LX	8,793	100	£814,827	£740,000	£61,134
19	Thistle House, Tonypandy	Llwynypia Road, Tonypandy, CF40 2EP	14,650	100	£1,198,926	£912,000	£112,044
20	Windsor Road, Neath	1 Windsor Road, Neath, SA11 1LY	15,816	100	£1,507,123	£1,375,000	£119,139

Notes:
(a) *All properties in Wales are freehold properties except for Parc Menai, Bangor which is on long leasehold tenure with a 250-year lease term from 20 May 2005.*
(b) *Based on annualised gross rental income as at 31 December 2022.*

Portfolio Profiles

East

8 properties

- DWP Jobcentre Plus
- DWP Back Office
- Others

Featured Property

Great Oaks House, Basildon

Great Oaks House is a centrally located 11-storey commercial building located along Great Oaks in Basildon, Essex. The property is a 15-minute walk to Basildon train station and accessible via the A13 and A127 motorways.

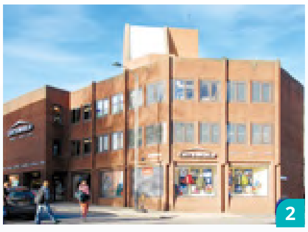
Net Internal Area
54,432 sq ft

Land Tenure
999-year lease term from 17 June 2004

Valuation
£8.80m

Usage
Back Office

East





No.	Name of Property[a]	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2022	Annualised Gross Rental Income[b]
1	Beaufort House, Harlow	Crown Gate, Harlow, CM20 1NA	28,170	100	£6,411,650	£6,150,000	£433,899
2	Blackburn House, Norwich	Blackburn House, 1 Theatre Street, NR2 1RG	9,302	100	£1,520,000	£1,200,000	£164,000
3	Crown Buildings, Colchester	40 Chapel Street South, Colchester, C02 7AZ	19,152	100	£3,825,000	£3,025,000	£204,330
4	Great Oaks House, Basildon	Great Oaks House, Great Oaks, Basildon, SS14 1JE	54,432	100	£9,005,000	£8,800,000	£550,000
5	Rishton House, Lowestoft	Clapham Road South, Lowestoft, NR32 1RW	41,656	100	£2,710,616	£1,710,000	£214,530
6	St Andrew's House, Bury St Edmunds	St Andrew's Street North, Bury St Edmunds, IP33 1TT	28,863	100	£3,272,432	£2,310,000	£229,930
7	The Forum, Stevenage	Stevenage, SG1 1EZ	18,473	100	£4,818,873	£4,200,000	£273,772
8	Wyvern House, Bedford	53-57 Bromham Road, Bedford, MK40 2EH	23,799	100	£3,162,386	£2,310,000	£187,741

Notes:

(a) *All properties in the East are freehold properties except for Blackburn House, Norwich and Great Oaks House, Basildon, which are both on long leasehold tenures with a 99-year lease term from 10 August 1978 and a 999-year lease term from 17 June 2004.*

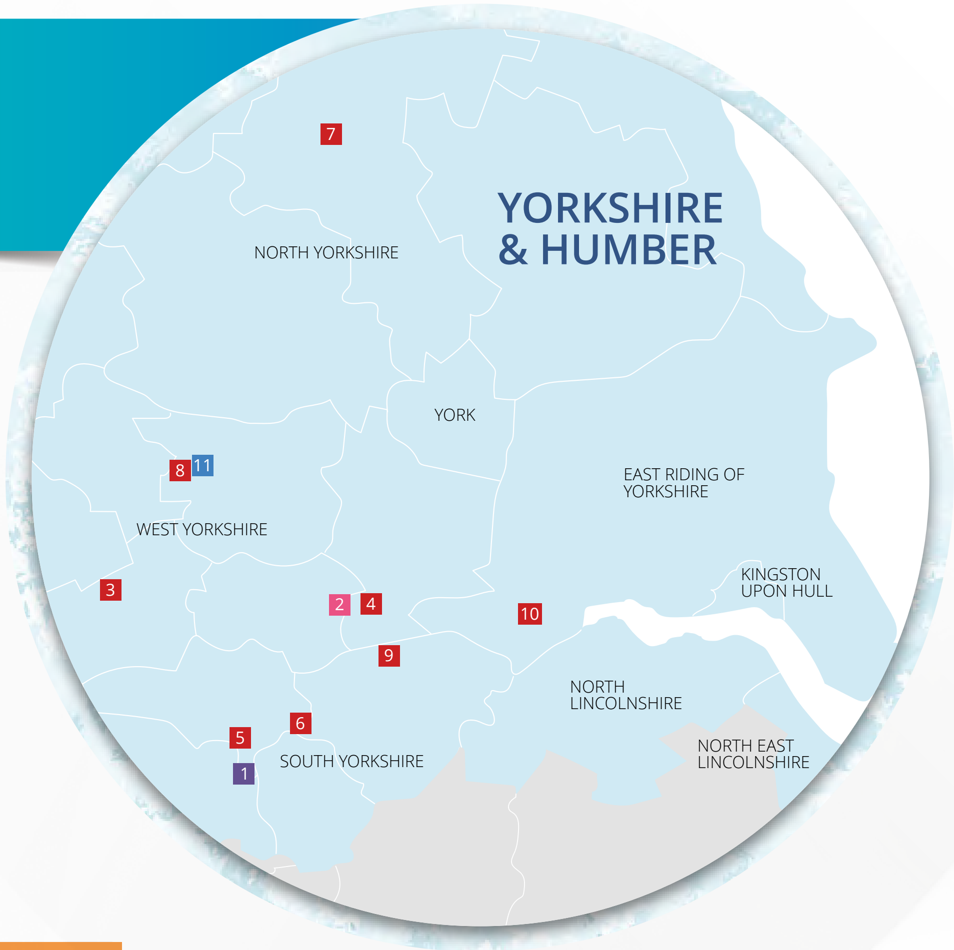
(b) *Based on annualised gross rental income as at 31 December 2022.*

Portfolio Profiles

Yorkshire & Humber

11 properties

- DWP Jobcentre Plus
- DWP Others
- Environment Agency
- HM Courts and Tribunals Service



Featured Property

Castle House, Huddersfield

Castle House is a four-storey, purpose-built, office building located along Market Street in Huddersfield, large market town in the Metropolitan Borough of Kirklees, West Yorkshire. The property is a six-minute walk from Huddersfield Station and accessible via the A62 major road.

Net Internal Area
20,389 sq ft

Land Tenure
150-year lease term from 17 March 1995

Valuation
£2.20m

Usage
Jobcentre Plus

Yorkshire & Humber

No.	Name of Property[a]	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2022	Annualised Gross Rental Income[b]
1	Bradmarsh Business Park, Rotherham	Bradmarsh Business Park, Bow Bridge, Rotherham, S60 1BX	12,054	100	£1,180,000	£975,000	£120,000
2	Bridge House, Castleford	Bridge House, 28 Wheldon Road, Castleford, WF10 2JD	12,949	100	£1,004,749	£765,000	£75,000
3	Castle House, Huddersfield	Jobcentre Plus, 8 Market Street, Huddersfield, HD1 2NE	20,389	100	£2,695,667	£2,200,000	£201,606
4	Centurion House, Castleford	Centurion House, Bank Street, Castleford, WF10 1HY	11,238	100	£1,047,634	£835,000	£78,129
5	Chantry House, Rotherham	Chantry House, Douglas Street, Rotherham, S60 2DL	20,618	100	£1,635,780	£1,275,000	£122,112
6	Crown Buildings, Mexborough	Adwick Road, Mexborough, S64 0BD	14,994	100	£660,278	£620,000	£61,774
7	Elder House, Northallerton	East Road, Northallerton, DL6 1NU	14,517	100	£978,834	£823,500	£94,349
8	Leeds Road, Bradford	373 Leeds Road, Bradford, BD3 9LT	21,463	100	£1,531,629	£690,000	£114,455
9	Low Hall, Pontefract	Market Street, Hemsworth, Pontefract, WF9 4HP	14,208	100	£874,579	£727,500	£76,832
10	Mulberry House, Goole	North Street, Goole, DN14 5RA	6,202	100	£417,018	£422,500	£36,732
11	Phoenix House, Bradford	Phoenix House, Rushton Avenue, Leeds Old Road, Bradford, BD3 7BH	37,649	100	£4,440,000	£4,100,000	£452,201

Notes:

(a) *All properties in Yorkshire & Humber are freehold properties except for Castle House, Huddersfield which is on long leasehold tenure with a 150-year lease term from 17 March 1995.*

(b) *Based on annualised gross rental income as at 31 December 2022.*

Portfolio Profiles

North East

12
properties

■ DWP Jobcentre Plus
■ Vacant

Featured Property

St Andrew's House, Hexham

St Andrew's House is an inverted "L" shaped, modern detached two-storey office building, located in Hexham, a popular and affluent market town situated in the county of Northumberland. The property is readily accessible via the A69 dual carriageway and the Hexham rail station on the Tyne Valley Line.

Net Internal Area
21,451 sq ft

Land Tenure
Freehold

Valuation
£2.35m

Usage
Jobcentre Plus

North East

No.	Name of Property[(a)]	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2022	Annualised Gross Rental Income[(b)]
1	Broadway House, Houghton Le Spring	Frederick Place, Houghton Le Spring, DH4 4AH	20,075	100	£1,592,777	£1,395,000	£144,085
2	Crown Buildings, Chester Le Street	Crown Buildings, Station Road, Chester Le Street, DH3 3AB	10,490	100	£869,965	£640,000	£65,296
3	Hadrian House, Eston	81 High Street, Eston, Middlesbrough, TS6 9EH	24,219	100	£1,546,441	£1,525,000	£149,672
4	Hatfield House, Peterlee	St Cuthberts Road, Peterlee, SR8 1PB	19,889	100	£1,106,256	£1,050,000	£107,062
5	John Street, Sunderland	60-66 John Street, Sunderland, SR1 1QT	18,344	-	£1,405,000	£500,000	-
6	Norham House, Berwick Upon Tweed	15 Walkergate, Berwick Upon Tweed, TD15 1DS	7,766	100	£434,394	£368,500	£43,432
7	Portland House, Redcar	Portland House, West Dyke Road, Redcar, TS10 1DH	9,559	100	£900,598	£750,000	£75,000
8	Reiverdale House, Ashington	Reiverdale Road, Ashington, NE63 9YU	23,702	100	£1,181,551	£992,500	£113,944
9	St Andrew's House, Hexham	Haugh Lane, Hexham, NE46 3RB	21,451	100	£3,058,131	£2,350,000	£241,936
10	St John's Square, Seaham	St John's Square, Seaham, SR7 7JE	6,658	100	£654,486	£531,000	£61,442
11	Theatre Buildings, Billingham	Theatre Buildings, Billingham, TS23 2NA	7,261	100	£686,170	£500,000	£57,000
12	Ward Jackson House, Hartlepool	Wesley Square, Hartlepool, TS24 8EZ	20,451	100	£2,328,350	£2,230,000	£206,550

Notes:
(a) All properties in North East are freehold properties.
(b) Based on annualised gross rental income as at 31 December 2022.

About the Primary Occupier

Quality Tenant Base Backed by AA-rated Credit Strength

The quality of the tenant base in Elite Commercial REIT's portfolio helps ensure that the REIT remains resilient through economic cycles.

More than 99% of the REIT's FY 2022 gross rental income[1] is leased to the UK Government[2], backed by AA-rated sovereign credit rating, providing financial stability and income certainty. The credit strength of the tenant has ensured that the REIT has been able to consistently collect rental three months in advance, in full and on time, ensuring stable cashflows. Leases are signed with a diversified mix of UK Government departments and agencies on a full repairing and insuring[3] ("**FRI**") basis, providing insulation in a rising inflation and rising energy prices environment.

Our Primary Occupier Delivers Essential Public Services

The REIT's primary occupier is the Department for Work and Pensions ("**DWP**"), which is the UK Government's largest public service department responsible for administering the country's state pension, welfare and child maintenance policy.

DWP contributed approximately 91.5% of the REIT's annualised gross rental income as at 31 December 2022.

DWP is integral in supporting the UK's social fabric as it delivers essential public services to the community. DWP served over 22 million[4] claimants in the year to February 2022, dispensing more than £217 billion[5] in benefits and pensions in FY 2021/22.

Ward Jackson House, Hartlepool

DEPARTMENT FOR WORK & PENSIONS

85.5%

of properties occupied by DWP is designated as Front of House — primarily Jobcentre Plus offices and other ancillary services.

Department for Work & Pensions

DWP contributed approximately 91.5% of the REIT's annualised gross rental income as at 31 December 2022.

Although labour demand had begun to ease, the labour market remained tight[6]. The unemployment rate rose slightly to 3.7% in the three months to December 2022 but decreased on the year, and is still below pre-pandemic rates[7]. Vacancies had fallen back, but the vacancies-to-unemployment ratio remained at a very elevated level[6]. The fall in the number of vacancies reflects uncertainty across industries, as survey respondents continue to cite economic pressures as a factor in holding back on recruitment[7].

A new area of focus for DWP is targeting employment for people over the age of 50 to increase the total number of people seeking employment and reducing the vacancies-to-unemployment ratio. £22 million will be invested in new measures to ensure jobseekers over the age of 50 will have more one-to-one support at Jobcentres to help them get into work. This strategy provides a clear indication that the DWP continues to actively invest in and utilise its Jobcentre portfolio. As UK's economy reopened following the COVID-19 pandemic, DWP were on the front line helping to lead the nation's recovery, while continuing to deliver vital support and services, including to some of the most vulnerable people in society[8]. Through its Plan for Jobs and Jobcentre work coaches, DWP has helped many move back into work by maximising employment and in-work progression[8].

With 85.5% of DWP-leased properties designated as Jobcentre Plus offices, our properties continue to remain part of the crucial public infrastructure serving the UK society.

Delivering Essential Services

Largest public service department of the UK Government

Supported over **22m** claimants in the year to February 2022

Dispensed **£217b** in benefits and pensions in FY 2021/22

DWP workforce **86,911** employees[9]

Supporting the Community

People seeking employment

People with a disability or health condition

People planning for or in retirement

Children and families

Department for Work & Pensions

For more information about our primary occupier:

Visit

https://www.gov.uk/government/organisations/department-for-work-pensions

1. *Based on annualised gross rental income as at 31 December 2022.*
2. *A majority of the leases are signed by the Secretary of State for Levelling Up, Housing and Communities (formerly known as the Secretary of State for Housing, Communities and Local Government), which is a Crown Body.*
3. *Under a full repairing and insuring lease, commonly known as triple net lease, the responsibility for the repair of the external and internal parts as well as the structure of the property is placed with the tenant for occupied assets.*
4. *Gov.UK, National statistics, DWP benefits statistics: August 2022, 19 August 2022.*
5. *Gov.UK, Corporate report: DWP annual report and accounts 2021 to 2022, 28 July 2022.*
6. *Bank of England, Monetary Policy Report, Monetary Policy Committee, February 2023.*
7. *Office for National Statistics, Labour market overview, UK: February 2023, 14 February 2023.*
8. *Gov.UK, Corporate report: DWP annual report and accounts 2021 to 2022, Secretary of State's Foreword, 28 July 2022.*
9. *As at November 2022. Data.gov.uk. Workforce Management Information – Department for Work and Pensions November 2022.*

Other Key Tenants and Occupiers

Elite Commercial REIT has a diversified and resilient tenant mix supported by multiple government agencies across the region. This bolsters our portfolio and risk profile with varied exposure to UK sovereign credit.

Ministry of Defence

The Ministry of Defence is a vital organisation of the UK Government responsible for protecting UK citizens, territories, values and interests at home and overseas.

Contribution to 2022 GRI: 2.2%

For more information:

https://www.gov.uk/government/organisations/ministry-of-defence/about

National Records of Scotland

National Records of Scotland is a Non-Ministerial Department of the Scottish Government with the purpose of collecting, preserving and producing information about Scotland's people and history.

Contribution to 2022 GRI: 1.9%

For more information:

https://www.nrscotland.gov.uk/about-us

HM Courts & Tribunals Service

HM Courts and Tribunals Service

*His Majesty's ("**HM**") Courts & Tribunals Service is responsible for the administration of criminal, civil and family courts and tribunals in England and Wales.*

Contribution to 2022 GRI: 1.8%

For more information:

https://www.gov.uk/government/organisations/hm-courts-and-tribunals-service/about

Home Office

Home Office

The Home Office is the UK's lead government department for immigration and passports, drugs policy, crime, fire, counter-terrorism and police.

Contribution to 2022 GRI: 0.5%

For more information:

https://www.gov.uk/government/organisations/home-office/about

Cyfoeth Naturiol Cymru Natural Resources Wales

Natural Resources Wales (Cyfoeth Naturiol Cymru)

Natural Resources Wales is the largest Welsh Government Sponsored Body and the principal environment regulator in Wales, with a purpose to ensure that the environment and natural resources of Wales are sustainably maintained, enhanced and used, now and in the future.

Contribution to 2022 GRI: 1.1%

For more information:

https://naturalresources.wales/about-us/what-we-do/our-roles-and-responsibilities/?lang=en

Environment Agency

Environment Agency

The Environment Agency seeks to create better places for people and wildlife, and support sustainable development.

Contribution to 2022 GRI: 0.3%

For more information:

https://www.gov.uk/government/organisations/environment-agency

United Kingdom: Economy & Government

With a GDP of more than £2.6 trillion, the United Kingdom is the world's fifth largest economy and the second largest in Europe.

In the IMD's World Competitiveness Ranking 2022[1], the UK was ranked 23rd amongst 63 economies, in terms of economic performance, government efficiency, business efficiency and infrastructure.

The UK economy has been fairly stable throughout the year, with the level of quarterly gross domestic product ("**GDP**") in Q4 2022 at 0.8% below its pre-COVID-19 level (Q4 2019), while GDP is estimated to have increased by 4.0% in 2022[2]. In the Bank of England's ("**BoE**") February 2023 Monetary Policy Committee's ("**MPC**") central projection, GDP is projected to fall slightly throughout 2023 and Q1 2024, as still-high energy prices and the path of market interest rates weigh on spending[3]. Calendar-year GDP growth is expected to be –0.5% in 2023 and –0.25% in 2024[3]. Four-quarter GDP growth picks up to almost 1% by the end of the projection, although growth is expected to remain well below pre-pandemic rates[3].

Statistics[4]

Land Area (square km '000)	244.0
Population (million)	67.0
GDP (£ billion)	3,131
Real GDP Growth (%)	7.5
Unemployment Rate (%)	3.7
Labour force (million)	32.8

Strong Sovereign Credit Rating

S&P Global Credit Rating	AA/A-1+
Moody's Credit Rating	Aa3
Fitch Ratings Credit Rating	AA-

1. *The IMD World Competitiveness Center, Switzerland, www.imd.org/wcc*
2. *Office for National Statistics, GDP first quarterly estimate, UK: October to December 2022, 10 February 2023.*
3. *Bank of England, Monetary Policy Report, Monetary Policy Committee, February 2023.*
4. *Office for National Statistics, 1 March 2023.*

The UK Government

The UK Government is divided up into departments which are responsible for administering government policies. As at the time of writing, there are currently 24 ministerial departments, 20 non-ministerial departments and 425 agencies and other public bodies, demonstrating the depth and strength of support available to the community[5].

5. *https://www.gov.uk/government/organisations*
* *Elite Commercial REIT's tenants and occupiers.*

Independent Market Review

by Knight Frank

St Andrew's House, Bury St Edmunds

1. UK Economic Overview

The latest gross domestic product ("**GDP**") figures show the UK economy contracted by -0.3% in Q3 2022, compared to preliminary estimates of a -0.2% decline, its first contraction in a year and a half, but better than analyst forecasts of a -0.5% decline. In the 12 months to September, the UK economy expanded by 2.4% year-on-year. The UK economy is now 0.5% below its pre-pandemic size (February 2020). So far, Q4 data has only been released for October which showed GDP fell by -0.3% in the three months prior.

In November, the Bank of England ("**BoE**") published two GDP growth scenarios dependent on the interest rate path. In the first scenario, normally considered its headline forecast, predictions were based on the assumption that financial market expectations for future interest rates would involve them peaking at 5.25% next year. The BoE's Monetary Policy Committee ("**MPC**") stated the UK would have to endure eight quarters of economic contraction (the longest recession since the Second World War), with unemployment rising to 6.4% but inflation falling to zero by late 2025. In the second scenario, where interest rates remained at the level in November of 3.00% (they have since risen to 3.50%), the central bank forecasted output would still shrink but by only half as much, resulting in a mild recession (five quarters of contraction) by historical standards with unemployment rising to 5.1% and inflation falling to 2.2% in two years' time before slipping below the 2% target. Many economists said the alternative scenario was a signal from the Bank that it might be close to ending further rate rises.

The UK Manufacturing Purchasing Managers' Index ("**PMI**") was revised slightly higher to 45.3 in December from a preliminary estimate of 44.7, down from 46.5 in November, and lower than market expectations of 46.3. Still, the latest reading was the lowest for 31 months, and one of the weakest since mid-2009, when excluding the series lows registered during the first pandemic lockdown. Output, new orders, employment, and stocks of purchases all fell at accelerated rates, while vendor delivery times lengthened to the least marked extent since January 2020. Data broken down by product category showed that the intermediate goods sector was the worst performer overall, followed by the consumer goods category. On a brighter note, input costs rose the least since November 2020, while output charge inflation eased to a near two-year low.

Meanwhile, the Services PMI rose to 49.9 in December, little-changed from the preliminary estimate of 50.0, up from 48.8 in November, beating market expectations of 48.5 and indicating a broad stabilisation of activity after two consecutive months of contraction. New business volumes dropped for a fourth consecutive month, amid reports that cost-of-living pressures and high inflation continued to depress consumption, whilst uncertainty and hesitancy characterised business decision making.

Overall, the BoE forecast GDP to decline by -1.5% in 2023 and by -1.0% in 2024, attributable to higher energy prices and tighter financial conditions weighing on spending. However, Oxford Economics is more positive, with forecasts of a -0.69% contraction next year and growth of +1.75% in 2024.

UK inflation figures released in December showed consumer price index ("**CPI**") had eased to 10.7% year-on-year in November, lower than expectations of 10.9% and down from 11.1% in October, which was the highest reading since 1981. Though CPI is down month on month, and this is suggesting that inflation may have peaked, inflation is nonetheless still at its highest level in 40 years. This follows on from nearly 20 months of upward pressure that began with a global demand for durable goods post-pandemic. A contributing factor to the high levels of inflation are the global supply chain bottlenecks, largely caused by China's zero COVID-19 policy, which has also contributed to the rise of the cost of imported durable goods; though the cost has eased but is still struggling to recover. China has relaxed its COVID-19 policy, which has led to a spike in cases and hospitalisations in its under-vaccinated population. Further, as a result of the ongoing conflict between Russia and Ukraine, this has been a knock-on effect of rising energy prices and other commodities felt internationally. This has been compounded and made worse by the weak pound making imports more expensive for UK customers.

In December, the BoE MPC voted 6-3 to increase the Bank Rate by 0.5 percentage points, to 3.5%. Although labour demand has begun to ease, the labour market remains tight. Unemployment rose slightly to 3.7% in the three months to October before falling to 3.5% in November – the lowest point since 1974. Vacancies have fallen back, but the vacancies-to-unemployment ratio remains at an elevated level. The Bank expected UK GDP to decline by -0.1% in Q4 2022, 0.2 percentage points stronger than expected in the November Report. Household consumption remains weak and most housing market indicators have continued to soften. Surveys on investment intentions have also weakened.

While the Office for Budget Responsibility ("**OBR**") forecasts UK unemployment to peak at 4.9% in Q4 2024, this is below the 6.8% long term average and the 7.9% GFC peak.

Due to warmer than expected weather and strong accumulation of gas reserves, UK natural gas prices have moderated back below levels seen pre-Russia/ Ukraine conflict, with futures currently at 170p per therm, down from a peak of 640p in August 2022. As a result, economists expect inflation to be less pronounced than previously anticipated. Capital Economics forecast UK inflation to be 0.3ppts lower than originally forecast, at 3.8% in 2023 and 0.5ppts lower in 2024 at 2.7%. While Oxford Economics also forecasts UK inflation to slow, it expects inflation to remain above 4% in 2023. Both Capital Economics and Oxford Economics forecast inflation to reach the BoE's 2.0% target by 2024. Overall, economists expect the BoE to be close to the end of its tightening cycle, albeit reluctant to cut rates this year unless the anticipated recession is deeper than currently expected.

Table 1

	Growth		
	Date	Quarterly Change (%)	Annual Change (%)
GDP	Q3 2022	-0.2	2.4
Services Sector Output	Q3 2022	0.0	3.2
Manufacturing Output	Q3 2022	-2.3	-5.7
Retail Sales Volumes	Nov-22	-2.2	-6.2

Table 2

	Level/Rates			
	Date	Current Rate (%)	Last Month (%)	Last Year (%)
Inflation (CPI)	Nov-22	10.7	11.1	5.1
Unemployment Rate	Oct-22	3.7	3.6	4.2
10 Year Gilt Yields	Dec-22	3.67	3.17	0.97
EUR: GBP	**Dec-22**	**1.15**	**1.15**	**1.19**
USD: GBP	**Dec-22**	**1.22**	**1.18**	**1.35**

Source: Macrobond/ ONS/ Bank of England


St Martin's House, Bootle

Independent Market Review

by Knight Frank

2. Capital Markets Overview

Q1 to Q3 UK commercial real estate ("**CRE**") investment totalled £47.7 billion in 2022, 14% above investment in the first nine months of 2021, 36% above the Q1 to Q3 long term average and the strongest Q1 to Q3 period since 2018. However, investment into UK CRE has shown signs of moderation in Q3, with investment down by -6% to £13.3 billion, which compares to £14.2 billion in Q3 2021.

The Specialist sectors were the most invested sectors in Q3, with £6.4 billion or 48% of total investment, followed by Industrial and Offices with a 23% and 20% share respectively. Retail had the lowest share of total investment at 9%.

Cross-border investors contributed to 38% of Q3 2022 volumes, greater than their 20% share in Q3 2021 and 26% share recorded in Q3 2020.

All Property rental value growth projections for 2022 improved by 30bps from 3.4% in August to 3.7% in November. Forecasts for 2023 have been downgraded to 0.6% (previously 1.3%). For the period of 2022 to 2026, the All Property annualised market rental value growth is now forecast to be 1.8% per annum.

At the sector level, Industrial is expected to achieve the strongest rental growth over the next five years. 2023 forecasts have been downgraded by at least 70bps across all sectors compared to the previous quarter, with Retail Warehouses forecast to experience the most substantial downward rental value movement.

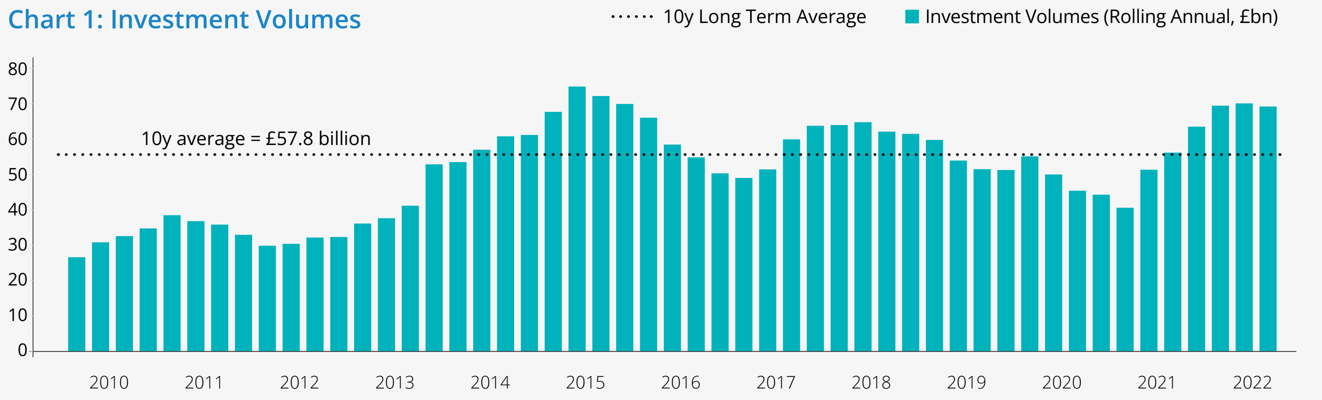
The All-Property capital value growth forecast for 2022 has been downgraded, from 2.3% in August to -6.4% in November 2022, driven by Industrial with forecasts downgraded by 1,445bps, from 7.5% to -7.0%.

The All-Property capital value growth forecast for 2023 has also moderated from -1.5% in August to -7.1% in November, with Standard Retail showing the weakest capital value growth at -8.6%. The All-Property average capital value growth for the period 2022 to 2026 is forecast to be 1.0% per annum, slightly down from 1.1% forecast in August.

2023 All-Property total return forecasts have moderated in November, with forecasts downgraded by 540bps to -2.4%. High levels of uncertainty and economic headwinds continue to weigh on 2023 projections across all sectors, resulting in negative returns. However, Retail Warehouses and Shopping Centres are predicted to achieve average returns.

The significantly weaker forecasts for 2022 and 2023 have resulted in an almost 200bps decline in the All-Property average annual total return between 2022 to 2026. It is now forecast to be 3.6% per annum, down from 5.5% forecast in August.

Chart 1: Investment Volumes



Source: Property Data

Chart 2: UK REITs by Sector – gross sector total return index (Jan 2020 = 100)

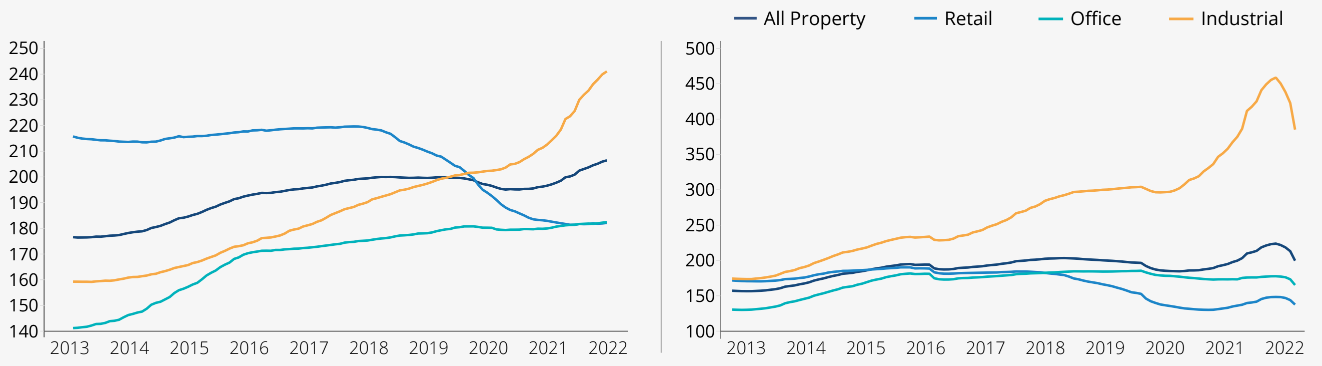


Table 3: UK EPRA gross total return index, Jan 2020 = 100, GBP(£)

Index gross total return		Percentage change since			
Original value and base	Last	1 day	1 week	1 month	Jan '20
All REITs	787	0.9	3.9	2.8	-23.0
Office	1,819	0.4	4.0	6.7	-38.6
Industrial	1,217	2.4	5.5	0.8	-1.9
Retail	57	1.7	4.2	1.6	-84.3
Healthcare	1,904	1.4	2.7	3.7	-16.0
Residential	1,188	0.4	1.3	1.5	-22.2
FTSE 250	16,231	0.1	3.4	3.6	-4.7

Source: Knight Frank, Macrobond

The occupier drive to better quality buildings is very evident in the West End with almost 59% of lettings for new and refurbished buildings but the lack of development completions in recent years acts as a constraint to higher take-up of prime buildings. As a result, the lettings market for good quality second-hand Grade A buildings continues to be a vital part of the market.

3. Central London Offices

Occupational Markets

Take-up in City & Southbank totalled 1.18 million sq ft in Q3 2022 which is a fall on the previous quarter and 30% below the long-term average of 1.69 million sq ft. During the last 12 months, there has been just over 6 million sq ft of lettings which is less than 10% below the annual trend. The demand for prime buildings is underscored by 68% of all transactions during this period being for new and refurbished buildings.

The top five transactions highlight continued activity from legal services firms for best-in-class buildings, in part to meet environment, social and governance ("**ESG**") criteria but also to accommodate larger work forces as the sector continues to grow. The largest deal of the quarter was by Addleshaw Goddard LLP at 41 Lothbury for 114,176 sq ft at £75 per sq ft. Financials (20%) and professional services (37%) accounted for the majority of take-up in the City and Southbank last quarter. Active demand has increased by 20% during the quarter to 5.04 million sq ft – almost 1 million sq ft above the long-term trend. Financials and professional services account for almost 4 million sq ft of active demand.

Availability continued to rise by 11.7% during Q3 and is currently at circa 12.48 million sq ft. This is in part driven by imminent completions in the next six months with schemes like Abor, Northcliffe, The Rowe, 8 Bishopsgate and EDGE London due to complete in Q1 2023. In total, we can expect 1.6 million sq ft of completions in the beginning of the new year. There is currently 7.3 million sq ft of speculative schemes under construction and expected to complete by 2026. Current levels of prime take-up considerably exceed the existing and future supply of prime buildings in the City and Southbank market. Our analysis shows a shortfall of 5.8 million sq ft of new and refurbished buildings by 2026. We have maintained headline prime rents at the same level as in the previous quarter due to the moderation in take-up and rise in availability.

In the West End, although quarterly take-up fell in 2022 Q3 by 21.3%, lettings activity of 1.7 million sq ft represents a second consecutive quarter of above trend take-up. Moreover, there has been 5.03 million sq ft of take-up in the last 12 months which is 12.1% above the annual long-term trend. The occupier drive to better quality buildings is very evident in the West End with almost 59% of lettings for new and refurbished buildings but the lack of development completions in recent years acts as a constraint to higher take-up of prime buildings. As a result, the lettings market for good quality second-hand Grade A buildings continues to be a vital part of the market.

The most prevalent sectors have been financial and business services – a trend reinforced by Blackstone's c.230,000 sq ft pre-let of a new European headquarters at Lansdowne House, Berkeley Square. Almost half of all lettings activity in the West End was from financial services firms.

Available space in the West End has remained at a premium this quarter, falling 15.6% to a total of 5.21 million sq ft. This figure is 24.8% below the same time last year and has fallen just under the long-term average of 5.25 million sq ft. As a result, the vacancy rate has dropped to 5.7%, falling over 1% in the last three months.

Independent Market Review

by Knight Frank

There is 5.64 million sq ft under construction across the West End completing by 2025 of which 1.39 million sq ft is pre-let. During Q4 2022, 0.15 million sq ft of speculative space was completed. New starts total c.0.5 million sq ft across five schemes. Our analysis of net prime availability suggests a shortfall of just over 2 million sq ft by 2026. The lack of good quality flexible floorspace has created rental tension in a number of West End submarkets and as a result, we have raised prime rents by £2.50 per sq ft in Paddington (£80 per sq ft) and the West End Core (£125 per sq ft). Rent-free periods remain unchanged at c.24 months for a 10-year lease.

Central London offices have been at the cutting edge of ESG and the resulting impact on property value. Knight Frank's (Y)our Space survey of over 400 global corporates observed a clear gap between ambition and action when it comes to the interplay between corporate targets and real estate decisions. Of those corporates surveyed, 40% had a net zero carbon target in place, but only 16% of those surveyed believed their commitment to net zero fundamentally changed the way they made real estate decisions. However, amidst rising energy costs and the growing focus on sustainability, we expect the gap between ambition and action to start to close in 2023. More occupiers are now bringing requirements to market with minimum sustainability requirements, and those headquartered in Europe or the UK will lead the way in putting greater weight on these issues when making their next lease commitment.

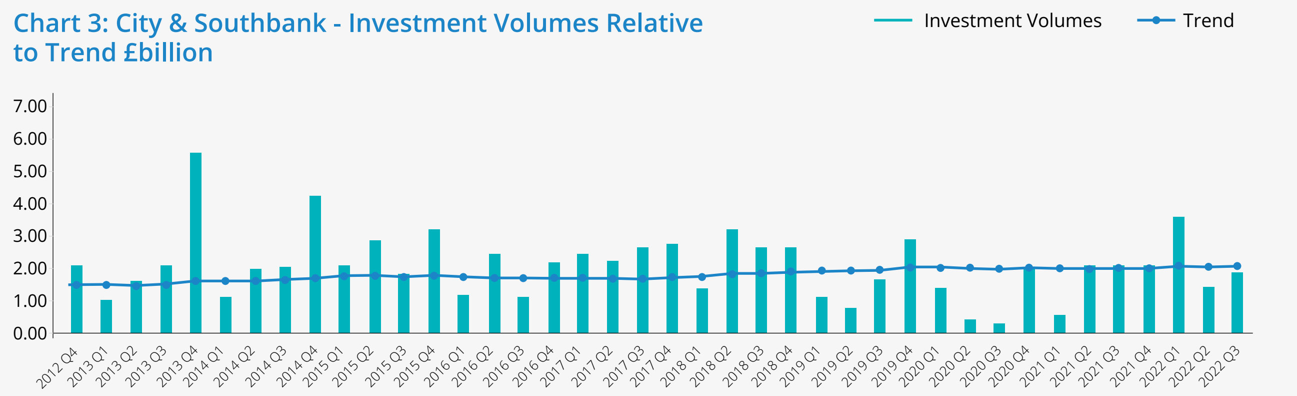
MSCI UK Quarterly Data Q3 2022 showed estimated rental value ("**ERV**") decline by -0.16% for City Offices, with a further -0.01% in October 2022 but positive 0.01% growth in November 2022 in MSCI UK Monthly Data. For the West End, ERV growth was 0.70% in Q3 2022, 0.24% for October and 0.32% was recorded for November.

Investment Markets

Sector	Dec '21 %	Nov '22 %	Dec '22 %	1 Month Change %	Market Sentiment
City Prime (Single let, 10 years)	3.75 - 4.00	4.50	4.50 - 4.75	**+0.25**	**Weaker**
West End: Prime Core (Mayfair & St James's)	3.25 - 3.50	3.50	3.50 - 3.75	**+0.25**	**Weaker**
West End: Non-core (Soho & Fitzrovia)	3.75 - 4.00	4.25	4.25 - 4.50	**+0.25**	**Weaker**

In the City, investment volumes rose by 33.2% from Q2 2022 to £2 billion in Q3 and just below the long-term trend of £2.2 billion. The largest deal of the quarter was the completion of 21 Moorfields, EC2 at £809 million to Lendlease & Tcorp. Going into Q4, it was evident that activity had slowed considerably with just two deals taking place in October totalling c. £253 million, which is well below the five-year average for the month (£715 million).

Chart 3: City & Southbank - Investment Volumes Relative to Trend £billion



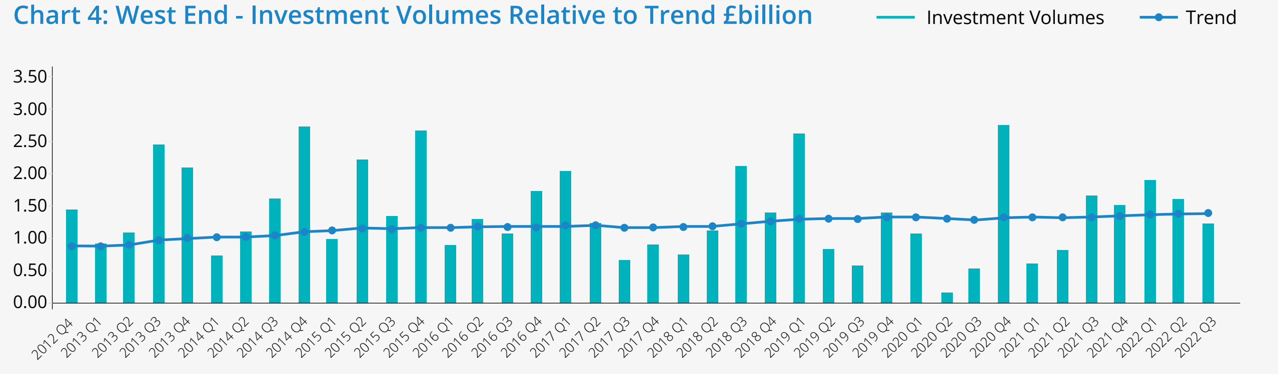
Source: Knight Frank

Almost 50% of transactions were by investors from the Asia Pacific region where financing costs have also risen but have not been subjected to the same volatility as in Europe and North America. Moreover, capital targeted for investment in London offices remains high because of its liquidity and greater depth of investment grade product which reduce climate change risk in institutional portfolios.

In the West End, the investment volume stood at £1.30 billion over Q3, which is below the long-term average of £1.46 billion for the quarter. Demand weakened across all submarkets in Q4 and whilst there is still demand for prime buildings with long and secure income streams, the prices offered are significantly lower than just a few months previously. However, the West End's development pipeline is particularly constrained which could help lessen the impact of rising interest rates on property values.

Almost 50% of transactions were by investors from the Asia Pacific region where financing costs have also risen but have not been subjected to the same volatility as in Europe and North America. Moreover, capital targeted for investment in London offices remains high because of its liquidity and greater depth of investment grade product which reduce climate change risk in institutional portfolios.

Chart 4: West End - Investment Volumes Relative to Trend £billion



Source: Knight Frank

Transaction volumes were dominated by UK investors (39%) managing local and international investment mandates. Institutional investors were the largest investor type following £340 million of completed transactions during the quarter. This was the highest level of investment from this group since Q4 2020 and the second highest level of institutional investment in the West End since Q4 2015.

Key Central London office deals in Q4 included the sale of 55-56 Poland Street, W1F in November 2022. The property comprises a multi-let office building extending to 9,300 sq ft with passing rents equating to £71 psf. The property was purchased by a private investor for £11.250 million which reflects 5.54% net initial yield ("**NIY**") and £1,202 per sq ft CV.

Also transacting in Q4 was the sale of 50 Finsbury Square, EC2A in October 2022. The property extends to 129,000 sq ft and is let to Inmarsat PLC for a 20-year term at £66 per sq ft. The property was sold by Great Portland Estates plc to Wirtgen Invest Holding GmbH for £218.350 million reflecting 3.85% NIY and £1,690 per sq ft CV.

MSCI UK Quarterly Data Q3 2022 showed capital value reduced by -3.47% for City Offices and -3.06% for West End / Mid Town Offices. A further -5.35% for October for City Offices and -4.58% in November. For West End / Mid Town, a further -4.78% was recorded in October and -3.42% was recorded in November.

4. South East and M25 Office Market

Occupational Markets

In the occupational market, leasing levels proved respectable but not exceptional. As year-end approached, recorded leasing volumes for 2022 reached 1.95 million sq ft, almost identical to the total recorded at the equivalent juncture in 2021. For reference, leasing volumes in 2021 reached 2.59 million sq ft by year-end. Notably in 2022 however, active demand levels as at 30 September were ahead when compared to September in 2021, raising the potential for a strong final quarter with final figures for Q4 yet to be reported. However, growing economic uncertainty over the quarter may dampen any end of year resurgence.

Outside the South East perimeter, Cambridge was the most active market. During Q3, nine occupier transactions were completed totalling 118,000 sq ft. This was the highest total of any centre studied in the report and the highest number in Cambridge specifically for three years.

Prime rents in Cambridge have reflected the high level of occupier demand. Typical rents for prime office buildings in the city centre were £55.00 per sq ft as at the end of Q3 2022. For lab-enabled space, the prime rent is higher at £59.50 per sq ft. The levels reflect an uplift of 11% over the past 12 months, meaning Cambridge is one of the strongest locations for rental growth currently.

Independent Market Review

by Knight Frank

Vacancy remained relatively unchanged over the year and at the end of Q3 was at 7.4%, just above the long-term trend. Notably, the availability of New & Grade A space continued to fall. At Q3 end, the vacancy rate related to New and Grade A space had dipped to 4.6%, the lowest level since 2019. Moving forward, the development pipeline offers little respite for those targeting new space. At quarter end, 1.8 million sq ft of speculative space was under construction and due for delivery before the end of 2024. Beyond the next 24 months though, construction starts are likely to be scarce, with rising debt and construction costs now impacting developer appetite. Even so, the tightening supply environment is creating isolated opportunity. Locations of particularly low supply and strong transport links and amenities are expected to record rents over £40 per sq ft in the coming months, meaning developers could capitalise on market imbalance.

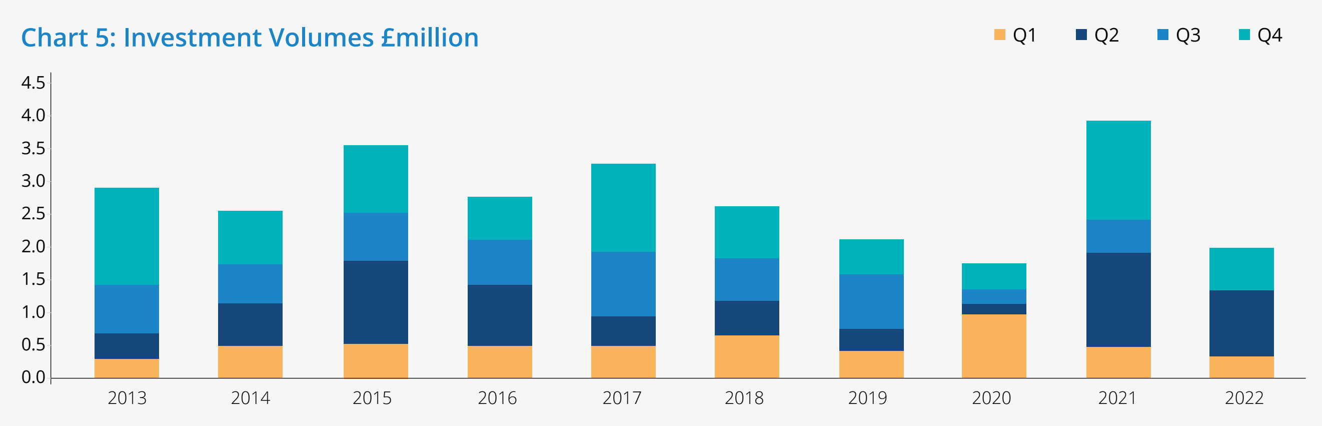
MSCI UK Quarterly Data Q3 2022 showed ERV growth of 0.65% for South East Offices, 0.06% for October 2022 with a further 0.03% for November in MSCI UK Monthly Data.

Beyond the next 24 months though, construction starts are likely to be scarce, with rising debt and construction costs now impacting developer appetite. Even so, the tightening supply environment is creating isolated opportunity.

Investment Markets

Sector	Dec '21 %	Nov '22 %	Dec '22 %	1 Month Change %	Market Sentiment
South East Towns (Single let, 15 years)	5.25	5.75 - 6.25	6.00 - 6.50	**+0.25**	**Weaker**
South East Towns (Multi-let, 5 year WAULT)	6.50	7.25 +	7.00 - 7.50	**+0.25**	**Weaker**
South East Business Parks (Single let, 15 years)	5.25 +	6.25 - 6.75	6.75 - 7.00	**+0.25**	**Weaker**
South East Business Parks (Multi-let, 5 year WAULT)	6.75 +	7.50 - 8.00	7.75 - 8.00	**+**	**Weaker**
Life Sciences (Oxford, Cambridge)	3.75	4.00 +	4.25	**+0.25**	**Weaker**

Investment volumes in the third quarter totalled £652 million across 23 deals, 15% above the long-term average by volume. Supporting performance in Q3 was continued interest in Oxford and Cambridge, with the two cities accounting for 56% of investment turnover. The largest transaction of the quarter was the acquisition of three assets at Cambridge Science Park by Brockton Everlast Inc from TusPark (exchanged in Q3, completed in Q4). The office buildings are held on a long-leasehold of around 200 years from Trinity College, are long-let, office-orientated properties.



Source: Knight Frank

Overseas buyers continue to target opportunities in the South East partly supported by the weakening pound. International capital accounted for 60% of investment volumes during the third quarter and accounts for 55% of capital committed during 2022. Significantly, larger lot sizes have been the principal target. Over the past 24 months, overseas buyers have been responsible for 17 of 28 transactions over £50 million.

In Q3, turbulence within domestic and global capital markets filtered through to market pricing. Prime office yields in the South East moved out to 5.75% during the quarter, responding to the sharp rise in swap rates and the erosion of the gap between UK gilts and office yields. The escalating cost of debt in particular has meant that core-plus buyers took an increasingly cautious approach. Although capital markets have since stabilised in part, the geopolitical landscape remains

> A key theme for regional offices in Q4 2022 and going into 2023 is 'flight to quality'. The term is as true as it is overused, however, it is a misconception to think that this means lower grades will inevitably suffer from limited demand. The preferred balance between cost, and amenity will always differ across the gamut of occupiers and assets of all grades need to be optimised to remain competitive within their respective competitor set.

challenging, meaning investment volumes could be held back for the final quarter of last year.

Notable deals in Q4 include the sale of Nestle UK HQ, Gatwick in November by Legal & General. The property was constructed in 2002 but refurbished in 2012 and extends to 130,000 sq ft. It is let entirely to Nestle as their UK HQ for a further 10 years and is broadly rack rented but the lease contains annual RPI linked rent reviews (0-5%). The property sold for £57.075 million reflecting 6.68% NIY, 7.06% net equivalent yield ("**NEY**") and £436 psf CV, having previously been under offer at just under £65 million to the same buyer. The sale was completed as part of a SPV – with standard purchasers costs the NIY would be 6.50%.

Also completing in Q4 was the sale of One Valpy Street, Reading in October by abrdn. The property comprises a multi-let building extending to 65,000 sq ft and was refurbished in 2014 with individual floors refurbished / suites created and fitted out more recently. The building is multi-let with some vacancy with a WAULT of around 4 years to break and 5 years to expiry. The property was initially put under offer at 8.00% NIY in August 2022 but this was renegotiated and eventually the transaction completed to the same buyer at £20.60 million reflecting 9.00% NIY, 8.68% NEY and £315 per sq ft CV. This demonstrates the weakening investor sentiment over Q4. The quoting price was £27.60 million, reflecting 6.75% NIY and £422 per sq ft CV in April 2022. This demonstrates the weakening investment market over the year.

MSCI UK Quarterly Data Q3 2022 showed capital value reduced by -3.63% for South East Offices, -4.89% was recorded for October 2022 and -5.56% for November in MSCI UK Monthly Data.

5. UK Cities Offices

Occupational Markets

Take up across the UK cities reached 1.25m sq ft in Q3 2022, a rise of 13% when compared to the previous quarter. During the quarter, 278 deals were completed, above both the 5-year (266) and 10- year (244) averages. With just 3 months to year-end, total take up across the regional cities reached 3.8m sq ft. Although this total is 5% below the 5-year annual average, it does represent the second consecutive year-on-year increase across the UK Cities.

In Q3, Manchester and Birmingham were the only regional cities to register take up above the respective quarterly averages. Underpinned by Goldman Sachs taking 110,000 sq ft at Centenary Square, take up in Birmingham reached 189,500 sq ft during the quarter, 2% ahead of the long-term trend. In Manchester, take up was 328,761 sq ft, 7% above the 10-year quarterly average. Most notable in Manchester in 2022 was the high deal count. At the end of Q3 2022, 178 deals were completed, well ahead of the 141 registered by that stage in 2021 and ahead of the 5-year average for the Q1-Q3 period.

Grade A supply across the regional cities registered further increases in Q3, reaching a collective 3.7 million sq ft at quarter end. The completion of development work, either refurbishment or new build is the principal reason for the rise. With a sustained occupier focus on securing the best quality space, time on market is expected to be short. Onward, the development pipeline consists of 5.4m sq ft of office space showing as under construction. Of this total, 3.7m sq ft is speculative with completion within the next 36 months.

A key theme for regional offices in Q4 2022 and going into 2023 is 'flight to quality'. The term is as true as it is overused, however, it is a misconception to think that this means lower grades will inevitably suffer from limited demand. The preferred balance between cost, quality, specification and amenity will always differ across the gamut of occupiers and assets of all grades need to be optimised to remain competitive within their respective competitor set. Clever refurbishments will improve the performance of B grade buildings by capturing higher rents and reducing downtime, while no matter the grade of asset, a 'generic' or 'vanilla' property will struggle to compete with buildings consistently refreshing their offering. Therefore, ensuring offices remain up to date in meeting occupier demands, especially around ESG initiatives, will be key to maintaining value.

MSCI UK Quarterly Data Q3 2022 showed ERV growth of 0.26% for Rest of UK Offices, with 0.05% growth recorded in October 2022 and 0.30% for November in MSCI UK Monthly Data.

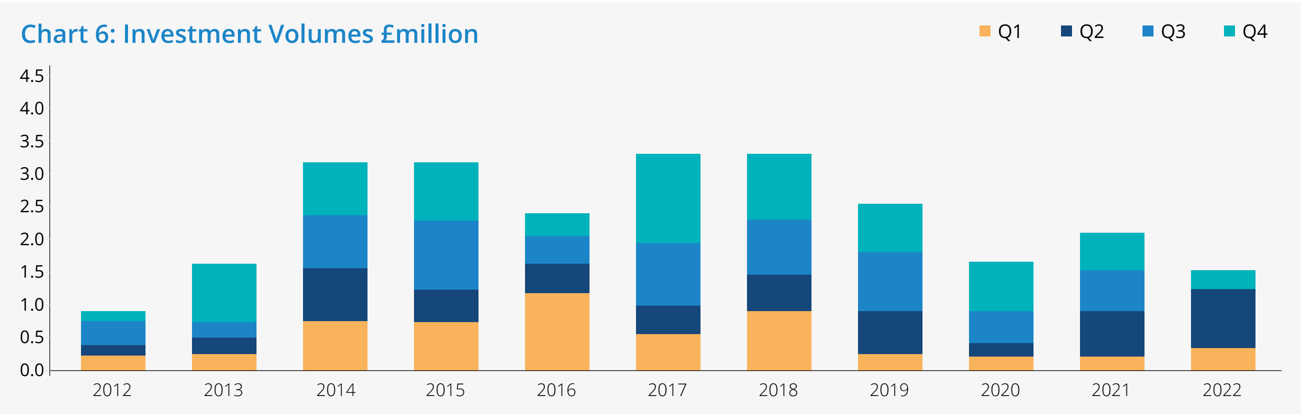
Independent Market Review

by Knight Frank

Investment Markets

Sector	Dec '21 %	Nov '22 %	Dec '22 %	1 Month Change %	Market Sentiment
Major Regional Cities (Single let, 15 years)	5.00	5.50 - 6.00	5.75 - 6.00	+	**Weaker**
Major Regional Cities (Multi-let, 5 year WAULT)	5.75 -	6.00 - 6.50	6.50 - 7.00	**+0.50**	**Weaker**

Amid turmoil across the political landscape and within the capital markets, investment activity paused in the third quarter. Investment volumes for the UK cities reached £278m in Q3 2022, well below the long-term quarterly average. Even so, the investment total for the year presents a more positive picture. Investment volumes as at Q3 were £1.5bn, on par with the same juncture in 2021 and 60% ahead of the same point in 2020.



Source: Knight Frank

The largest investment deal of Q3 was the £105 million funding of First Street in Manchester by Pension Insurance Corporation **(PIC)**. The 130,000 sq ft office building is let to the Government Property Agency on a 25-year lease and will complete construction in 2025. The deal is PIC's second in Manchester in the space of two years, after the investor inked a £130 million forward funding deal for Muse Developments' New Victoria build-to-rent scheme in September 2020.

We believe there has been greater activity than usual from UK buyers in 2022; as at Q3, UK money accounts for 58% of investment turnover committed during the year. The quicker rate of return to the office in the regional markets has proved influential, with the regional markets also offering a favourable price differential compared with London and the South East. Overseas interest hasn't disappeared. Foreign capital accounts for 42% of investment in 2022 with overseas buyers behind the two largest acquisitions of 2022, demonstrating the depth of investor interest.

In response to the unsettled market conditions, prime office yields moved out by 75-100bps across the major UK regional cities in Q4. This shift is consistent with the other major office markets of the UK, with the weaker economic outlook undermining investor sentiment. The capital markets have calmed in recent weeks, although transactions volumes and pricing expectations are expected to remain relatively muted entering 2023.

MSCI UK Quarterly Data Q3 2022 showed capital value decline -4.75% for Rest of UK Offices, with -5.73% recorded for October 2022 and -5.40% for November in MSCI UK Monthly Data.

Afon House, Newtown

Pursuing A Sustainable Future

SUSTAINABILITY REPORT 2022

We have a purpose-driven commitment towards achieving long-term sustainability which benefits tenants and stakeholders alike.

Contents

Broadlands House, Newport

Sustainability Report

ENVIRONMENT

ZERO EMISSION CO_2

Alignment with UK Government's national climate goals of **Achieving net zero carbon emissions by 2050**

Secured landmark **Sustainability Collaboration** with the UK Government's DWP and MOD to boost sustainability and energy efficiency of their occupied estate

Partially disbursed **~ £14.8m**[1] commited towards approved sustainability asset enhancement works to improve energy efficiency of DWP- and MOD-occupied assets

About **95.4%** of the portfolio by GRI has green lease clauses, which facilitates environmental data sharing by occupiers

Secured inaugural green revolving credit facility of **£15.0m** to fund sustainability asset enhancement works; Established Sustainable and Sustainability-Linked Finance Framework

Upgrade in Energy Performance Certificate ratings from **D➔B** for Bradmarsh Business Park, Rotherham after the occupier upgraded its heating/HVAC system and installed LED lighting

SOCIAL

Average Training Hours per Employee in FY 2022 **71.0 hours**

Emerged among the **Top 9%** out of 260 participating teams in terms of funds raised in UK LandAid's Steptober Challenge; Raised funds towards youth homelessness

Donated towards **Healthcare for the elderly** through sponsorship of the annual Kwong Wai Shiu Hospital Charity Golf Tournament

Contributed towards food for lower-income families by **Volunteering time** as well as donating cash and rice to charity soup kitchen Willing Hearts

GOVERNANCE

Maintained **Zero incidents** of non-compliance/corruption

Management Gender Diversity of **50%**

1. *In FY 2022, £7.4 million of Sustainability Contribution was disbursed for sustainability enhancement works on assets occupied by the DWP and MOD.*

ABOUT THIS REPORT

This is the second sustainability report for Elite Commercial REIT (the "**REIT**" or "**We**"). The report provides a detailed overview of Elite Commercial REIT's environmental, social and governance ("**ESG**") performance for the financial year ending 31 December 2022. The report is presented by the manager of the REIT, Elite Commercial REIT Management Pte. Ltd. (the "**Manager**").

Standards and Frameworks

The report has been prepared in accordance with the Global Reporting Initiative's ("**GRI**") Standards. The Manager has elected to use the GRI Standards because of its international recognition and focus on managing the material impacts on the economy, environment and society. For this report, we have transitioned to the latest version of the GRI Standards – the GRI Universal Standards 2021. We have aligned the report with the Sustainability Accounting Standards Board's ("**SASB**") Real Estate Standards to cover the financially material ESG metrics which are of interest to investors.

The report comprises our second climate report, consistent with the Taskforce on Climate-Related Financial Disclosures ("**TCFD**") framework, and the Guidelines on Environmental Risk Management ("**ERM**") for Asset Managers, issued by the Monetary Authority of Singapore ("**MAS**").

This report has also been prepared in accordance with Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Rules (711A and 711B) – Sustainability Reporting.

Last but not least, the report details the REIT's contribution to sustainable development to support the United Nations Sustainable Development Goals ("**UN SDGs**").

STANDARDS AND FRAMEWORKS USED

- GRI Universal Standards 2021
- SASB Standards
- TCFD Recommendations
- MAS ERM Guidelines
- SGX-ST Listing Rules (711A and 711B) – Sustainability Reporting
- UN SDGs

Scope

The report covers Elite Commercial REIT's operations as a Real Estate Investment Trust and includes the entire portfolio of properties. As at 31 December 2022, the REIT's portfolio comprised 155 properties in the United Kingdom ("**UK**"), leased to the UK Government on a full repairing and insuring[2] ("**FRI**") basis. Owing to the nature of leases, we do not have operational control over these properties in terms of day-to-day management or utilities' consumption. However, as part of our sustainability policy, we actively engage with our primary occupier, the Department for Work and Pensions ("**DWP**"), on ESG issues and seek the required environmental performance data for reporting. About 95.4% of our portfolio by gross rental income[3] has green lease clauses to facilitate the sharing of environmental data by occupiers. The report includes data for occupied properties provided by the primary occupier. The report excludes vacant properties in the possession of the Manager where the assets' utilities consumption are not significant and hence not considered material.

Restatements

Employee Data for 2020 have been restated in this sustainability report to include an employee who was employed under a unit within the REIT Group before the incorporation of the Manager's UK subsidiary. The proportion of Board of Directors by Age Group for 2020 and 2021 has been updated to reflect the more representative age group of one of the directors.

External Assurance

As our leases are on full repairing and insuring basis, the environmental data is provided to us by the occupiers and source data is unverifiable. However, the Manager has relied on internal checks to ensure the accuracy of the data presented in this report based on data provided to us. Additionally, the report has undergone internal review by an independent Internal Auditor to ensure the adequacy and effectiveness of internal controls and procedures in the Sustainability Reporting process. Seeking external assurance for future reports remains under consideration.

Feedback

We welcome feedback and suggestions from our stakeholders. For any questions about this report, please contact:

Investor Relations

CHAI Hung Yin
Elite Commercial REIT Management Pte. Ltd.
T: (65) 6955 9977
E: hungyin.chai@elitecreit.com

2. *Under a full repairing and insuring lease, commonly known as triple net lease, the responsibility for the repair of the external and internal parts as well as the structure of the property is placed with the tenant for occupied assets.*
3. *Based on annualised gross rental income as at 31 December 2022.*

Sustainability Report

GOVERNANCE AND STEWARDSHIP

Managing ESG factors is an integral part of Elite Commercial REIT's corporate governance practices. Therefore, ESG, including environmental risk management, has Board-level oversight.

The Board of Directors of the REIT Manager (the "**Board**") determines the materiality of ESG factors, considers climate-related risks and opportunities, oversees the management of ESG performance and has ultimate responsibility for sustainability reporting. The Manager is responsible for implementing, managing and monitoring the material ESG issues and targets and providing regular updates to the Board.

The Board has constituted a high-level Sustainability Committee ("**SC**") to drive sustainability performance. The SC is chaired by the Independent Board Chairman. SC members include an Independent Director, a Non-Independent Director, Chief Executive Officer, Chief Investment Officer, Chief Financial Officer, and Assistant Vice President of Investor Relations.

Supervised by the Board, the SC is responsible for developing, managing, implementing and monitoring ESG strategy to address material sustainability risks and opportunities to create lasting value for all stakeholders. The SC considers stakeholder concerns and expectations in its strategy.

A Sustainability Working Team ("**SWT**") presided by the Chief Executive Officer ("**CEO**") assists the SC. The SWT comprises representatives from Investor Relations, Asset Management, Finance and Compliance functions. The SWT is responsible for implementing sustainability strategies and collecting ESG performance data from various internal stakeholders for reporting.

Board Statement

The Board is pleased to present Elite Commercial REIT's 2nd sustainability report.

The Board recognises that sustainability is an essential part of good governance and acknowledges its stewardship duties over Elite Commercial REIT. It remains steadfast in building a sustainable and resilient REIT, with the aim of creating value for our Unitholders and stakeholders.

The Board actively promotes good corporate governance, risk management, diversity, ethical business conduct, responsible business practices, and environmental and social stewardship. The Board considers climate-related risks and opportunities to develop appropriate strategies.

The Board determines material ESG factors and considers them in the REIT's sustainability and business strategy. It oversees the management and monitoring of sustainability issues through periodic updates from the Manager.

The Board has reviewed and approved this sustainability report.

– Board of Directors

Sustainability Governance Structure

Board of Directors

Sustainability Committee

Sustainability Working Team*

* *Members include representatives from across the business functions: Investor Relations, Asset Management, Finance and Compliance.*

Board Diversity

Ensuring that the Board has an appropriate level of diversity in its composition, including the dimensions of skills, knowledge and industry experiences, gender, age and tenure, is important to the overall governance of Elite Commercial REIT. To this end, a Board Diversity Policy has been established, and the Board's Nominating and Remuneration Committee ("**NRC**") is charged with considering diversity aspects, such as professional qualifications, industry and geographic knowledge, skills, length of service, age, gender, and the needs of the REIT, when reviewing and assessing the composition of the Board and making recommendations on new director appointments.

While the Board is rich in diversity of professional qualifications, knowledge and skills, it does not currently have a female member. The Board acknowledges the importance of gender diversity and remains committed to progressive female representation when the Board is renewed or expanded. The Board has adopted a target to have at least 30% women directors by 2029. In terms of female representation in management, the figure currently stands at 50%. For more information about our Board Diversity Policy, please refer to pages 122 to 123.

Directors Training

The Board recognises that ESG issues are complex, evolving rapidly, and present a range of strategic risks and opportunities for the business. Therefore, the Board and the Management strive to constantly build the necessary knowledge and skills and stay updated on the emerging ESG regulations, standards and frameworks and stakeholder expectations. The Board believes that developing ESG competencies is important to provide effective governance to transition the REIT to a lower carbon economy.

In FY 2021, the Board attended a sustainability workshop customised for the Manager, which was conducted by an external sustainability expert. Among other topics, the workshop covered climate-related risks and opportunities specifically for the real estate sector.

In FY 2022, each Board member has completed at least one sustainability training course prescribed by SGX. The training courses are conducted by providers that represent different constituencies on the capital markets. The training equipped the Board members with knowledge on sustainability matters and presented ways for the Board to incorporate sustainability in the pursuit of opportunities and the control of risks in its business model.

Regulatory Compliance

Non-compliance with applicable laws and regulations can cause reputational harm, fines and penalties and disrupt business operations. We are committed to complying laws where we operate, including but not limited to business and commercial laws, environmental regulations and employment laws. We have implemented necessary internal controls to manage regulatory compliance risks as part of our broader enterprise risk management framework.

There were no incidents of non-compliance with environmental and socioeconomic laws and regulations in the reported period.

Ethical Conduct

Approved by the Board, our Elite Partners Group-wide ("**Group-wide**") Code of Conduct and Ethics Policy, establishes detailed guidelines for all directors, managers and employees to perform their duties with high ethical standards. The policy covers a range of issues, including but not limited to regulatory compliance, confidentiality, personal data protection, insider trading, anti-money laundering and countering the financing of terrorism, corruption and bribery, human rights, social and environmental responsibility, and whistleblowing. Failure to comply with the policy can result in disciplinary action.

For more information, please refer to pages 143, 144 and 148.

Anti-corruption

The Manager remains committed to upholding the highest standards of governance and ethical conduct. We adopt zero tolerance against all forms of corrupt practices such as bribery, fraud and money laundering.

All employees are required to adhere to the Group's stringent policies and procedures relating to anti-bribery and anti-corruption practices as well as the expected conduct of our employees. Our Group-wide Code of Conduct and Ethics Policy provides detailed guidelines and measures about the giving and receiving of gifts (monetary or otherwise), kickbacks, concessionary offers, entertainment, and business dealings that may place the employee under any real or apparent obligation or indebtedness to any party. The policy applies to all employees, directors and business partners and strictly prohibits accepting or offering a bribe, gratification or other inducements.

Our Group-wide Code of Conduct and Ethics Policy is communicated to all directors and employees. Our Group-wide Third-Party Agent and Outsourcing Policy also subjects our service providers to corruption risk assessment. Dissemination of policies and training materials to all staff are communicated via email, contractual agreements and our corporate website.

There were no confirmed incidents of corruption in the reported period.

Find out more about our **Corruption and Bribery Prevention Policy** on page 148.

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Whistleblowing Policy

Our Whistleblowing Policy provides a channel for employees, directors of REIT Manager and other stakeholders to raise concerns about potential improprieties, including but not limited to suspected fraud, corruption, and unlawful or dishonest conduct.

Whistleblowing reports can be made via a dedicated e-mail address at whistleblow@elitecreit.com or mailed by post to Elite Commercial REIT's office, with attention to Elite Commercial REIT's Board Chairman, ARC Chairman or the CEO. Strict confidentiality standards are established to ensure that whistleblowers are protected from reprisals and victimisation.

Read more about our **Whistleblowing Policy** on page 143 and our website: https://www.elitecreit.com/whistleblowing-statement.html.

Anti-Money Laundering

We are committed to complying with applicable laws concerning anti-money laundering and countering terrorism financing. Our Anti-Money Laundering and Countering the Financing of Terrorism ("**AML/CFT**") Measures require all employees to adopt a risk-based approach towards customer due diligence procedures and take steps to prevent and detect unacceptable and suspicious forms of payments.

Read more about our **Anti-Money Laundering and Countering the Financing of Terrorism Measures** on page 143 and 144.

Political Contributions

Our policy prohibits making any contributions to political campaigns. As such, no political contributions were made in the reported period.

Human Rights and Modern Slavery

Slavery, servitude and forced or compulsory labour, child labour and human trafficking are against the fundamental principles of human rights. We are committed to implementing necessary measures to safeguard against modern slavery and human trafficking within our operations and supply chain. We support internationally agreed-upon principles for protecting human rights, such as the UN Declaration of Human Rights, and the International Labour Organization's core labour standards. Our human rights approach strives to provide a supportive work environment free from infringement on human rights and based on mutual trust, whereby employees treat each other with dignity.

The commitment also prohibits employees from engaging in discrimination or harassment of any kind, including based on race, ancestry, familial status, age, disability, religion, gender or marital status. We respect our employees' right to freedom of association and collective bargaining. Currently, our employees are not part of a collective bargaining agreement.

Data Protection and Cyber Security

We are committed to protecting the personal data of our employees and customers and any other personal data we might collect in the course of business. We have implemented necessary measures to safeguard privacy, and we comply with applicable data protection laws where we operate. In Singapore, we comply with Personal Data Protection Act ("**PDPA**") requirements. In the UK, we are guided by the data protection principles provided in the Data Protection Act.

Information technology ("**IT**") risk and cyber security are vital areas in our enterprise risk management. We have established a framework and a process for implementing control measures to protect our IT systems from cyber-attacks and data loss.

There were no substantiated complaints or incidents of personal data breaches in the reported period.

Learn more about our data protection measures at https://www.elitecreit.com/pdpa.html

Supply Chain

The REIT's suppliers include providers of various services such as legal counsel, unit registrar, tax agent, insurance brokers, auditors, valuers and surveyors.

The Manager's supply chain includes property managers, a corporate secretary, a human resource consultant, an IT provider, and marketing and events providers, auditors and legal counsels.

ESG Topic	Ongoing Target	2022 Performance
Anti-Corruption	• Zero incidents of corruption and bribery • Annual training on anti-corruption and anti-money laundering policies	• No incidents • 100% of eligible staff completed the annual training • 100% of the Board completed the annual training
Regulatory Compliance	• Zero incidents of significant non-compliance with environmental and socioeconomic regulations	• No incidents

Our Group-wide Third-Party Agent and Outsourcing Policy subjects service providers to stringent evaluation criteria to inter-alia address corruption risks and outsourcing risks.

Service providers that are assessed to have higher risks are required to certify their compliance with all applicable laws and anti-corruption laws on an annual basis. Rigorous due diligence checks are performed prior to engaging in any business activities with critical suppliers to ensure that their business practices are in line with the ethical standards required by the Group.

STAKEHOLDERS

Stakeholder trust is vital for the REIT's performance. We build stakeholder trust through constructive engagement, transparency and communication. Creating value for stakeholders is a key part of maintaining stakeholder trust, together with strong levels of engagement. We prioritise engagement with stakeholders who are important for our value creation and those who may be affected by our decisions and actions. Some interactions with stakeholders are periodic, such as annual general meetings, while others are ongoing and needs-based. The Manager proactively engages stakeholders to drive the business effectively and efficiently.

An overview of our stakeholders and how we engage with them is illustrated in the table below.

Stakeholders	Engagement Method	Purpose of Engagement	Stakeholders' Expectations	Our Response	Engagement Examples In FY 2022
Internal Stakeholders					
Directors	• Meetings and calls • Quarterly Board Meetings • Regular engagements with committees delegated by the Board • Ad hoc Board Meetings (when required)	• To comply with regulatory requirements • Best practices for good corporate governance • For the interest of Unitholders • For strategic guidance	• Regular and timely updates on the REIT's and the Manager's operations and performance	• Terms of Reference for each Board committee are laid out and executed • Clear agenda setting for all Board Meetings • All matters arising are addressed in a timely manner • Promote productive engagements between senior management and Board members • Providing regular, timely and accurate updates on the REIT's operations and performance	• Regular Board Meetings held in FY 2022 • Directors attended trainings on a range of topics including climate change, corporate governance and compliance amounting to an average training hours of 9.8 hours per director in FY 2022
Employees	• Face-to-face meetings • Regular conference calls • Emails • Health and well-being activities • Employee satisfaction survey	• To build a cohesive team with high productivity • To ensure the well-being of employees • To provide an inclusive environment that is conducive for working • To attract future and potential employees with a sustainability mindset	• Competitive remuneration and benefits for talent retention • Good personal growth and development opportunities • Career progression • Attentive and supportive managers • Fair treatment • A respectful and conducive working environment • Work-life balance	• People-friendly human resources ("**HR**") policies and practices • Regular open communications • Training and development opportunities • Regular employee engagements and performance reviews • Whistleblowing channels for malpractice and compliance concerns	• Open communications • Team lunch gatherings • Cycling outing from Marina Bay to East Coast Park in Singapore • Team dinner • Badminton sessions • Tuesday Run Club in the UK

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Stakeholders	Engagement Method	Purpose of Engagement	Stakeholders' Expectations	Our Response	Engagement Examples in 2022
External Stakeholders					
Investors (Retail and Institutional)	• One-on-one and group investor meetings and conference calls • Local and overseas non-deal roadshows • Public outreach events, such as the participation in virtual investment conferences, webinars, panel discussions and industry forums • Corporate website with dedicated investor relations contact details • Social media via our corporate LinkedIn page • Annual General Meetings • Extraordinary General Meetings when required • Regular announcements and updates • Results briefings	• To keep all Unitholders, investors and stakeholders informed on the financial and portfolio performance of the REIT and material information that could affect the price or value of the REIT's units	• Stable and growing returns from their investments • Sustainable financial and portfolio performance • Timely and accurate information for their investment decisions • Good corporate governance • Prudent risk management • Unitholder interests are aligned with the management and the Board	• Timely and accurate disclosures of material information • Majority independent Board with competent Board members providing quality corporate governance • Experienced management with ground presence in the UK • Engage competent consultants on remuneration matters, controls and governance • Necessary disclosures under corporate governance in the Annual Report	• Annual General Meetings 2022 • Annual Report • CLSA Singapore Hidden Jewels Access Day 2022 • S-REITs Corporate Day for Korean investors • Citi-SGX-REITAS REITs/Sponsors Forum 2022 • PERE Asia Summit Singapore 2022 • GRESB Regional Insights Asia Panel Discussion • SIAS-SGX Corporate Connect • REITs Symposium 2022 Online Edition • Broker-organised Investor calls • Trading representative and retail investor teach-in sessions • Corporate LinkedIn page and YouTube account (Please refer to page 37 for the full events listing)
Investment community (Analysts, the Media and Financial Bloggers)	• Regular analysts and media briefings • Face-to-face and virtual meetings • Conference calls, emails and phone calls • Media interviews	• To keep the market informed on the financial and portfolio performance of the REIT and material information that could affect the price or value of the units	• Good corporate governance • Prudent risk management • Unitholder interests are aligned with the management and the Board • Access to senior management	• Timely, transparent and accurate disclosures of material information • Necessary disclosures under corporate governance in the Annual Report	• Research reports by our covering analysts – UBS, CGS-CIMB, UOB Kay Hian and DBS Group Research • One-on-one virtual interview engagement sessions with covering and non-covering analysts to gather feedback
Primary Occupier and Other Tenants/ Occupiers	• Periodic engagement to ensure they are satisfied with our buildings • Collection of environment performance data	• To engage on energy efficiency measures • Improved buildings for lease longevity • To ensure regulatory compliance for energy performance certifications and other regulatory requirements	• Higher energy performance rating for buildings • Ensuring occupiers comply with regulation by ensuring building accessibility to end users	• Ongoing engagement on sustainability issues such as energy, emissions and water • Negotiations and discussions for co-investments to improve buildings' energy efficiency • Proactive incorporation of green lease clauses into new lease agreements	• Discussions with primary occupier and agents on a regular basis • Quarterly dialogues with main occupier to track progress of sustainability enhancement works across DWP-occupied assets to improve energy efficiency • Engagements to obtain energy performance data
Property Managers	• Meetings, emails, calls	• Stay updated on the operational aspects of our assets	• Communication of business plans and strategy	• Regular and open communication and engagements - Engagements on ESG matters	• Daily engagements and dialogues to keep an ear to the ground
Trustee	• Meetings, emails, calls	• To keep the trustee updated on the financial, operational and portfolio performance of the REIT	• Transparent, honest and accurate information	• Regular, timely and accurate updates on business and sustainability plans - Regular dialogues	• Regular meetings and engagements

Stakeholders	Engagement Method	Purpose of Engagement	Stakeholders' Expectations	Our Response	Engagement Examples in 2022
Banks	• Meetings, emails and calls • Ongoing compliance to loan covenants • Dialogues on sustainability issues	• For funding and advisory needs	• Transparent and accurate information • Asset package, compliance, business plan • Manage sustainability risk, timely interest and maturity payments	• Timely interest and maturity payments • Continuous engagements as added confidence for loan disbursements • Regular updates on business and sustainability plans • Regular dialogues • Asset package	• Weekly calls before loan drawdown • Underwriting due diligence • Yearly credit update call • Year-end bank calls • Attend webinars organised by banks (e.g Lloyds Bank)
Regulators	• Ad hoc and periodic survey submissions • Regulatory applications and clarifications as appropriate • Timely regulatory filings • SGX announcements • Circulars • Website, AGM/EGM, Annual Report, Sustainability Report	• To comply with the regulatory requirements in all countries of operations	• Timely and transparent information • Adequate resources devoted to compliance • Setting compliance culture across all staff • Good corporate governance • Compliance with policies, rules and regulations	• Stay updated on all regulatory requirements • Establish comprehensive policies, procedures and controls • Independent review by third-party internal and external auditors • Accountability of senior management and the Board • Active membership in industry associations • Maintenance of zero tolerance approach towards fraud, corruption, bribery and unethical practices across the business • Regular communications with regulators and governing bodies	• Attend sustainability trainings prescribed by SGX • Attend asset management industry engagement townhall by the MAS • Attend Singapore Financial Forum by the MAS-IBF "Growing Timber" webinar series
Auditors	• Planning of audit schedule and scope • Participating in audit exercises (internal and external)	• To comply with regulatory requirements in all countries of operations	• Timely and transparent information • Compliance with policies, rules and regulations	• Stay updated on all regulatory requirements • Establish comprehensive policies, procedures and controls • Unfettered access to information	• Annual internal and external audit exercises
Industry associations (e.g REITAS, FIDRec, RICS)	• Emails, calls	• To keep abreast of industry developments	• Active participation in activities and surveys • Provide feedback when appropriate	• Active participation in activities and surveys • Provide feedback when appropriate • Attend training and courses provided by the associations • Attend industry events organised by the associations	• Employee participation in the Rules and Ethics Course by REITAS as part of the requirement to fulfil continuing professional development ("**CPD**") hours • CEO is a member of the REITAS Promotions Sub-Committee • Royal Institution of Chartered Surveyors ("**RICS**")-accredited asset management team
Local Community	• Corporate social responsibility ("**CSR**") activities • Philanthropic programmes and activities	• To contribute back to the society • Aligns with the REIT's theme of being a social infrastructure play	• Ongoing monetary and in-kind donations • Ongoing volunteer work • Ongoing support for their efforts	• Ongoing CSR activities for continual support	• Volunteering with charity soup kitchen Willing Hearts • Sponsorship of annual Kwong Wai Shiu Hospital Charity Golf Tournament • Participation in LandAid's Steptober to raise funds for charitable causes

MATERIALITY

Elite Commercial REIT's material ESG factors for reporting are reviewed, determined, and approved by the Board. For our inaugural sustainability report in FY 2021, we conducted a comprehensive materiality assessment to determine the most significant ESG topics for prioritisation and reporting. This included a materiality workshop facilitated by a sustainability advisory firm to assess our business activities' most significant economic, environmental, and social impacts and stakeholder expectations.

Working with external sustainability experts, we carefully examined the potential and actual ESG impacts of our operations, climate-related risks and opportunities and their potential financial impact, tenant relationships, stakeholder expectations, global sustainability challenges relating to the real estate sector, reporting requirements mandated by SGX and MAS, regulatory developments in Singapore and the UK, and ESG reporting by peers. We used the SASB Real Estate Standards to identify financially material sustainability topics.

As part of the materiality process, we considered relevant standards, frameworks, and guidelines, including the GRI Standards, SASB Real Estate Standards, TCFD Recommendations, and the UN SDGs, to identify the topics for reporting.

In FY 2022, we reviewed our material topics to determine their relevance for this year's reporting cycle.

Our materiality review in FY 2022 included a stakeholder engagement survey to obtain opinions from both internal and external stakeholders regarding our material ESG topics. The survey participants included Unitholders, existing and potential investors, analysts, trustee, Sponsors, industry associations, business partners, and employees. Respondents ranked the proposed ESG topics and had the opportunity to suggest new ones. The feedback received was useful in validating and prioritising the ESG topics for reporting purposes.

Our review concluded that the ESG topics prioritised in the FY 2021 report remain material for the FY 2022 reporting.

Our materiality process is illustrated below.

01 ESTABLISH CONTEXT

- Consider Elite Commercial REIT's purpose, principles and values
- REIT's portfolio
- Consider sustainability challenges relevant to the real estate sector
- Refer to SASB Real Estate Standards and metrics
- Refer to GRI Standards, UN SDGs, and TCFD Recommendations
- Study reporting by peers

02 IDENTIFY IMPACTS

- Identify actual and potential as well as positive and negative ESG impacts of business activities including climate-related risks and opportunities
- Identify financially material ESG issues
- Map out key stakeholders and their concerns

03 ASSESS IMPACTS

- Assess the significance of ESG impacts
- Consider stakeholder concerns and expectations
- External review of material topics by a sustainability expert

04 PRIORITISE AND APPROVE

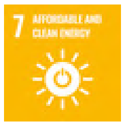
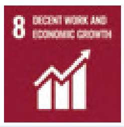
- Internal review of material topics by the management
- Review and approval of material topics by the Sustainability Committee
- Review and approval of material topics by the Board for reporting

The material topics covered in this report are summarised in the table below.

Material ESG Topics		
ENVIRONMENT	**SOCIAL**	**GOVERNANCE**
• Climate Change • Energy and Greenhouse Gas ("**GHG**") Emissions • Water • Tenant Engagement	• Attracting and Retaining Talent • Employee Development • Diversity	• Regulatory Compliance • Anti-corruption

Supporting the UN SDGs

The UN SDGs, the 17 Global Goals for sustainable development, are key reference points in our materiality assessment. Our approach to proactively manage our most significant ESG impacts supports a number of the UN SDGs as detailed in the following table:

Contributing to the UN Sustainable Development Goals ("**SDGs**")		
Material ESG Topics	**SDG Targets Supported**	**Relevant SDGs**
ENVIRONMENT		
• Climate Change • Energy and GHG Emissions • Water • Tenant Engagement	SDG Target 6.4. By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	
	SDG Target 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix	
	SDG Target 7.3. By 2030, double the global rate of improvement in energy efficiency	
	SDG Target 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	
	SDG Target 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters	
	SDG Target 13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	
SOCIAL		
• Attracting and Retaining Talent • Employee Development • Diversity	SDG Target 5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	
	SDG Target 8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	
GOVERNANCE		
• Regulatory Compliance • Anti-corruption	SDG Target 16.5. Substantially reduce corruption and bribery in all their forms	

Sustainability Report

ENVIRONMENT

Our approach to environmental issues is to constantly evaluate and ensure the climate-resilience of our existing portfolio and factor climate-related risks and opportunities into new acquisition decisions.

We believe a low-carbon portfolio is central to maintaining the REIT's competitive edge in the marketplace. The demand for green commercial space grows in line with the Paris Agreement's goal of limiting global warming to well below 2 degrees Celsius ("**°C**") and preferably 1.5°C by 2030 and reach net zero carbon emissions by 2050.

EPC
B
Target
EPC rating of B or higher for all properties by 2030

The UK has also set its aspirations to achieve net zero greenhouse gas ("**GHG**") emissions by 2050. As over 90% of our portfolio is leased to the DWP, the UK's largest public service department responsible for welfare, pensions and child maintenance for over 20 million claimants, our environmental strategy is therefore aligned with the UK's national climate agenda. As the REIT is listed in Singapore, we are also supportive of the Singapore Green Plan 2030, a national plan to advance Singapore's national agenda on sustainable development.

We believe that climate resilience will play an increasingly critical role in asset valuation, the cost of capital and insurance. Hence, our aspiration is to have a net zero carbon emission portfolio by 2050.

Since most of our entire portfolio is let out on full repairing and insuring ("**FRI**") basis, we do not have operational or management control of our buildings in terms of day-to-day management and consumption of energy and water or waste management. We, therefore, operate a three-pronged environmental strategy and management approach: mitigate climate-related physical risks and transition risks in our portfolio, upgrade assets to leverage the growing demand for low-carbon commercial spaces, and engage with our primary occupier to monitor the environmental performance of our buildings.

Our climate-related governance, strategy, risk management and metrics and targets are reported based on the TCFD Recommendations.

Tenant Engagement

We regularly engage with our primary occupier and tenants on environmental performance issues such as the energy efficiency credentials of the properties. We also take a proactive approach in engaging with our primary occupier and tenants by holding regular dialogues, having a physical presence for our operations in the UK, as well as harnessing the strengths of technology and big data to analyse occupier utilisation and to help us understand our primary occupiers' needs better.

'Greening' the Portfolio

Driving Sustainable Value for the Long Term

Sustainability enhancement works on various DWP-occupied properties across the REIT's portfolio have been planned so far to optimise energy use.

Examples of works being planned include:

- Replacement of existing variable refrigerant system and to expand the use of the variable refrigerant system
- Replacement of gas- or oil-fueled boilers with new, higher efficiency or non-carbon-based heating system solution
- Replacement of air-conditioning system with a variable refrigerant system
- Replacement of air handling unit ("**AHU**") including direct expansion cooling, modifications to existing ductwork and replacement of Building Management System ("**BMS**")
- Roofing replacement projects

UPGRADE IN ENERGY PERFORMANCE CERTIFICATE RATING

Bradmarsh Business Park, Rotherham is located in England, in the region of Yorkshire and The Humber. The low-rise office with freehold tenure is currently occupied by the Environment Agency. Following the installation of new heating/HVAC[1] system and the installation of new LED lighting inside the building and in the car park by the occupier, the EPC rating increased from D-90 to B-49.

1. *HVAC refers to the heating, ventilation and air conditioning system responsible for heating and cooling the building.*

Green Lease Clauses

Over the past year, we have proactively worked with tenants to insert green lease clauses where possible. About 95.4% of total portfolio by gross rental income[2] in FY 2022 has clauses to the effect of a green lease in their lease agreements, which facilitates the sharing of environmental data by our occupiers. This report includes energy and water consumption data as well as waste management data provided by our primary occupier, the DWP.

INCLUSION OF GREEN LEASE CLAUSES INTO NEW LEASES

Where possible, the management team focuses on adding green lease clauses into new lease agreements to facilitate information sharing and transparency across all sustainability-related matters.

This was demonstrated by the inclusion of specific green lease wordings[3] in the recently signed five-year lease extension for St Katherine's House, Northampton. Except for the inclusion of the specific green lease wordings, the rest of the lease terms remain unchanged. The new lease will run all the way until December 2028. The mid-rise office with freehold tenure is located in England, in the region of East Midlands and is currently occupied by the HM Courts and Tribunals Service.

SUSTAINABLE FINANCING FRAMEWORK

We have established a Sustainable and Sustainability-Linked Finance Framework to secure green financing for enhancing our assets. The sustainable financing framework is a crucial step in aligning our sustainability strategy with the UK Government's national climate goals of achieving net zero carbon emissions by 2050.

In FY 2022, Elite Commercial REIT secured its first green loan – revolving credit facility of £15.0 million. The funds will be used exclusively for projects that contribute to the REIT's sustainability goals, allowing for more focus on 'green' projects and assets that support value creation for all stakeholders involved.

For example, the Manager will use loan proceeds to fund agreed-upon sustainability-related asset enhancement initiatives and eligible green projects for assets occupied by the DWP and MOD, including existing and new projects in the future.

For our first green loan, CIMB Bank Berhad, Singapore Branch acted as the lead advisor and the lender.

ESG Topic	2022 Target	2022 Performance	2023 Target
Climate Change	• Establish an environment risk management framework and policy	• Instituted a governance structure to support an effective management of environmental risks covering climate change	• Integrate environmental risks into the Enterprise Risk Management framework
Energy and GHG Emissions	• Engage with the primary occupier to improve energy and water efficiency of buildings	• Quarterly engagement with the primary occupier to improve energy and water efficiency of buildings	• Reporting on buildings where sustainability enhancement works have completed
	• Engage with the primary occupier in terms of regular progress reports following the commitment by the REIT to invest about £14.8 million over three years towards agreed-upon asset enhancement works and initiatives that are likely to improve the properties' energy efficiency to a more sustainable standard	• Developed a monitoring system to track the progress of planned sustainability enhancement works on a portfolio of assets • £7.4 million of Sustainability Contribution was disbursed during the year for sustainability enhancement works on assets occupied by the DWP and MOD	• Continue the engagement with the main occupier • Extend data gathering to non-DWP occupiers

2. *Based on annualised gross rental income as at 31 December 2022.*
3. *Refers to green lease clauses within a lease agreement which facilities the sharing of environmental data by our occupiers.*

Sustainability Report

ESG Topic	2022 Target	2022 Performance	2023 Target
Water	• Establish a process to collect water performance data from primary occupier	• Collected water performance data from primary occupier	• Extend data gathering to non-DWP occupiers
Waste	• Establish a process to collect waste performance data from primary occupier	• Collected waste performance data from primary occupier	• Extend data gathering to non-DWP occupiers
Tenant Engagement	• Continue to engage and collaborate with the primary occupier on periodic and regular sharing of environmental data for performance tracking	• Engaged and collaborated with the primary occupier on periodic and regular sharing of environmental data for performance tracking	• Maintain regular engagement with the primary occupier on periodic and regular sharing of environmental data for performance tracking

TCFD REPORT

Climate and Environmental Risk Management

This is our second TCFD Report consistent with the TCFD Recommendations to provide useful information to our stakeholders on climate-related risks and opportunities relevant to Elite Commercial REIT and how we are addressing these issues.

In line with the TCFD Recommendations, the report is structured around four thematic areas—governance, strategy, risk management, and metrics and targets.

Governance

Board Responsibility: The Board has overall responsibility to ensure the environmental risks, including climate-related risks and opportunities, are effectively managed at the REIT. The Board considers climate-related risks and opportunities in its risk review process. The senior management updates the Board on material climate risks and other ESG risks, and the Board reviews and approves sustainability reporting and the TCFD disclosures.

The Board has established a Sustainability Committee ("**SC**") to oversee the assessment and management of climate-related risks and opportunities as part of the governance of material ESG issues important to the REIT's portfolio. The SC is presided by the Independent Board Chairman. Other members of the SC include an Independent Director, a Non-Independent Director, Chief Executive Officer, Chief Investment Officer, Chief Financial Officer, and Assistant Vice President of Investor Relations. The SC meets twice a year to review overall progress on ESG issues that also include climate-related measures and initiatives.

The Board and the SC are supported by a cross-functional Sustainability Working Team ("**SWT**"), chaired by the CEO.

The Board's annual performance evaluation comprises key ESG and climate-related metrics.

Management Responsibility: The Manager is responsible for implementing, managing and monitoring climate-related strategy, climate risk management, and key performance indicators. The CEO is a member of the SC and chairs the SWT. The SWT is responsible for implementing climate strategies and collecting performance data against metrics and targets.

The SWT, which comprises cross-functional management representatives, supports the SC in identifying climate-related material risks and opportunities, assessing their financial impact and developing mitigation and adaptation strategies.

The Manager is also responsible for ongoing engagement with the primary occupier and tenants to explore opportunities for improving building energy efficiency and lowering carbon emissions. The Manager maintains a dashboard of energy, water and emissions data received from the primary occupier for ongoing monitoring of our portfolio's environmental performance.

The SC has adopted an annual performance evaluation covering key ESG and climate-related metrics.

Strategy

The buildings and construction sector contributes nearly 37% of energy-related CO_2 emissions globally. Climate change is, therefore, a strategic business issue for the real estate sector. Improving the energy efficiency of buildings is a key factor in decarbonising the industry and achieving the Paris Agreement's goal of limiting global warming to well below 2°C, preferably 1.5°C, compared to pre-industrial levels by 2030 and reaching net zero carbon emissions by 2050.

The Intergovernmental Panel on Climate Change ("**IPCC**") Assessment Report ("**AR6**") "Climate Change 2021: The Physical Science Basis" reaffirmed that strong, rapid and sustained greenhouse gas reductions would be required to ensure limiting global temperature rise to 1.5°C remains within reach.

In the UK, where all of Elite Commercial REIT's current assets are located, the government has adopted a legally binding target to reach net zero emissions by 2050. The UK Government is setting out policies and strategies for decarbonising all sectors of the UK economy to meet the target. In light of these agreements and targets, the demand for energy-efficient, low-carbon buildings is significantly increasing.

At Elite Commercial REIT, our strategy is to constantly assess the climate-related risks and opportunities of the REIT's portfolio, as part of our effort to develop mitigation and adaptation measures in transitioning to a low-carbon economy. Here we outline our strategic approach to managing climate-related financial impacts on the portfolio over short-, mid- and long-term horizons. For planning purposes, we consider 0 to 5 years to be short-term, 6 to 10 years as mid-term and more than 10 years to be a long-term horizon.

Short-Term: Our strategy focuses on our current assets' energy efficiency in the near term and mitigates the physical risks from extreme weather events such as rising sea levels and floods in the mid- and long-term. We have started our initial scenario analysis to assess the physical and transition risks associated with climate change.

Since we do not have operational or management control over a majority of our assets, it is vital for us to engage with our full repairing and insuring tenants and occupiers to monitor the environmental performance of the buildings. All of our leases with the primary occupier, the DWP, have clauses to the effect of a green lease clause, which facilitates the sharing of environmental data and thus allows us to track the environmental performance of these assets. We are committed to working with our other tenants and occupiers to progressively include the scope of green lease provisions as part of our mid- to long-term strategy for managing climate-related risks.

We are also developing a framework to assess climate-related risks and opportunities in new acquisitions by considering a range of indicators such as potential physical risks from extreme weather events and the assets' environmental performance, including energy efficiency, carbon emissions, and water efficiency.

For example, we are developing a roadmap to upgrade the rating of the Energy Performance Certificate ("**EPC**") of each asset in the portfolio with an aim to have an EPC rating of B or higher by 2030. We are also engaged with our primary occupier and non-DWP occupiers to seek their energy, emissions, water and waste management performance data as well as explore partnership opportunities to make improvements. We also monitor the progress of the agreed-upon sustainability enhancement works of assets occupied by the DWP and MOD as part of our Sustainability Collaboration.

Mid-Term: Our approach is to continue to engage with our primary occupier and tenants, and invest in our portfolio of properties to meet the Minimum Energy Efficiency Standards set out by the UK Government. In line with the government's plans, we have adopted a target to secure an EPC rating of B or higher for all properties by 2030.

Long-Term: Our goal is to ensure that the properties in our portfolio remain tenantable in various climate scenarios. We will continue to invest in building up the resilience of our existing properties by considering a range of mitigation or adaptation measures based on the climate scenario analysis.

As part of our ongoing strategy, we will incorporate climate-related risks and opportunities in our due diligence as we seek to invest in new assets. This will involve assessing potential physical risks of climate change and a carbon appraisal to determine the cost of transition to a net zero carbon pathway.

Our primary occupier, the DWP, has developed a Carbon and Water Management Plan and Sustainability Management Plan in support of the UK's net zero carbon by 2050 commitment. We continue to work closely with the DWP in ensuring progress in our Sustainability Collaboration efforts in increasing energy and water efficiencies across our properties and supporting DWP's sustainability ambitions.

Risk Management

We conducted our first climate scenario analysis in FY 2021 to understand climate-related material risks to our portfolio and the measures we can take to be a climate-ready REIT. We based our analysis on the global temperature rise of 2°C and 4°C scenarios – referring to the Representative Concentration Pathways ("**RCPs**") published by the IPCC. The RCPs are established pathways representing possible future emissions and greenhouse gas concentrations to year 2100. Our 2°C scenario is aligned with IPCC's RCP2.6 to assess transition risks and opportunities, and physical risks. We aligned our 4°C scenario analysis with IPCC's RCP8.5 to assess the physical risks.

In conjunction with the scenario analysis and the REIT's overarching risk management framework, we have used the TCFD Recommendations and the MAS' Guidelines on Environmental Risk Management for identifying and assessing climate-related risks and opportunities.

Sustainability Report

The Sustainability Committee assists the Board in managing climate-related risks as part of our overall risk management. The Board is also assisted by the Audit and Risk Committee ("**ARC**") in examining the adequacy and effectiveness of internal control policies and procedures to ensure that a robust risk management framework and internal control system is maintained while the Board reviews the adequacy and effectiveness of the risk management and internal control system. For more details on the roles and responsibilities of the ARC, please see pages 138 to 141, of the Corporate Governance Report.

A summary of our potential climate-related risks and opportunities is provided in the following pages.

ASSESSMENT OF CLIMATE-RELATED RISKS

Physical Risk

Extreme weather events due to global warming can result in severe physical impacts on societies, economies and businesses, posing physical risks. Physical risks can be classified into two types – acute risk and chronic risk. Acute physical risks refer to event-driven risks, including increased severity of extreme weather events, such as floods, cyclones or hurricanes. Chronic physical risks refer to longer-term shifts in climate patterns, such as persistent higher temperatures that may cause sea level rise or chronic heat waves. Both types of physical risks can affect our properties, disrupt our tenants' operations and render a property unrentable in the event of extremely severe climate disasters.

We assessed potential physical risks on our entire portfolio of 155 properties located across the UK in FY 2021. We examined the UK Meteorological Office's ("**Met Office**") latest projections of an increased chance of warmer, wetter winters and hotter, drier summers in the 21st century, reported in the UK Climate Projections 2018 ("**UKCP18**"). According to the projections, by 2070, in the high emission scenario, the increase in average seasonal temperature can range from 0.9°C to 5.4°C in summer, and 0.7°C to 4.2°C in winter; the change in seasonal average rainfall can range from -47% to 2% in summer, and 1% to 35% in winter.

In 2022, the UK witnessed the warmest year on record, with a daily maximum temperature of more than 40°C and a national average temperature over the year of more than 10°C. The UK annual mean temperature of 10.03°C exceeded the previous record warmest year of 9.88°C set in 2014, according to the Met Office.

According to the UKCP18 projections, the frequency and intensity of extreme weather are projected to increase as well. The intensity of heavy summer rainfall events is projected to increase in the future despite the overall summer drying trends. Hot spells, confined mainly to the Southeast of the UK in the present day, are projected to occur more frequently in the future. The sea level around the UK, which has risen by about 17 centimetres since the start of the 20th century, is projected to continue to rise beyond year 2100. In London, for example, the sea level rise for a high emission scenario would range from 0.53 metres to 1.15 metres by the end of the century (when compared to 1981 – 2000).

Our assets would likely be exposed to more frequent surface water flooding and river flooding caused by the increase in precipitation coupled with high-intensity showers. The impacts of surface water flooding, also commonly known as flash floods, would be more severe for those assets located in urban areas and low-lying land. For assets located along the coastline, the risk of coastal flooding increases with the projected sea level rise. Our preliminary analysis indicates that about 21.3% of our portfolio (by floor area) are presently located in areas identified to have a high risk of river, coastal and surface water flooding[6]. While a like-for-like comparison between present flood risk and future flood risk could not be made due to the absence of official data, we anticipate that more of our assets would be exposed to surface water flood risks in the long term. The actual flood risk, nonetheless, would depend upon other factors such as the building features, local drainage conditions and surrounding landscape. Therefore, we would continue to monitor our flood risks and incorporate the risks into our broader asset management strategies.

In view of the UK's projected water shortage risk, we also evaluated water-related impacts on our portfolio. According to the UK Climate Change Risk Assessment 2017 Report, research commissioned by the Committee on Climate Change estimated that the demand for water in England would exceed supply by between 1.1 billion and 3.1 billion litres per day by the 2050s, depending on the extent of climate change and population growth. Using the WRI Aqueduct Water Risk Atlas tool, we identified that about 10.1% of our portfolio (by floor area) is located in areas with high and extremely high baseline water stress risk. This increases to about 33% in 2030 under the SSP2-45 scenario, referring to the middle-of-the-road development, the intermediate scenario provided in the latest IPCC assessment report AR6, in which CO_2 emissions remain around current levels until the middle of the century.

We will continue to review our water stress risks and explore ways to analyse the risks using more localised projections as climate science evolves and more data becomes available.

6. *Analysis was conducted based on available data from the UK Environment Agency, Scottish Environment Protection Agency and Natural Resources Wales. Elite Commercial REIT defines high risk to be those properties with High (>3.3% chance a year) and Medium (1.0% - 3.3% chance a year) risk of rivers, sea and surface water flooding in Wales, High (10% chance each year) and Medium risk (0.5% chance each year) of river, coastal and surface water flooding in Scotland, and High Probability (1.0% or greater chance each year) of river and coastal flooding in England.*

Transition Risk

The need to shift to lower carbon or net zero carbon economy can pose a range of potential transition risks for our portfolio. Transition risks may arise from significant policy, legal, technology, and market changes to address mitigation and adaptation requirements triggered by climate change.

At the same time, climate-related opportunities may result from mitigation and adaptation measures such as resource efficiency and cost savings, the adoption of low-carbon energy sources, low-carbon products and services, access to new markets, and making the supply chain more resilient.

A summary of potential climate-related risks and opportunities we have identified is provided below.

Climate-related Risks

Risk Category	Risk Type	Risk Description	Potential Financial Impacts	Mitigation or Adaptation Measures
Physical Risk	• Increased severity of extreme weather events such as floods and flash floods	• Properties located in high flood-risk areas	• Asset valuation • Inability to rent or sell the asset • Increase in insurance costs • Physical damage or impairment of assets • Cost of pre-emptive mitigation measures	• Undertake further study to assess local town councils' preparedness and plans in areas where there is a high risk of river, coastal and surface water flooding • Engage with the local councils and the tenant and/or occupier
	• Rising mean temperatures	• Properties located in high water-stressed or heat-stressed areas	• Asset valuation • Inability to rent or sell the asset • Higher energy costs for tenants and/or occupiers due to cooling demand	• Prioritise water efficiency measures in collaboration with tenants and occupiers in properties identified to be in high water-stress risk areas
Transition Risk	• Policy and Legal	• Stricter building energy efficiency and water efficiency regulations • For example, the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 stipulated that from 1 April 2023, landlords of privately rented property in England or Wales must ensure that their properties reach at least an EPC rating of E before the non-domestic properties can be rented out[7]. • From 15 June 2022, new commercial buildings in England are required to emit 27% less carbon in comparison to current standards. Other improvements include increasing ventilation, boosting air quality and cutting transmission risks of airborne viruses. • In addition, from 15 June 2022, existing non-residential, non-mixed-use buildings undergoing major renovation (involving more than 25% of the surface area of the whole building envelope) will be required to have at least one electric vehicle charging point for every 10 car parking spaces[8]. • Pricing on carbon emissions	• Cost of asset enhancements to meet high energy efficiency regulations • Cost of asset enhancements to improve water efficiency • Loss of revenue from the inability to lease non-compliant buildings • Higher compliance cost • Increased cost of operations due to carbon tax and carbon offsets	• Adopted a target to achieve EPC rating of B or higher for all properties by 2030 • Committed to net zero portfolio by 2050

7. *Gov.UK, Non-domestic private rented property: minimum energy efficiency standard – landlord guidance, 15 October 2019.*
8. *HM Government, The Building Regulations 2010, Infrastructure for the charging of electric vehicles, 2021 edition – for use in England.*

Sustainability Report

Climate-related Risks *(continued)*

Risk Category	Risk Type	Risk Description	Potential Financial Impacts	Mitigation or Adaptation Measures
Transition Risk	• Market	• Reduced demand for carbon inefficient buildings due to changing customer preferences • Increasing demand for climate-related and ESG disclosures	• Repricing of assets • Lower rental yield • Inability to rent or sell the assets • Lower ESG ratings could affect asset valuation	• Adopted a target to achieve EPC rating of B or higher for all properties by 2030 • Committed to net zero portfolio by 2050

Climate-related Opportunities

Category	Opportunity	Description	Potential Financial Impacts	Management Approach
Resource Efficiency	• Higher demand for energy-efficient buildings	• Improve energy efficiency of buildings	• Rental premium • Asset valuation • Energy and operational cost savings for tenants and occupiers • Lease longevity	• Adopted a target to achieve an EPC rating of B or higher for all properties by 2030 • Committed to a net zero portfolio by 2050
Energy Source	• Use of renewable energy to lower carbon emissions	• Installation of photovoltaic ("**PV**") solar panels on our assets	• On-site PV solar panel installations could generate renewable energy to offset carbon emissions and lower carbon tax • Surplus from on-site PV solar panel installations could generate additional source of revenue • Asset valuation • Rental premium • Lease longevity	• Explore opportunities to collaborate with tenants and occupiers to improve properties' sustainability performance, including the feasibility of on-site PV solar panel installations
Products and Services	• Higher demand for energy-efficient and green-certified buildings	• Improve energy efficiency of buildings • Obtain green building certification	• Rental premium • Asset valuation • Energy and operational cost savings for tenants and occupiers • Lease longevity	• Adopted a target to achieve an EPC rating of B or higher for all properties by 2030 • Committed to a net zero portfolio by 2050
	• Green finance	• Green finance for asset enhancements	• Lower interest cost on green loans	• Committed ~£14.8 million of Sustainability Contribution over three years from 2022 towards sustainability enhancement works to improve energy efficiency of assets occupied by the DWP and MOD
	• Higher demand for buildings with electric vehicle ("**EV**") charging facilities	• Installation of EV charging stations in our assets	• Encourage users of buildings to switch to more energy-efficient vehicles • Adhering to regulatory requirements	• Explore opportunities to collaborate with tenants and occupiers to improve properties' sustainability performance, including the feasibility of installing EV charging stations in the buildings' car parks
Resilience	• Higher demand for energy-efficient and green-certified buildings	• Increased adoption of energy efficiency measures and renewable energy across the portfolio	• Increased market valuation due to climate-resilience	• Adopted a target to achieve an EPC rating of B or higher for all properties by 2030 • Committed to a net zero portfolio by 2050

Metrics and Targets

We have adopted a basket of metrics and targets as part of our climate action plan aimed at managing the REIT's climate-related risks and opportunities. Our progress against these metrics is presented below.

Climate-related Risks				
Topics	**Metric**	**2020 %**	**2021 %**	**2022 %**
Policy and legal	Percentage of portfolio with an EPC rating of F or G (by floor area)	5.4	3.5	2.9
	Percentage of portfolio with an EPC rating of C, D or E (by floor area)	94.6	96.2	96.2
Extreme weather	Percentage of portfolio exposed to high risk of inland, coastal and flash flooding (by floor area)	24.3	22.1	21.3
	Percentage of portfolio exposed to high risk of inland, coastal and flash flooding (by value)	22.3	20.1	19.4
Resource supply	Percentage of portfolio located at high and extremely high baseline water stress area (by floor area)	6.5	9.5	10.1
	Percentage of portfolio located at high and extremely high baseline water stress area (by value)	11.3	21.7	21.2
Climate-related Opportunities				
Topics	**Metric**	**2020 %**	**2021 %**	**2022 %**
Products and services	Percentage of portfolio with an EPC rating of A or B (floor area)	0.0	0.3	0.9
	Percentage of gross rental income from assets with an EPC rating of A or B	0.0	0.4	1.2

REIT Manager's Employee Travel				
Topics	**Metric**	**2020**	**2021**	**2022**
GHG emissions (Scope 3)	Total business commute (km)	NA	NA	27,561.4
	Total business travel (km)	NA	NA	21,681.1
	Total GHG emissions (kgCO_2e)	NA	NA	2,656.0
Occupier's Performance[1]				
Topics	**Metric**	**2020[2]**	**2021[2]**	**2022[2]**
Energy	Total energy consumption (MWh)	58,132	81,392	96,195
	Total electricity consumption (MWh)	22,128	27,951	24,897
	Total fuel consumption (e.g. gas and oil) (MWh)	36,004	53,441	71,298
	Total energy intensity by floor area (kWh/m^2)	247.0	253.0	311.7
GHG emissions (Scope 3)	Total GHG emissions intensity by floor area (kgCO_2e/m^2)	51.2	52.4	64.2
Water	Total water consumption (m^3)	92,637	147,387	93,679
	Total water intensity by floor area (m^3/m^2)	0.39	0.46	0.30
Waste[3]	Hazardous waste (tonnes)	NA	NA	13.7
	Non-hazardous waste (tonnes)	NA	NA	1,029.3
	Total waste (tonnes)	NA	NA	1,043.0
	Hazardous waste recycled (tonnes)	NA	NA	13.5
	Non-hazardous waste recycled (tonnes)	NA	NA	491.7

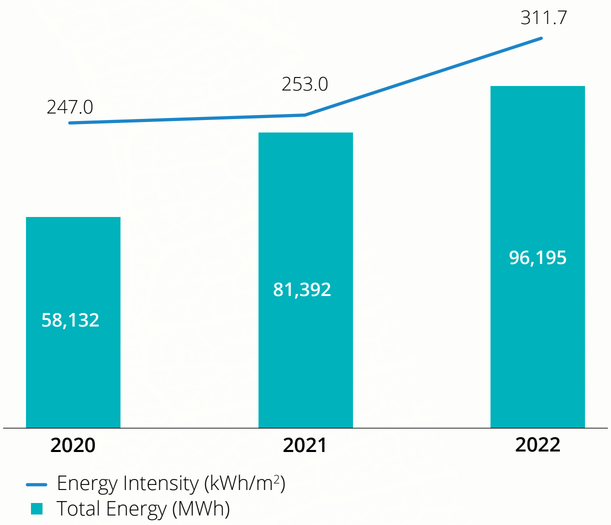
1. *Elite Commercial REIT does not have operational or management control of its assets in the portfolio in terms of day-to-day management or utilities' consumption, as all current leases are on full repairing and insuring basis, commonly known as a triple net lease.*
2. *Performance data presented here pertains only to DWP-occupied assets and has been provided by our primary occupier who also publishes their own sustainability reports. Data for 2020 is based on the initial portfolio of 97 assets as at 31 December 2020, while data for 2021 is based on 146 assets occupied by DWP as at 31 December 2021, including assets from maiden acquisition. Data for 2022 is based on 135 assets occupied by DWP as at 31 December 2022, excluding vacant and vacating assets.*
3. *Waste data is for 10 months only as the Manager started collecting waste data from our primary occupier in FY 2022.*

Sustainability Report

Data presented below pertains only to assets occupied by DWP. Data for 2020 is based on the initial portfolio of 97 assets as at 31 December 2020, while data for 2021 is based on 146 assets occupied by DWP as at 31 December 2021, including assets from maiden acquisition. Data for 2022 is based on 135 assets occupied by DWP as at 31 December 2022, excluding vacant and vacating assets.

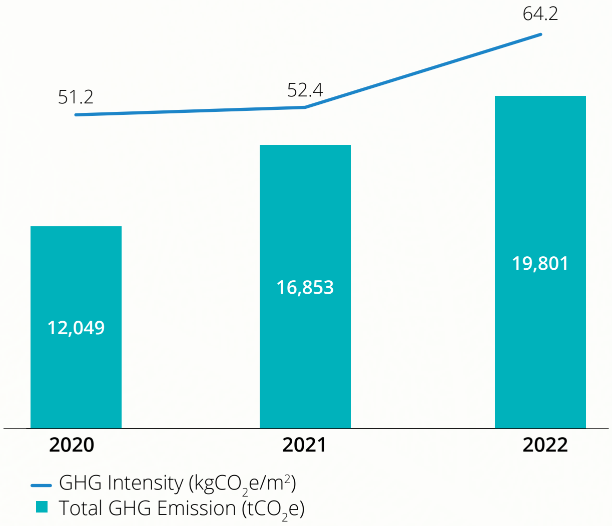
Energy Consumption

Energy Consumption - Absolute and Intensity



GHG Emissions[1]

GHG Emissions - Absolute and Intensity



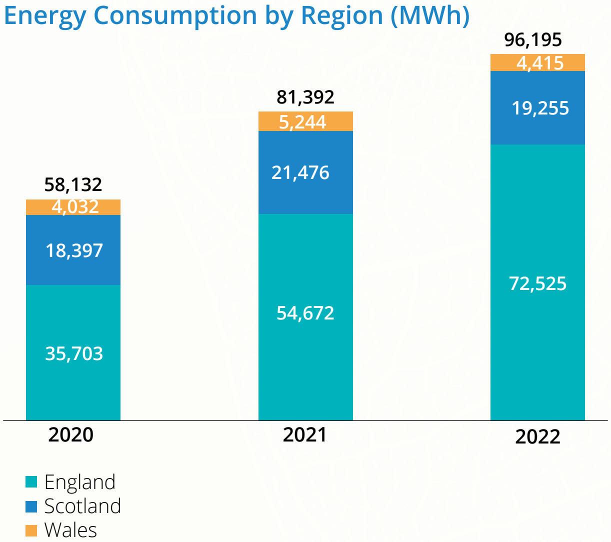
2022 Energy Consumption, by Energy Type (MWh, %)

	MWh	%
Gas	70,682	73
Electricity	24,897	26
Oil	616	1

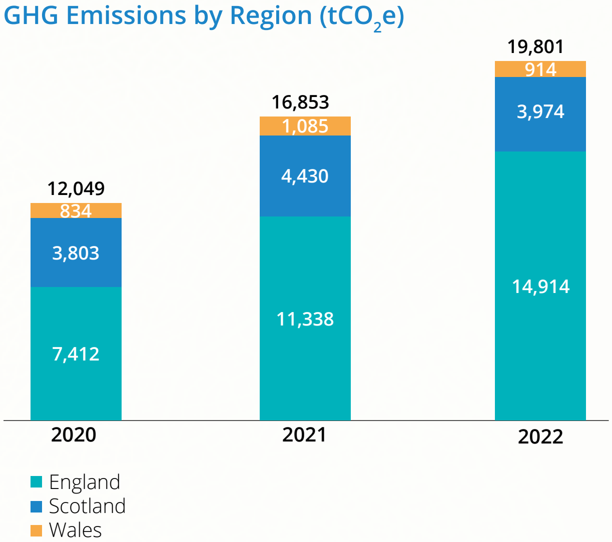
2022 GHG Emissions, by Energy Type (tCO_2e, %)

	tCO_2e	%
Gas	14,346	72
Electricity	5,286	27
Oil	168	1

Energy Consumption by Region (MWh)



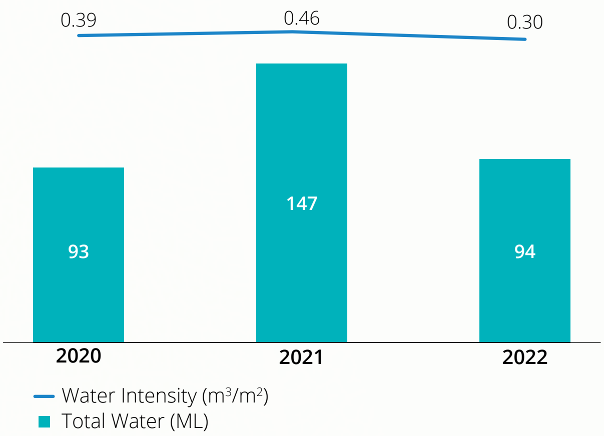
GHG Emissions by Region (tCO_2e)



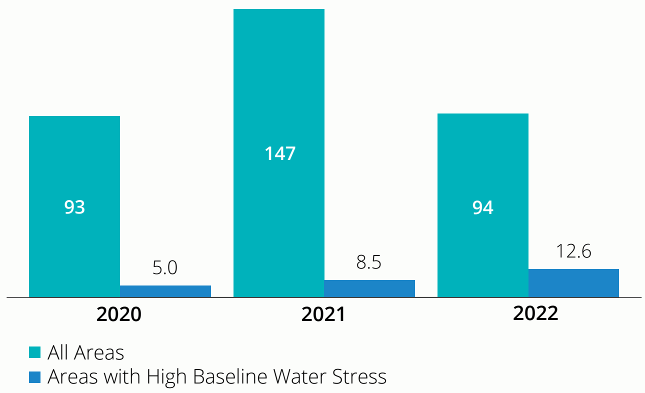
1. *Discrepancies between the listed figures and totals thereof are due to rounding.*

Water Consumption

Water Consumption - Total and Intensity

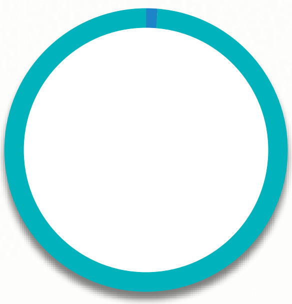


Water Consumption in Areas with High Baseline Water Stress (ML)



Waste

2022 Waste Generated (Metric Tons, %)



	Metric Tons	%
Non-Hazardous	1,029.3	99
Hazardous	13.7	1

Harzadous Waste

99%
recycled

Non-Hazardous Waste

48%
recycled

Sustainability Report

PEOPLE

We are committed to nurturing an inclusive and supportive workplace where our people can perform to the best of their abilities. This also feeds into our aim of attracting, developing and retaining talented professionals, which is vital for creating value for the REIT and its stakeholders. As such, our workplace policies promote active engagement, open communication, mutual trust, respect and teamwork, as well as personal and professional development.

Employee Profile

As at 31 December 2022, we employed six people, all of them as full-time employees with permanent contracts. Four of them are based in the Singapore office and two are based in the UK office. We currently do not track the numbers of non-employees whose workplace is controlled by us.

Diversity

We are committed to promoting an inclusive workplace with respect for diversity. We promote equality and mutual respect to make all employees feel valued and empowered.

In terms of gender diversity, women account for 50% of our employees, including at the management level, and our target for the director level is to achieve 30% female representation by 2029.

Employee Engagement

Creating an environment in which employees are engaged and energised to deliver on the business goals is a vital part of our people management approach. As a small team, we maintain open communication, regular meetings, cross-functional workgroups and ongoing interactions. More formal channels for engagement include performance reviews and setting personal development goals.

Employee Development

We are committed to developing our people through regular training opportunities. Our employees' personal as well as professional development is important to us to deliver on our business goals. It is vital for us that our teams stay updated on emerging issues such as climate-related risks and opportunities, regulatory developments related to climate change, energy, emissions, water, ESG screening of assets, green building certifications, and sustainability reporting.

The Board remains committed to ongoing learning of directors to maintain the necessary skills and knowledge, including on ESG topics. In FY 2022, directors completed a total of 98.3 hours of training which amounted to an average of 9.8 hours per director.

Health and Well-being Activities

Promoting our employees' health and well-being is important to us. On a regular basis, we bring together our employees to strengthen team bonding and participate in health-promoting activities.

For example, the team engages in sports activities such as walks and jogs, badminton and cycling, improving their physical and mental health. These activities have also helped to build teamwork and camaraderie.

Cycling outing from Marina Bay to East Coast Park in Singapore

Hiring and Turnover

Our approach is to hire and retain the most qualified talent – both are crucial in providing our primary occupier and tenants with high-quality services. Therefore, we track our hiring and turnover performance for management review. In FY 2022, one employee was hired in the UK office to replace an employee who left.

Non-discrimination

We are committed to treating all employees fairly. Our employment policy prohibits discrimination or harassment of any kind, including on the basis of race, colour, ancestry, familial status, age, disability, religion, gender or marital status.

We are committed to investigating all complaints of discrimination and implementing remedial measures in confirmed cases. In FY 2022, there were no incidents of discrimination.

Performance Management

We believe in having a fair, objective and equitable performance management system and in aligning an employee's development needs and career aspirations with the company's business needs. Our robust assessment system ensures that all employees receive regular reviews of their performance and career development.

Our annual performance evaluation exercise involves self-assessment, open discussions on the employees' performance, training and development needs as well as growth areas, and setting key performance indicators as motivation to drive employee performance. Employees participate in setting team and individual goals to define performance and compensation expectations clearly. In FY 2022, all employees received regular performance and career development review.

Employee Data			
Particulars	**2020***	**2021**	**2022**
Employees			
Total number of permanent employees	5	6	6
Total number of temporary employees	0	0	0
Total number of fixed-term contract employees	0	0	0
Total number of employees	5	6	6
Total number of full-time employees	5	6	6
Total number of part-time employees	0	0	0
Proportion of female employees	60%	50%	50%
Proportion of female Heads of Department	40%	50%	50%
Employees by age group			
Under 30 years	1	2	1
30-50 years	4	4	5
Over 50 years	0	0	0
Employees by category			
Senior Management	3	3	3
Executives	2	3	3
Non-executives	0	0	0
Hiring Rate			
New Hiring Rate by Gender (%)			
Male	0%	33%	0%
Female	67%	33%	33%
Overall	40%	33%	17%
New Hiring Rate by Age Group (%)			
Under 30 years	100%	50%	0%
30-50 years	25%	25%	20%
Over 50 years	0%	0%	0%
Employee Turnover			
Employee Turnover Rate by Gender (%)			
Male	0%	0%	0%
Female	33%	33%	33%
Overall	20%	17%	17%
Employee Turnover Rate by Age (%)			
Under 30 years	0%	0%	0%
30-50 years	25%	25%	20%
Over 50 years	0%	0%	0%
Employee Training			
Employee training by gender			
Average hours of training per employee (male)	7.5	28.0	87.8
Average hours of training per employee (female)	13.4	36.1	54.3
Average hours of training per employee	10.4	32.0	71.0
Average hours of training by category			
Senior Management	10.2	32.8	29.3
Executives	11.3	31.3	112.8
Non-executives	N.A.	N.A.	N.A.

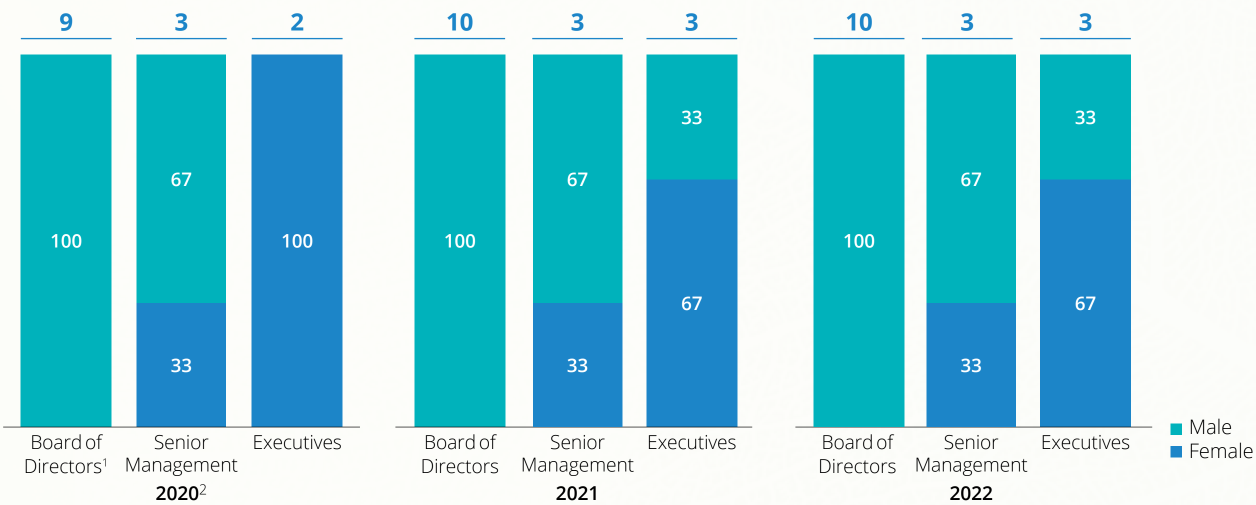
* *Employee Data for 2020 have been restated to include an employee who was employed under a unit within the REIT Group before the incorporation of the Manager's UK subsidiary.*

Sustainability Report

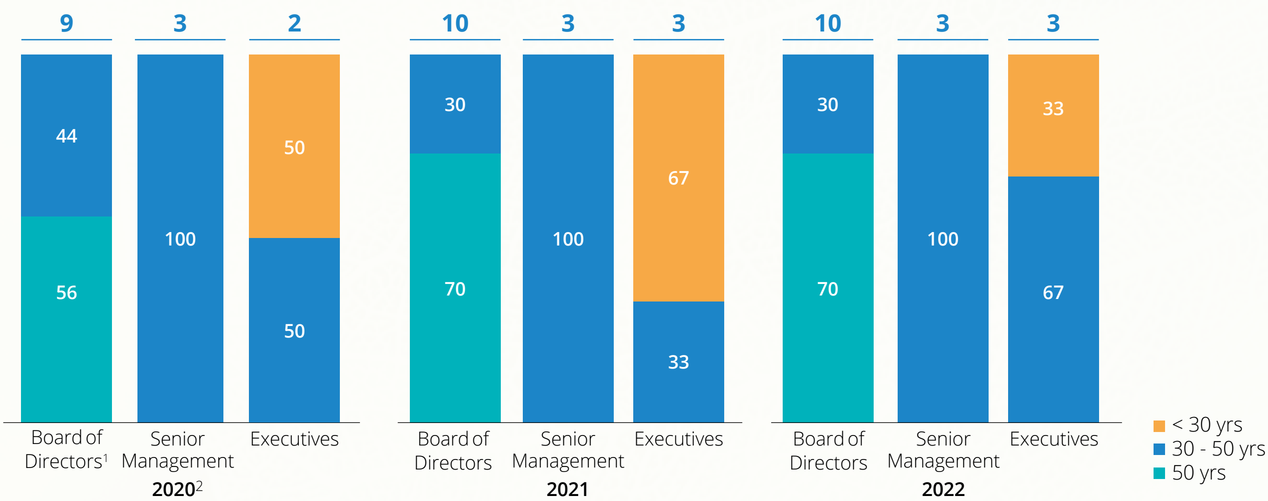
ESG Topic	2022 Target	2022 Performance	2023 Target
Attracting and retaining talent	• Establish a benchmark to measure employee retention	• Employee retention is measured through a total employee turnover rate of less than 30%	• Implement an employee engagement programme
Employee Development	• Average 20 hours of training per employee • At least one hour of compulsory ESG training for all employees	• Average 71.0 hours of training per employee • At least one hour of compulsory ESG training for all employees	• Average 20 hours of training per employee • At least one hour of compulsory ESG training for all employees
Diversity	• Maintain 50% of management positions being held by women	• Maintained 50% of management positions being held by women	• Maintain 50% of management positions being held by women

Board of Directors and Employees (%)

By Gender



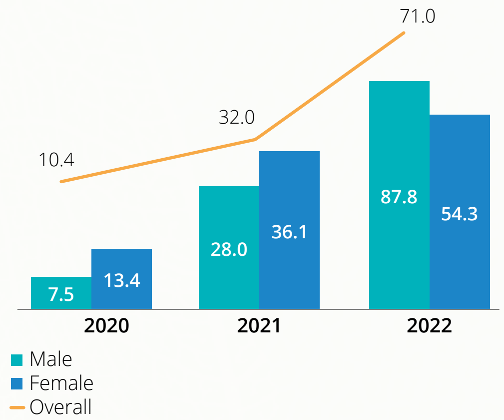
By Age Group



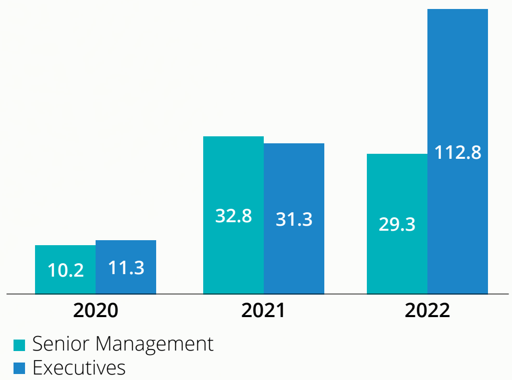
1. *The proportion of Board of Directors by Age Group for 2020 and 2021 has been updated to reflect the more representative age group of one of the directors.*
2. *Employee Data for 2020 have been restated to include an employee who was employed under a unit within the REIT Group before the incorporation of the Manager's UK subsidiary.*

Average Training Hours Per Employee

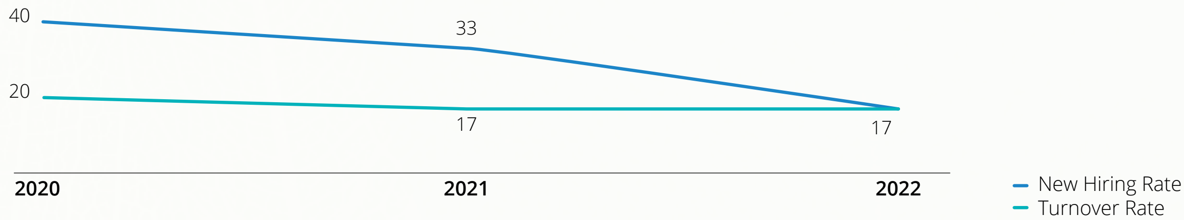
By Gender



By Category



New Hiring and Turnover Rate (%)



New Employee Hires and Employee Turnover (number, rate)

	2020*			2021			2022		
by Gender	Male	Female	Total	Male	Female	Total	Male	Female	Total
No. of new hires	0	2	2	1	1	2	0	1	1
Rate of new hires	0%	67%	40%	33%	33%	33%	0%	33%	17%
No. of turnover	0	1	1	0	1	1	0	1	1
Rate of turnover	0%	33%	20%	0%	33%	17%	0%	33%	17%

	2020*				2021				2022			
by Age Group	<30 yrs	30-50 yrs	>50 yrs	Total	<30 yrs	30-50 yrs	>50 yrs	Total	<30 yrs	30-50 yrs	>50 yrs	Total
No. of new hires	1	1	0	2	1	1	0	2	0	1	0	1
Rate of new hires	100%	25%	0%	40%	50%	25%	0%	33%	0%	20%	0	17%
No. of turnover	0	1	0	1	0	1	0	1	0	1	0	1
Rate of turnover	0%	25%	0%	20%	0%	25%	0%	17%	0%	20%	0%	17%

Anti-corruption Training for Board of Directors and Employees (number, %)

	2020*		2021		2022	
	Male	Female	Male	Female	Male	Female
Number of Employees	2	3	3	3	3	3
% Employees	100%	100%	100%	100%	100%	100%
Number of Board of Directors**	9	0	10	0	10	0
% Board of Directors	100%	0%	100%	0%	100%	0%

** *Includes Dr Tan Kok Heng as Alternate Director to Mr Evan Cheah Yean Shin.*

Sustainability Report

COMMUNITY
Elite Commercial REIT CSR Activities

We collaborate with the Manager to engage with local communities to support a variety of causes. Our key community engagement programmes are summarised below.

Continued Volunteering with Willing Hearts
13 December 2022

In the spirit of giving back to the society, the Manager's employees spent an afternoon volunteering at the soup kitchen Willing Hearts, a charity in Singapore, which helps lower-income families.

Our colleagues assisted Willing Hearts with food preparation, packing cooked food into containers, preparing breakfast buns and organising groceries into various storage facilities like the chiller, freezer, and room temperature storage units.

Besides contributing our time, energy and effort, the team also donated cash and rice to Willing Hearts.

Fundraising for youth homelessness
4 – 18 October 2022

The Manager's UK team took part in the Steptober Challenge, the property industry event organised by LandAid Charitable Trust for teams to complete the most steps over two weeks. The fundraising benefits youths in the UK who are homeless or are at risk of homelessness in the future. The team of four in London was ranked among the top 9% out of 260 participating teams in terms of funds raised and top 43% in terms of steps clocked.

Donation towards healthcare for the elderly
1 July 2022

We contributed $5,000 in sponsorship to the annual Kwong Wai Shiu Hospital ("**KWSH**") Charity Golf Tournament, held at the Tanah Merah Country Club (Tampines Course) in Singapore.

The funds raised through the event go towards alleviating the financial burden on the hospital's resources and enable it to continue serving the needy elderly.

Conservation of biodiversity

March 2022


CIO Jonathan with some members of the wood-planting team.

Our Chief Investment Officer Jonathan Edmunds participated in a wood-planting project near the River Nene in Oundle, North Northamptonshire, England.

Around 3,000 English trees – consisting of beech, wild cherry, silver birch, alder, willow and conifer, as well as English oak saplings – were planted in March across three acres of field located just off New Road by the town's Recreation Ground, which is currently unused.

The project was initiated by the Worshipful Company of Grocers and is funded by fundraising and grants. It is hoped that improvements to the wetland area – considered to be one of the largest habitats for snipe in Northamptonshire – will attract more birdlife.

Distributing essential items to the elderly

10 December 2021

We contributed care packs for distribution to 70 needy elderly, in a joint effort with our Sponsor in a collaboration with the Lion Befrienders. The event tied in nicely with the season of giving in December as the festive season rolled around. It also nurtured team bonding and built camaraderie among colleagues through interactions in a different setting, especially when many have been working from home for a large part of the year.

SGX Cares Bull Charge Charity Run 2021

29 October 2021 –
7 November 2021

This was our inaugural sponsorship of SGX Cares Bull Charge Charity Run 2021, which was held virtually over 10 days. Into its 18th edition in 2021, the corporate charity initiative brought together Singapore's financial community and SGX-listed companies to support the needs of underprivileged children and families, persons with disabilities, as well as the elderly. Through fundraising events like Charity Golf, Charity Futsal and Charity Run, SGX Cares has raised more than S$44 million for various causes since 2004 with support from corporate sponsors and partners from the international financial community.

In 2021, the charity run again partnered Community Chest to channel all proceeds to its adopted beneficiaries: AWWA Ltd., Autism Association (Singapore), Fei Yue Community Services, HCSA Community Services and Shared Services for Charities.

With excellent sportsmanship displayed by the participants, the Manager emerged among the top 20 of participating companies in terms of distance clocked. In total, 889km were clocked by 26 active participants from across the globe – Singapore, United Kingdom, Taiwan and Malaysia - who put their sports shoes to great use over the 10-day period.

Serving with Willing Hearts

4 March 2021

On 4 March 2021, employees of the Manager volunteered their personal time at Willing Hearts, a secular, non-affiliated charity which provides 9,500 meals daily to the needy. Our volunteers were in the Willing Hearts' Soup Kitchen by 12pm.

Eager to serve, our volunteers assisted with the preparation of meals which were distributed to more than 40 locations across Singapore. The event allowed our volunteers to interact with each other in a different setting and connect with some of Willing Hearts' beneficiaries which include the elderly, the disabled, low-income families, children from single parent families or otherwise poverty-stricken families, and migrant workers in Singapore.

Sustainability Report

GRI CONTENT INDEX

GRI Content Index		
Statement of Use	Elite Commercial REIT has reported in accordance with the GRI Standards for the period 1st January 2022 to 31 December 2022.	
GRI 1 Used	GRI 1: Foundation 2021	
Applicable GRI Sector Standard(s)	Not applicable, as a GRI sector standard is not available for our industry	

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021		
The Organisation and its Reporting Practices		
GRI 2-1	Organisational details	1
GRI 2-2	Entities included in the organisation's sustainability reporting	40-67
GRI 2-3	Reporting period, frequency and contact point	81
GRI 2-4	Restatements of information	81
GRI 2-5	External assurance	81
Strategy		
GRI 2-6	Activities, value chain and other business relationships	1-2, 40-67
GRI 2-7	Employees	100-103
GRI 2-8	Workers who are not employees	100
Governance		
GRI 2-9	Governance structure and composition	10-17
GRI 2-10	Nomination and selection of highest governance body	125, 127-128
GRI 2-11	Chair of the highest governance body	10, 118, 123-124
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	82
GRI 2-13	Delegation of responsibility for managing impacts	82
GRI 2-14	Role of the highest governance body in sustainability reporting	82
GRI 2-15	Conflicts of interest	119, 127, 139
GRI 2-16	Communication of critical concerns	124, 143
GRI 2-17	Collective knowledge of the highest governance body	83
GRI 2-18	Evaluation of the performance of the highest governance body	92, 128-129
GRI 2-19	Remuneration policies	129-133
GRI 2-20	Process to determine remuneration	129-133
GRI 2-21	Annual total compensation ratio	131-132
Strategy, Policies and Practices		
GRI 2-22	Statement on sustainable development strategy	92-94
GRI 2-23	Policy commitments	83-85
GRI 2-24	Embedding policy commitments	83-85
GRI 2-25	Processes to remediate negative impacts	84, 143
GRI 2-26	Mechanisms for seeking advice and raising concerns	84, 143
GRI 2-27	Compliance with laws and regulations	83
GRI 2-28	Membership associations	87
Stakeholder Engagement		
GRI 2-29	Approach to stakeholder engagement	85-87
GRI 2-30	Collective bargaining agreements	84
Material Topics		
GRI 3-1	Process to determine material topics	88
GRI 3-2	List of material topics	89
ECONOMIC TOPICS		
Economic Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	88-89
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	3

GRI Standard	Disclosure	Location
ECONOMIC TOPICS		
Anti-Corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	88-89
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	83
ENVIRONMENTAL TOPICS		
Energy		
GRI 3: Material Topics 2021	3-3 Management of material topics	88-89
GRI 302: Energy 2016	302-2 Energy consumption outside of the organization	98
	302-3 Energy intensity	98
Water		
GRI 3: Material Topics 2021	3-3 Management of material topics	88-89
Topic Management Disclosures	303-1 Interactions with water as a shared resource	92, 94
	303-2 Management of water discharge-related impacts	92, 94
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	92, 99
Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	88-89
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	97-98
	305-4 GHG emission intensity	97-98
SOCIAL TOPICS		
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	88-89
GRI 401: Employment 2016	401-1 New Employee hires and employee turnover	101, 103
Training and Education		
GRI 3: Material Topics 2021	3-3 Management of material topics	88-89
GRI 404: Training and Education 2016	401-1 New Employee hires and employee turnover	101, 103
	404-3 Percentage of employees receiving regular performance and career development reviews	101
Diversity and Equal Opportunities		
GRI 3: Material Topics 2021	3-3 Management of material topics	88-89
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	102
Local Communities		
GRI 3: Material Topics 2021	3-3 Management of material topics	88-89
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	104-105
Public Policy		
GRI 3: Material Topics 2021	3-3 Management of material topics	88-89
GRI 415: Public Policy 2016	415-1 Political contributions	84
Customer Privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	88-89
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	84

SASB STANDARDS

Real Estate Sustainability Accounting Standard

Topic	SASB Code	Accounting Metric	Property Subsector	2020	2021	2022
Energy Management	IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area, by property subsector (%)	Office (N742)	100% see Note #1	100% see Note #1	100% see Note #1
	IF-RE-130a.2	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity (%), and (3) percentage renewable, by property subsector	Office (N742)	(1) 209,276GJ (58,132MWh) (2) 100% (3) 0%	(1) 293,010GJ (81,392MWh) (2) 100% (3) 0%	(1) 346,302 GJ (96,195 MWh) (2) 100% (3) 0%
	IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	Office (N742)	-	40.0%	18.2%
	IF-RE-130a.4	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property subsector	Office (N742)	(1) 100% (2) Not applicable to UK	(1) 100% (2) Not applicable to UK	(1) 100% (2) Not applicable to UK
	IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	Office (N742)		pg 90 to 94	
Water Management	IF-RE-140a.1	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	Office (N742)	(1) 100% (2) 6.5% see Note #1	(1) 100% (2) 9.5% see Note #1	(1) 100% (2) 10.1% see Note #1
	IF-RE-140a.2	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	Office (N742)	(1) 92,637m^3 (2) 5.4%	(1) 147,387m^3 (2) 5.8%	(1) 93,679 m^3 (2) 13.4%
	IF-RE-140a.3	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	Office (N742)	-	69.5%	47.3%
	IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	Office (N742)		pg 94	
Management of Tenant Sustainability Impacts	IF-RE-410a.1	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements and (2) associated leased floor area, by property subsector	Office (N742)	(1) 0% (2) 0	(1) 0% (2) 0	(1) 0% (2) 0
	IF-RE-410a.2	Percentage of tenants that are separately metered or sub-metered for (1) grid electricity consumption and (2) water withdrawals, by property subsector	Office (N742)	Not applicable	Not applicable	Not applicable
	IF-RE-410a.3	Discussion of approach to measuring, incentivising, and improving sustainability impacts of tenants	Office (N742)		pg 91	
Climate Change Adaptation	IF-RE-450a.1	Area of properties located in 100-year flood zones, by property subsector	Office (N742)	616,183 sq ft (57,245m^2) see Note #2	857,466 sq ft (79,661m^2) see Note #2	829,540 sq ft (77,069m^2) see Note #2
	IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Office (N742)		pg 92 to 96	

Activity Metric	Property Subsector	SASB Code	2020	2021	2022
Number of assets, by property subsector	Office (N742)	IF-RE-000.A	97	155	155
Leasable floor area, by property subsector	Office (N742)	IF-RE-000.B	2,533,295 sq ft (235,351m^2)	3,875,004 sq ft (360,000m^2)	3,889,340 sq ft (361,332 m^2)
Percentage of indirectly managed assets, by property subsector	Office (N742)	IF-RE-000.C	100%	100%	100%
Average occupancy rate, by property subsector	Office (N742)	IF-RE-000.D	100%	100%	97.9% see Note #3

Notes:

1. *The energy consumption and water withdrawal presented in this index covered only the assets occupied by DWP, and pertains to the 12-month period of January to December 2020, January to December 2021 and January to December 2022.*
2. *Properties refer to those with High (>3.3% chance a year) and Medium (1% - 3.3% chance a year) risk of river, sea and surface water flooding in Wales, High (10% chance each year) and Medium risk (0.5% chance each year) of river, coastal and surface water flooding in Scotland, and High Probability (1% or greater chance each year) of river and coastal flooding in England.*
3. *As at 31 December 2022, by floor area.*

Sustainability Report

TCFD DISCLOSURES

This report is aligned with the Task Force on Climate-Related Financial Disclosures ("**TCFD**") recommendations.

The following table indicates our TCFD disclosures.

Code	TCFD Recommendations	Page Number(s)
	GOVERNANCE	
TCDF 1(a)	Describe the board's oversight of climate-related risks and opportunities.	92
TCFD 1(b)	Describe management's role in assessing and managing climate-related risks and opportunities.	92
	STRATEGY	
TCFD 2(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	93-94
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	95-96
TCFD 2(c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	92-93
	RISK MANAGEMENT	
TCFD 3(a)	Describe the organisation's processes for identifying and assessing climate-related risks.	93-94
TCFD 3(b)	Describe the organisation's processes for managing climate-related risks.	95-96
TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	93-94
	METRICS AND TARGETS	
TCFD 4(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	97
TCFD 4(b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	97-98
TCFD 4(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	97

Elite Commercial REIT Sustainability Report 2022: Survey

Please provide your feedback by scanning the QR code. You may send this feedback form to the address specified at the back cover or e-mail to enquiry@elitecreit.com

1. Which of the following best describes you?

- O Employee
- O Investor
- O Government
- O Non-governmental organisation
- O Contractor
- O Supplier
- O Customer
- O Business partner
- O Community
- O Financial institution
- O Others

2. In which region do you reside?

- O Asia
- O Europe
- O UK
- O North America
- O South America
- O Middle East
- O Others

3. How did you hear about this report?

- O Company website
- O Social media
- O Annual general meeting (AGM)
- O Word of mouth
- O Others

4. Why did you choose to read this report? (Please select at most 3 options.)

- O For research and education
- O For an investment decision
- O For greater understanding of Elite Commercial REIT's business

5. Please indicate your level of interest in the following topics.

	Not at all interested				Extremely interested
Climate Change	1	2	3	4	5
Energy and GHG emissions	1	2	3	4	5
Water	1	2	3	4	5
Tenant Engagement	1	2	3	4	5
Attracting and Retaining Talent	1	2	3	4	5
Employee Development	1	2	3	4	5
Diversity	1	2	3	4	5
Regulatory Compliance	1	2	3	4	5
Anti-Corruption	1	2	3	4	5

6. In your opinion, does the report cover all material topics in a fair manner?

- O Yes
- O No

7. Please rate your satisfaction with the report design, with 1 star being unsatisfied and 5 star being totally satisfied.

1 2 3 4 5

8. Please rate your satisfaction with the clarity of the content, with 1 star being unsatisfied and 5 star being totally satisfied.

1 2 3 4 5

9. Please rate your satisfaction with the balance and credibility of the content, with 1 star being unsatisfied and 5 star being totally satisfied.

1 2 3 4 5

10. Any additional topics that Elite Commercial REIT should consider for our next report?

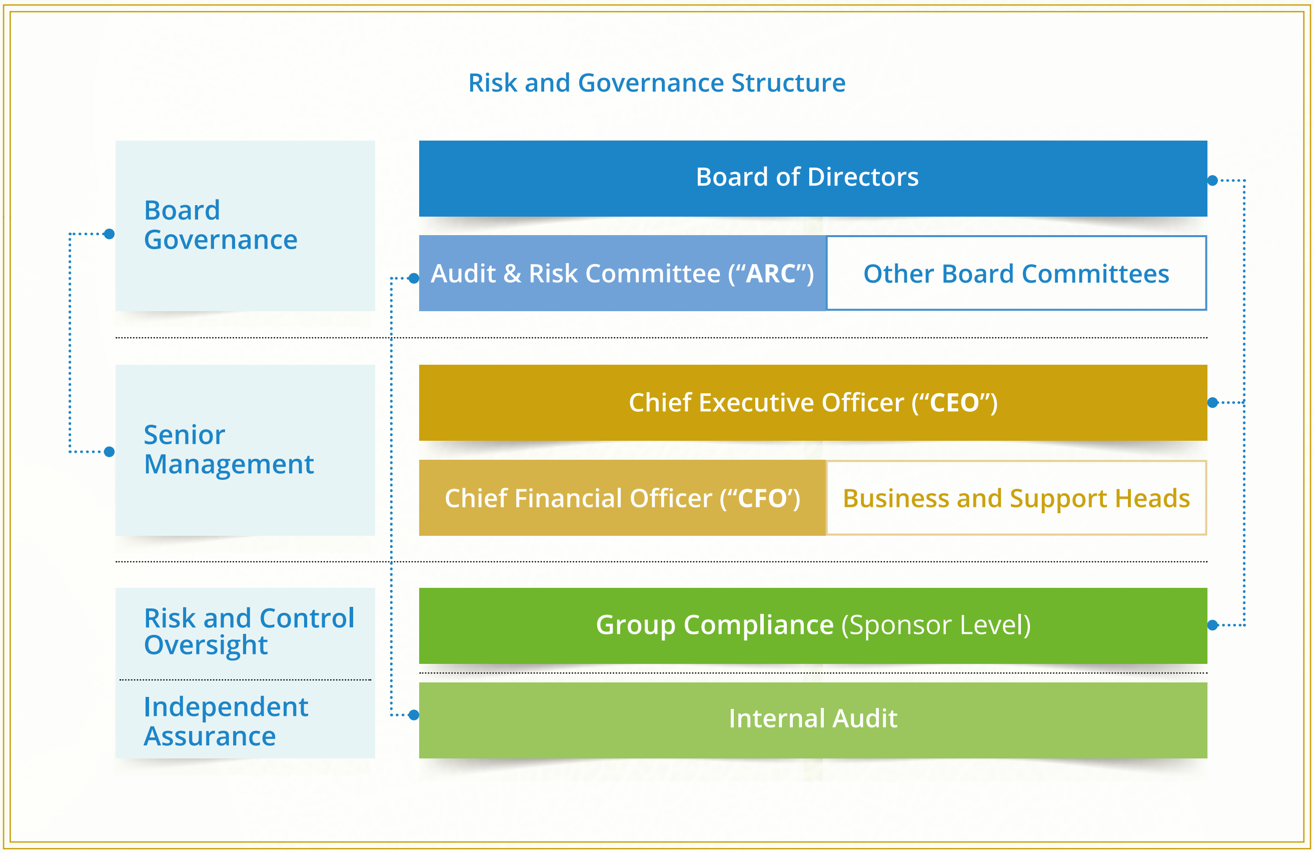
Enterprise Risk Management

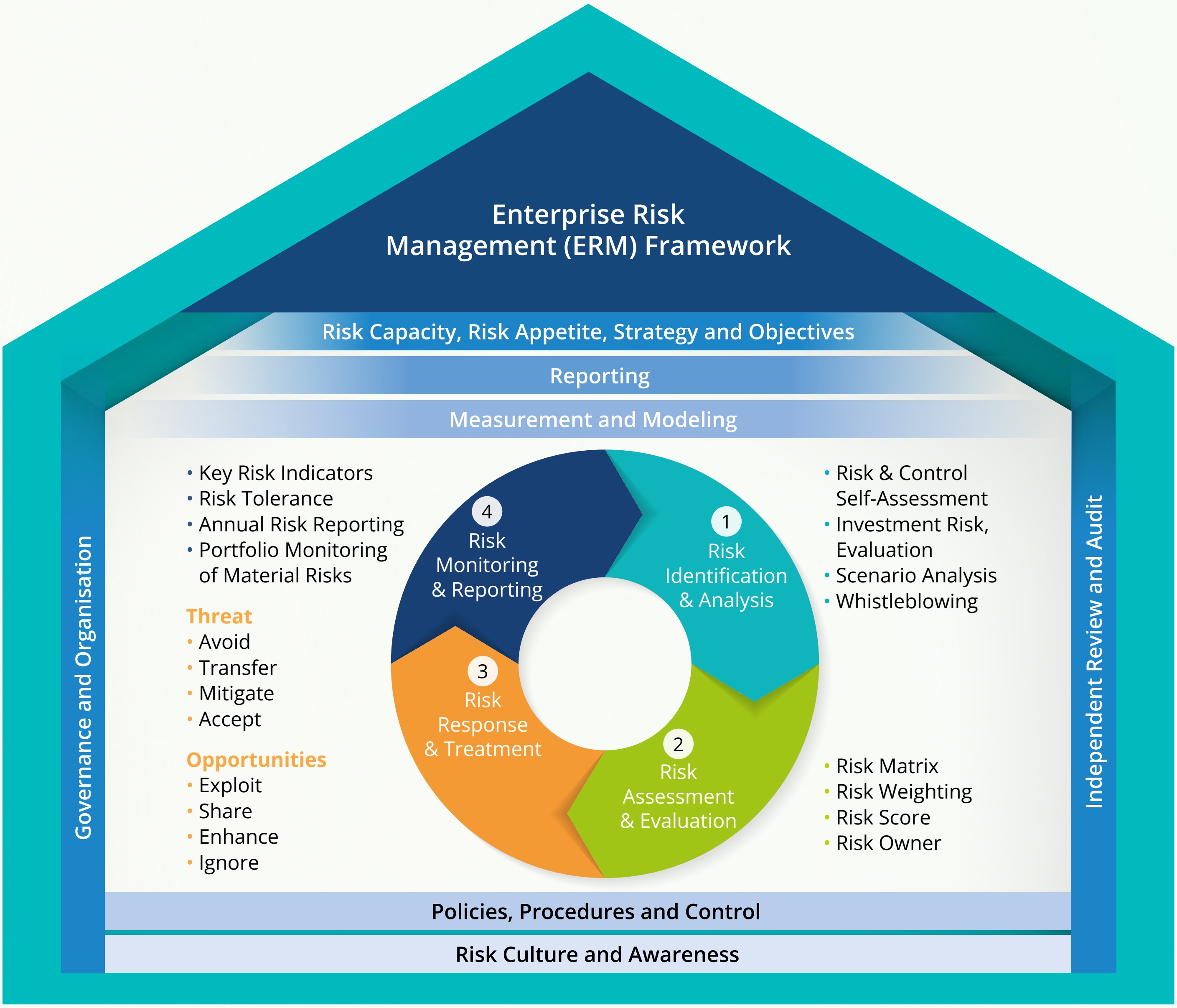
Enterprise Risk Management ("**ERM**") is an integral part of the business strategy for Elite Commercial REIT (the "**REIT**"). Elite Commercial REIT Management Pte. Ltd. (the "**Manager**") practices a proactive and integrated approach towards risk and opportunity management, which are applied towards both strategic and operational levels. The objective is not merely centred on risk minimisation, but rather the optimisation of opportunities within the known and agreed risk appetite levels determined by the Board of Directors (the "**Board**"). All businesses carry inherent risks; therefore, the Manager will consider the corresponding risks in relation to the REIT's strategy and business objectives. This approach enables the Manager to manage risks in a systematic and consistent manner to support its business objectives and strategy, thereby creating sustainable value for all stakeholders.

Risk Management Governance Structure

The Board has overall responsibility for the governance of risk. The Board is responsible for the oversight of the REIT's risk appetite and risk tolerance limits in relation to its strategic business objectives. The Board also reviews the REIT's risk oversight structure to ensure appropriate accountability to risk owners, and that material risks are properly monitored in a regular and timely manner to detect deviations and ensure the adequacy and effectiveness of the risk management framework and policies. For these purposes, the Board is supported by the Audit and Risk Committee (the "**ARC**"), which assists the Board in discharging risk management oversight responsibility by ensuring the establishment, review, and assessment of the REIT's policies, systems of risk management and internal controls.

The ARC, which is made up of three independent Board members, meets on a regular basis. The meetings are attended by the Chief Executive Officer ("**CEO**") as well as other key management personnel of the Manager (collectively, the "**Management**"). The Management is responsible for directing and monitoring the development, improvement, implementation, and practice of ERM for the REIT.





The Manager's ERM Framework is based on the principles and guidelines of the International Organisation for Standardisation[1] ("**ISO**") 31000 on Risk Management and the Committee of Sponsoring Organisations of the Treadway Commission[2] ("**COSO**") ERM Integrated Framework. The ERM Framework is reviewed and approved by the Board annually.

A robust internal control system and an independent review process underpin the REIT's ERM Framework. While the Management is responsible for the design and implementation of effective internal controls using a risk-based approach, the Internal Audit function, which is outsourced to an independent professional firm, reviews such design and implementation to provide reasonable assurance to the ARC on the adequacy and effectiveness of risk management and internal control systems.

The REIT's ERM Framework is based on fostering the right risk culture. Regular risk workshops are conducted to enhance risk management knowledge and promote a culture of risk awareness. Risk management principles are embedded in all decision-making and business processes. At least once a year, the Management coordinates a Risk and Control Self-Assessment ("**RCSA**") exercise. This exercise requires the respective risk and control owners to identify, assess, and document material risks which include Environment, Social and Governance ("**ESG**") relevant risks; along with their key controls and mitigating measures. Material risks and their associated controls are consolidated and reviewed by the Management before being presented to the ARC and the Board.

1. *An international standard-setting body comprised of representatives from various national standards organisations. The organisation develops and publishes worldwide technical, industrial and commercial standards.*
2. *A joint initiative of five professional organisations and is dedicated to helping organisations improve performance by developing thought leadership that enhances internal control, risk management, governance and fraud deterrence.*

Enterprise Risk Management

Managing Material Risks

The Manager undertakes a comprehensive approach in identifying, managing, monitoring, and reporting of material risks across the REIT. In FY 2022, the Management, alongside the wider working group, reviewed and considered the top material risks to the business. Accordingly, the material risks are summarised as follows:

Risk Pillars	Material Risks	Details	Key Mitigating Measures
Governance	Operational Risk	• Prolonged business disruption due to the following factors: - Tenant-related risks such as significant non-renewals of the REIT's existing leases, tenant default risk, and breaches of other tenancy agreements. - Major infrastructure or equipment failures to the assets of the REIT. • Significant management attention incurred to address yield-dilutive acquisitions that would otherwise be devoted to the REIT's ongoing business. • Holding costs from vacant assets: - Business rates and property management costs while the asset remains vacant - Dilapidation claims do not sufficiently offset costs to reinstate the vacant properties	• The Manager has engaged a third-party property manager in the UK to assist with on-the-ground management and periodic inspection of the assets. • Maintaining regular dialogue with DWP, our primary occupier, and other government tenants. • Diversify tenant mix with similar credit profiles. • Leveraging on data analytics in the development of the Asset Business Plans. • Taking on adequate property owner insurance to mitigate disruption risks. • Regular discussions and execution of asset management strategies for vacant or vacating assets
	Licence, Regulatory and Compliance Risk	• Changes in property-related regulations and other events in Singapore and the UK. • Continuous compliance with the licensing conditions of the Monetary Authority of Singapore ("**MAS**") and listing rules from the Singapore Exchange. • Any forms of fraud, bribery, and corruption that could be perpetrated by employees, third parties, or collusion between employees and third parties.	• Active monitoring of developments in the laws and regulations governing Singapore and the UK. • Periodic review and update of policies and procedures to ensure relevancy. • Provision of regular training for all employees to promote a strong compliance culture. • Communicating regularly with regulators and governing bodies (as appropriate, depending on the nature of the engagement). • Maintaining a zero-tolerance approach towards fraud, corruption, bribery and unethical practices in the conduct of business. A Group-wide Code of Conduct and Ethics Policy sets out the behaviour and conduct expected of all employees. • Providing an accessible communication channel to ARC through a Group-wide Whistleblowing Policy.
	Information Technology ("**IT**") and Cyber Risk	• Material failure on IT infrastructure that the Manager relies on may cause inadvertent compromise on the confidentiality, integrity, and availability of the information assets and/or systems of the REIT and/or the Manager. This may have a negative impact on financials and/or regulatory compliance. • Fraudulent transactions and hacking attempts (including internal sabotage) will adversely affect the Manager.	• The Manager has engaged a reputable and reliable professional third-party service provider to perform IT support services. The Manager's due diligence process for the service provider incorporates selection criteria such as the service provider's credentials, cybersecurity plan, firewall and incident management process. • The Manager continuously monitors and reviews the adequacy of the IT infrastructure against existing and emerging IT and cyber risks. • The Manager has developed a comprehensive Group-wide IT and Cyber Security Policy. The Manager has rolled out ongoing staff IT Security Awareness Training to address human factors in cyber security. • Conducting regular Disaster Recovery exercises to ensure timely recoverability of business-critical IT systems.

Managing Material Risks *(continued)*

Risk Pillars	Material Risks	Details	Key Mitigating Measures
	Business Continuity and Key Person Risk	• Infectious diseases outbreaks, terrorism attacks, adverse environmental conditions will affect the ability of the REIT and/or the Manager to operate at optimal conditions. • COVID-19 pandemic / endemic has resulted in potential structural disruptions to some real estate asset classes. It may potentially accelerate long-term trends of digital adoption, which has further disrupted and transformed the real estate industry. This will have negative spill over effects on stakeholders' attention on the diversification and resilience in the REIT's assets. • Loss of any key person(s) will adversely affect the Manager's operations.	• Ensuring adequate insurance coverage for the properties, on top of the protection derived from full repairing and insuring leases with the tenant being the UK Government. • Ensuring operational resilience with a robust business continuity plan, in line with the latest MAS Business Continuity Management guidelines, that seeks to equip the REIT and the Manager with the capability to respond effectively to business disruptions and to safeguard critical business functions from major risks.
Economic	Strategic Risk	• The REIT remains vulnerable to external factors including volatility in the global economy, implications of geopolitical developments, intense competition in core markets, and disruptive technology. • The REIT's existing investment class and geographical focus may not be sustainable in the long run due to relevance of asset class, future obsolescence risk and single-country risk considerations. • Acquisition growth strategy may not be successful and future acquisitions may not integrate well with the REIT's assets and may be yield-dilutive. • Asset recycling strategies may not be adequate to monetise non-core assets.	• The Manager has in place an established process for identifying and evaluating investment and divestment decisions where activities are monitored to ensure that they meet the REIT's strategic intent, investment objectives, and returns. • Conducting rigorous due diligence reviews on all investment and divestment proposals and, where necessary, engaging third-party consultants with the requisite expertise to assist in the due diligence review. • Identifying, assessing, and managing material sustainability and environmental risks as part of the due diligence of the investment process with specific action plans to mitigate and potentially eliminate environmental risks that are identified.
	Political Risk	• The concentration of the REIT's assets in the UK exposes the REIT to political risks from the UK. Doubts over real estate valuations may erode investors' interests in UK REITs or REITs with high exposure in the UK. • Policy decisions will have an impact on the global perception of the UK and its government, including but not limited to their credit rating, currency, political stability and foreign affairs relations. Worst case scenario may include sanctions and exclusions from regional or world trade. • Incongruent fiscal and monetary policies may erode investors' sentiments towards the country's sustainability in the long term.	• Political developments in the UK shall be mitigated through prudent treasury management and debt management. • Maintain constant dialogue with the DWP and other government tenants to understand their space requirements and calibrating the REIT's assets to meet their needs, with the goal to be the preferred landlord for their operations. • Risk analysis is performed to study changes in the political climate at least on an annual basis.

Enterprise Risk Management

Risk Pillars	Material Risks	Details	Key Mitigating Measures
Economic	Financial Risk	• Includes credit, liquidity, interest rate risks. • Financial covenants from being a listed REIT and taking on debt financing could affect the financial flexibility of the REIT's operations. • Tax rulings in Singapore and the UK may be amended with either prospective or retroactive effect and this may affect the overall tax liabilities of Singapore and/or the UK entities, resulting in additional taxes becoming payable by the REIT. Uncertain tax rulings will cause volatility in the trading price for the REIT. • Changes to the International Financial Reporting Standards may affect the ability of the REIT to make distributions to Unitholders.	• Diversifying banking relationships in the UK to ensure that there are sufficient options for debt financing and ongoing cost of debt remains competitive. • Keeping abreast of any changes in accounting and tax policies in the UK via the support of reputable local Audit and Tax advisors. • Active reviewing and monitoring of the mix of fixed and floating interest rate borrowings, taking into consideration the investments' holding period and nature of assets. • Active monitoring of the REIT's debt maturity profile, loan covenants, operating cash flows, and the availability of funding to ensure that there are sufficient liquid reserves, in the form of cash and banking facilities to meet its working capital, refinancing, and operational needs. • The Manager will utilise interest rate hedging strategies where appropriate from time to time, to optimise risk-adjusted returns to Unitholders. • The Manager has developed measures and evaluated its financing and gearing risk using established risk management models. • An annual budget and forecast for revenue and expenses are established and monitored by Management on a regular basis. • The Manager has instilled financial discipline, deploying capital to earn optimal risk-adjusted returns, maintaining a strong balance sheet to finance its interest-bearing liabilities. • The REIT has a Distribution Reinvestment Plan programme in place to retain working capital by issuing scrips instead of cash as distributions. • Establishment of potential funding sources to support capex or green works.
	Market Risk	• Movements in domestic and international securities markets, economic conditions, foreign exchange and interest rates will affect the market price of, and demand for, the REIT. • Property valuation is affected by country-specific market demand and supply factors, local regulations, competition, rental rates, as well as the accuracy of assumptions used for its appraisals. Doubts over real estate valuations may erode investors' interests in the REIT. • Market sentiments may affect the time taken to re-let and dispose of vacant properties, which in turn affects the rental profile and capital recycling efforts of the REIT.	• Economic vagaries are unpredictable but can be mitigated with prudent treasury management and debt management. The current policy is to use similar currency loan facility and to fix majority of interest rate exposure via interest rate swaps. Distributions are declared in British Pound as well. • The Manager has established an internal panel of approved valuers. Valuations are expected to be independent, while the Manager's role is to provide adequate information and guidance on assumptions. • The property manager in the UK is managed by experienced members who are familiar with the local conditions and cultures.

Risk Pillars	Material Risks	Details	Key Mitigating Measures
Environment	Sustainability and Climate Risk	• Includes physical risks such as rising sea levels, violent storms, prolonged heat waves, flash floods, freshwater disruption / depletion, etc. • Transitional risks such as increased and more stringent regulations and increased expectations from stakeholders. • A lack of holistic understanding, identification, and prioritisation of sustainability risk factors would be detrimental to the REIT's competitiveness and longevity. • Any property with a poor Energy Performance Certificate ("**EPC**") rating or energy performance is likely to be subjected to obsolescence risk.	• The Manager has set up a Sustainability Committee, chaired by the Board Chairman to ensure that sustainability is a key pillar to the REIT's business objectives and strategies. • Sustainability and environmental risks are taken into consideration to provide a holistic evaluation of the REIT's existing portfolio and potential acquisitions. This includes a review of the property's EPC ratings and mitigation efforts that may be needed for the property to enhance or maintain its EPC ratings. • Minimising environmental impact by deploying renewable and low-carbon intensive energy where possible and upgrading energy-intensive equipment through ongoing asset enhancement initiatives. • The Manager plans to complete a climate risk study of selected buildings in the REIT's portfolio and also to review and enhance insurance coverage for identified physical climate-related risks, ensuring that the portfolio is adequately insured against climate-related events. • The Manager has embarked on sustainability collaborations with the DWP and the MOD to improve the energy rating for the assets occupied by both government departments. The Manager also intends to extend this collaboration to other government occupiers.
Social	Stakeholder Risk	**Internal Stakeholders** • Inability to appropriately manage human capital needs and human resource-related costs appropriately in relation to the business environment. • High attrition rates and shortage of talent.	**Internal Stakeholders** • Building an inclusive and nurturing workplace culture with a focus to develop its employees, such as through continuous learning • Regular communication with Management on overall mental well-being • Regular review of remuneration packages and retention strategies
		External Stakeholders • Tenant-customer relations; Investors and media relations; Singapore and UK Government relations; social and community relations. • Insufficient stakeholder engagement resulting in a lack of understanding of the REIT's strategy and business, as well as evolving market trends and needs.	**External Stakeholders** • Regular communication with regulators and governing bodies (as appropriate, depending on nature of engagement) • Remain guided by the Code of Corporate Governance and strive to maintain the high standards of corporate governance to ensure that the REIT continues to instil stakeholder confidence • Maintaining proactive investor relations and media outreach plan • Participating actively in relevant industry associations • Building on existing community partnerships • Conducting yearly engagement survey with tenants

Corporate Governance Report

Elite Commercial REIT is a real estate investment trust constituted by the trust deed dated 7 June 2018 (and as may be amended, varied or supplemented from time to time) (the "**Trust Deed**")[1], and entered into between Elite Commercial REIT Management Pte. Ltd. (in its capacity as the manager of Elite Commercial REIT) (the "**REIT Manager**") and Perpetual (Asia) Limited (in its capacity as the trustee of Elite Commercial REIT) (the "**Trustee**").

The REIT Manager has been issued a capital markets services licence by the Monetary Authority of Singapore ("**MAS**") for REIT management ("**CMS Licence**") pursuant to the Securities and Futures Act 2001 of Singapore (the "**SFA**") on 22 January 2020.

THE REIT MANAGER'S ROLE

The primary role of the REIT Manager is to manage Elite Commercial REIT's assets and liabilities for the benefits of unitholders of Elite Commercial REIT (the "**REIT**" and its unitholders, the "**Unitholders**") and set the strategic direction of the REIT in accordance with its mandate and make recommendations to the Trustee on any investment or divestment opportunities for the REIT and the enhancement of the assets of the REIT in accordance with the stated investment strategy for the REIT. The research, evaluation and analysis required for this purpose are coordinated and carried out by the REIT Manager.

Other functions and responsibilities of the REIT Manager include but are not limited to the following:

(a) using its best endeavours to conduct the REIT's business in a proper and efficient manner;

(b) preparing annual business plans for review by the directors of the REIT Manager (the "**Directors**"), including forecasts on revenue, net income, and capital expenditure, explanations on major variances to previous years' financial results;

(c) written commentaries on key issues and underlying assumptions on rental rates, operating expenses and any other relevant assumptions;

(d) attending to all regular communications with the Unitholders; and

(e) supervising and overseeing the management of real estate (including but not limited to lease audit, systems control, data management and business plan implementation) in accordance with the provisions of the Trust Deed.

The REIT is externally managed by the REIT Manager. The REIT Manager appoints experienced and well qualified personnel to run the day-to-day operations.

The REIT Manager has developed and, on an ongoing basis, maintains sound and transparent policies and practices to meet the specific business needs of the REIT and to provide a firm foundation for trusted and respected business enterprise.

The Board of Directors of the REIT Manager (the "**Board**") and management of the REIT Manager ("**Management**") aspire to the highest standards of corporate governance. The REIT Manager focused on complying with the substance and spirit of the principles of the Code of Corporate Governance 2018 while achieving operational excellence and delivering the REIT's long-term strategic objectives. It is fully committed to continuous improvement of its corporate governance practices as it firmly believes that is essential in protecting the interests of the Unitholders.

ELITE COMMERCIAL REIT AND CORPORATE GOVERNANCE

The framework of relevant legislations and guidelines governing the REIT include:

(i) The SFA;

(ii) The Code on Collective Investment Schemes (including Appendix 6 thereon on property funds) (the "**CIS Code**", and Appendix 6 of the CIS Code, the "**Property Funds Appendix**");

(iii) The listing manual (the "**Listing Manual**") issued by Singapore Exchange Securities Trading Limited ("**SGX-ST**" or the "**Exchange**");

(iv) The Code of Corporate Governance 2018 (the "**Code**"); and

(v) Written directions, notices, codes and other guidelines that may be issued, modified and updated by the MAS from time to time.

The REIT Manager is fully dedicated to upholding the highest standards of corporate governance, business integrity and professionalism in all its activities. The REIT Manager believes that its sound corporate governance policies and practices reflect its focus on strong leadership, effective internal controls and risk management, a robust corporate culture, accountability to the Unitholders, and engagement with stakeholders.

This corporate governance report ("**CG Report**") sets out the REIT's corporate governance framework and practices with specific reference to the principles and the provisions of the Code, in accordance with Rule 710 of the SGX Listing Rules, and where applicable, other relevant rules and provisions in the Listing Manual and the Companies Act 1967 of Singapore.

1. *Copies of the Trust Deed for the time being in force shall be made available for inspection at the registered office of the REIT Manager at all times during usual business hours. Prior appointment would be appreciated.*

For the financial year ended 31 December 2022 ("**FY 2022**"), save as stated in the CG Report, the REIT has complied with the core principles of corporate governance laid down by the Code and also, in all material respects, with the provisions that underpin the principles of the Code. Where the REIT Manager's practices vary from any provisions of the Code, it has provided appropriate explanations, which include the reason for the respective variation, as well as the practices adopted to be consistent with the intent and philosophy of the relevant principle in question.

The REIT has been included by the SGX-ST in the Fast Track Programme list. The scheme recognises listed companies with good governance standards and compliance practices, and accords prioritised clearance for selected corporate-action submissions.

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS, DUTIES AND RESPONSIBILITIES

Principle 1:

The REIT Manager is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the REIT.

ROLE OF THE BOARD

The Board is entrusted with the responsibility for the overall management of the REIT Manager and has general powers of management over the assets of the REIT.

The key roles and responsibilities of the Board are to:

- Set strategic objectives and direction, and provide guidance to Management in executing those objectives;
- Approve the business plans in relation to the REIT's properties;
- Ensure Management discharges its duties with integrity and accountability, and demonstrate highest level of skills and professionalism;
- Establish a framework of prudent and effective controls which enables risks to be assessed and managed to safeguard the interests of the Unitholders and the assets of the REIT;
- Consider sustainability issues such as environmental issues as part of its strategic formulation;
- Ensure that Management maintains sound measures relating to corporate governance, financial regulations and internal policies including the Group-wide Code of Conduct and Ethics Policy ("**Code of Conduct**") (further elaborated below and on pages 143 and 148 of the CG Report); and
- Consider the perceptions of stakeholders that will affect the REIT's reputation.

The Board has approved a list of matters reserved for the Board's decision-making. This sets clear directions for Management on matters that must be approved by the Board.

The list of matters reserved for the Board's approval includes, but is not limited to:

- Long-term strategy and objectives of the REIT;
- Annual budget and business plans in relation to the REIT's properties;
- Policies to safeguard the interests of the Unitholders and the assets of the REIT's investment strategy and mandate;
- Distribution policy;
- Announcements and press releases concerning the REIT;
- Board memberships and other appointments;
- Key Management Personnel appointment; and
- Appointment and removal of the Company Secretary.

In fulfilling its responsibilities to the REIT, the Board has approved a set of financial controls which sets out approval limits for operating expenditures, capital expenditures, procurements, general and administrative expenses and leases as well as arrangements in relation to cheque signatories. Appropriate delegation of authority and approval sub-limits are also provided at Management level to facilitate operational efficiency.

CULTURE

The Directors are to discharge their duties and responsibilities objectively as fiduciaries in the best interests of the REIT at all times and hold the Management accountable for performance.

The REIT Manager has in place a Code of Conduct which sets out general principles and standards of behaviour that the REIT Manager expects from its employees in their dealings with fellow employees, customers, suppliers and business partners, which sets an appropriate tone-from-the-top and desired organisational culture and ensures proper accountability.

The REIT Manager's Code of Conduct requires the Directors to observe the following key principles:

- Directors must carry out their responsibilities in compliance with all the applicable laws, rules and regulations and the REIT Manager's policies and procedures.

Corporate Governance Report

- Directors are to exercise due care and maintain the confidentiality of information entrusted to them. The Directors' obligation to protect the confidential information continues after leaving the REIT Manager.
- Directors must not trade in the securities of the REIT if, at the relevant time, they are in possession of non-public material price-sensitive or trade sensitive information.
- Directors are committed to full compliance with all anti-money laundering and countering the financing of terrorism laws throughout the world.

BOARD COMMITTEES

The REIT Manager has nine (9) Directors and one (1) Alternate Director, five (5) of whom (including the Chairman) are independent non-executive Directors ("**IDs**"). The REIT Manager has not appointed a lead independent Director as the Chairman is not conflicted and is independent.

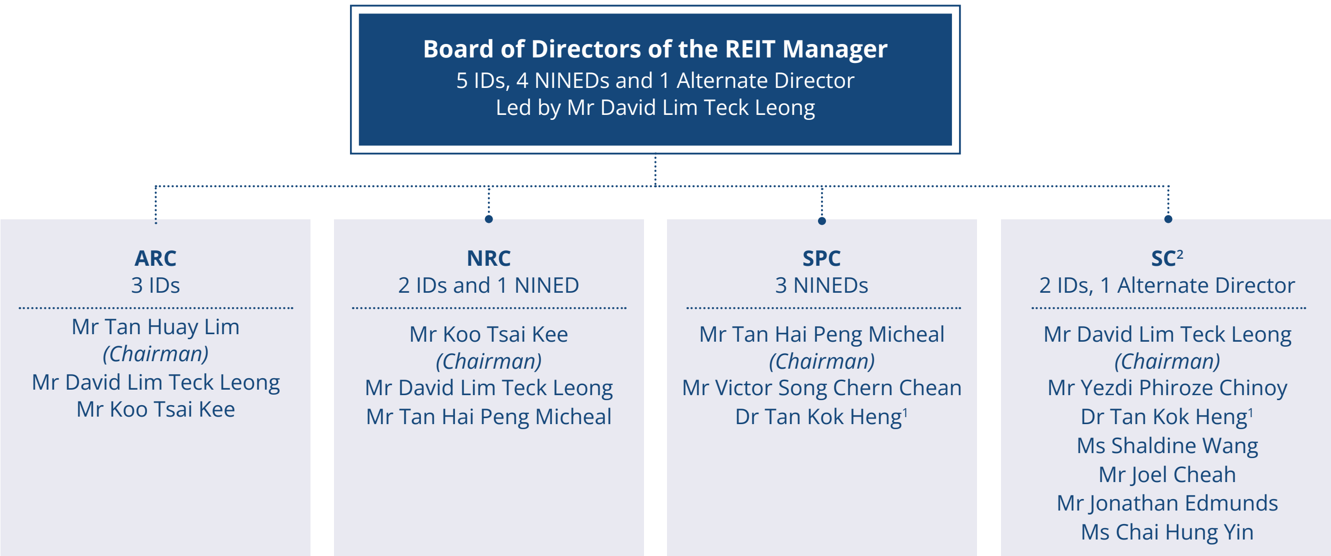
The Board has established four (4) board committees to assist it in the discharge of its functions. These committees are the Audit and Risk Committee ("**ARC**"), the Nominating and Remuneration Committee ("**NRC**"), the Strategic Planning Committee ("**SPC**") and the Sustainability Committee ("**SC**") (collectively known as "**Board Committees**"). The ARC, NRC and SC are chaired by IDs while the SPC is chaired by a non-independent non-executive director ("**NINED**").

Membership of the various Board Committees is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Diversity of experience and appropriate skills are considered in the composition of the respective Board Committees.

Each of the Board Committees has its own written terms of reference and operates under delegated authority from the Board. Notwithstanding that, the Board retains ultimate responsibility for all decisions made by the Board as a whole. Information on the ARC and NRC can be found in the "**Accountability and Audit**"; "**Board Membership**" and "**Board Performance**"; and "**Remuneration Matters**" section of this CG Report respectively. Terms of reference of the respective Board Committees, as well as other relevant information on the Board Committees, are disclosed on pages 125, 138 to 139, 142 and 143 of this CG Report.

Minutes of all Board Committees' meetings are circulated to the Board so that Directors are aware of and kept updated as to proceedings, matters discussed and decisions made during such meetings, and to enable the Directors to weigh in on any key points under consideration.

The composition of the Board and Board Committees for FY 2022 is as follows:



Notes:
1. *Dr Tan Kok Heng is an alternate director to Mr Evan Cheah Yean Shin.*
2. *Members of SC also comprise Ms Shaldine Wang (CEO), Mr Joel Cheah (CFO), Mr Jonathan Edmunds (CIO) and Ms Chai Hung Yin (Assistant Vice President, Investor Relations)*

BOARD MEETINGS AND ACTIVITIES

Directors attend and actively participate in Board and Board Committees' meetings. The Board meets regularly, at least once every quarter, and as required by business imperatives or particular circumstances, to discuss and review business strategies and policies, including any significant acquisition and/or disposal, portfolio performance, business outlook, movement in unitholdings, deliberate growth opportunities of the REIT, and approve the release of half-year and full-year financial results, and quarterly business updates. Board and Board Committee meetings are scheduled prior to the start of each financial year in consultation with the Directors.

As a general rule, Board and Board Committees' meeting notices and papers are required to be sent to the Directors and members of Board Committees are provided with ample time ahead of the meetings. Where exigencies prevent a Director from attending the meetings in person, the constitution of the REIT Manager allows the Directors to participate in Board and Board Committee meetings via audio or video conference. If a Director is unable to attend a Board or Board Committee meetings, he may provide his input to the Chairman of the Board or the relevant Board Committee and raise queries on the agenda items ahead of the meeting. These comments are taken into consideration for deliberations. The Board and Board Committees may also make decisions by way of passing written resolutions.

Board papers are detailed and give the background, explanatory information, justification, risks and mitigation measures for each agenda item and mandate sought by Management, including, where applicable, relevant budgets, business plans, forecasts and projections. Directors can ask for additional information as needed to make informed decisions. However, papers containing price sensitive information may be tabled at the meetings themselves or discussed without any papers being distributed. All Board and Board Committees' papers are kept and disseminated via an electronic board portal, which has proven to be an effective, secure and sustainable form of communication.

External consultants or advisers who can provide additional insights into the relevant matters at hand may be invited to attend the meetings. These parties will not participate in any decision-making process.

Management recognises that an on-going flow of information on an accurate, complete, adequate and timely manner is critical for the Board to enable them to make informed decisions and be effective in discharging its duties.

At the Board and ARC meetings, Directors are updated on developments, challenges and changes in the operating environment, including changes in accounting standards, changes in laws and regulations governing the REIT industry, or changes that have a bearing on the REIT. Written updates on the REIT's operating and financial performance, strategic plans, regulatory and compliance updates and any other matters will also be provided to facilitate discussions. On a quarterly basis, Management also provides the Board with an update on the operating performance of the REIT, as well as a set of management accounts and analysis, to enable the Board to exercise effective oversight over the REIT.

The Board is responsible for providing a balanced and understandable assessment of the REIT's performance, position and prospects.

The Directors of the Board have separate and independent access to Management, the company secretary of the REIT Manager ("**Company Secretary**") and external advisors at all times, and they are entitled to request from Management additional information to make informed decisions. The Directors, either individually or as a group, may at the REIT Manager's expense seek independent professional advice where appropriate, to discharge his/their duties effectively.

The Company Secretary and/or her representative attend the Board and Board Committees' meetings and is responsible for ensuring that Board procedures are observed and that applicable rules and regulations are complied with. The Company Secretary also periodically updates the Board on relevant changes to the listing rules affecting the REIT. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

In each meeting where matters requiring the Board's approval are to be considered, all members of the Board present participate in the discussions and deliberations; and resolutions in writing are circulated to all Directors for their consideration and approval. The exception is where a Director has a conflict of interest in a particular matter in which case, he will be required to recuse himself from the discussions and deliberations, and abstain from voting on the matter. This principle of collective decisions adopted by the Board ensures that no individual influences or dominates the decision-making process.

Corporate Governance Report

The Board's responsiveness allowed Management to manage the REIT's business and operations effectively in an increasingly competitive business environment. Individual Directors make themselves available and accessible to Management for discussion and consultation outside the formal framework of the Board and Board Committees' meetings.

The number of the Board and Board Committees' meetings and general meetings held during FY 2022, as well as the attendance of every Director and the Chief Executive Officer ("**CEO**") at these meetings are set out in the table below:

The composition of the Board Committees for FY 2022 is as follows:

Meeting	Board	ARC	NRC	SPC	SC	Annual General Meeting^
No. of meetings held	5	4	1	19	2	1
Directors	No. of Meetings Attended					
Mr David Lim Teck Leong	5	4	1	–	2	1
Mr Tan Huay Lim	5	4	1#	–	1#	1
Mr Koo Tsai Kee	5	4	1	–	1#	1
Mr Nicholas David Ashmore	5	–	–	–	–	1
Mr Yezdi Phiroze Chinoy	5	–	1#	–	2	1
Mr Tan Hai Peng Micheal	5	–	1	18	1#	–
Mr Victor Song Chern Chean	5	–	1#	16	–	1
Mr Tan Dah Ching	5	–	–	2#	1#	1
Mr Evan Cheah Yean Shin	3	2#	1#	–	–	1
Dr Tan Kok Heng*	5	–	1#	19	2	1
Chief Executive Officer						
Ms Shaldine Wang	5	4	1	19	2	1

Notes:
\# *Attendance by invitation.*
* *Dr Tan Kok Heng is an Alternate Director to Mr Evan Cheah Yean Shin.*
^ *Annual General Meeting was held on 27 April 2022.*

Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of the REIT Manager and the REIT. As disclosed on page 127, the NRC is satisfied that all Directors gave sufficient time and attention to the affairs of the REIT Manager and were able to and have adequately carried out their duties as a Director of the REIT Manager for FY 2022.

ORIENTATION FOR DIRECTORS

The NRC exercises oversight on the orientation, training and professional development of Directors, in order to ensure that they understand the REIT's business as well as their directorship duties (including their roles as executive, non-executive and independent directors).

The Board has a comprehensive and structured orientation framework. Newly appointed Directors will have to attend a familiarisation exercise whereby they undergo a tailored programme to enable them to have a good understanding of the REIT. The appropriate induction, and orientation sessions will be conducted to orientate the Directors in acting as a director of a manager of a publicly listed REIT.

The orientation exercise consists of:
- Management presentations on the REIT's strategic objectives, business, operations, responsibilities of key management personnel, and financial and governance practices; and
- Site visits to the REIT's properties. There was however no site visit in FY 2022 due to COVID-19 and travel restrictions.

The orientation exercise allows the new Director to get acquainted with Management and to help pave the way for Board interaction and direct access to Management.

Upon appointment, each Director is issued with a formal letter of appointment. The NRC also ensures that new Directors are aware of their duties and obligations, the REIT Manager's policies relating to restrictions on dealings in the REIT's securities and disclosure of price-sensitive and trade-sensitive information.

In addition to the above, copies of the minutes of the latest Board and Board Committees' meetings will be made available to newly appointed Directors. They are also provided with other materials relating to the Board and Board Committees, including the terms of reference of the various Board Committees on which they are appointed as well as relevant guidelines and policies.

Any new Director appointed to the Board who has no prior experience as director of a SGX-ST's listed issuer must undergo mandatory training on his or her roles and responsibilities as prescribed by the SGX-ST. There was no new Director appointed during FY 2022.

TRAININGS FOR DIRECTORS

The Board also recognises the importance of continual training and development for its existing Directors so that they can perform their roles on the Board and Board Committees to the best of their abilities. The NRC will annually discuss and identify the important training topic(s) for Directors and recommend it to the Board.

Directors are encouraged to participate in industry conferences, seminars, courses and training programmes which are relevant to their duties. Training programmes include those organised by the Singapore Institute of Directors ("**SID**") on corporate governance, leadership and industry-related subjects. The REIT Manager funds the training and development programmes for existing and new Board members.

In FY 2022, all Directors had attended trainings on the MAS Guidelines on Individual Accountability and Conduct, UK markets and valuation, information technology and cybersecurity, anti-money laundering/counter-terrorism financing, anti-bribery and anti-corruption compliance training, ESG awareness session and mandated sustainability training. The REIT Manager believes that the provision of continuing education opportunities to Directors will keep them updated on matters relevant to their appointments and responsibilities. A training register is maintained with respect to the courses/seminars attended by Directors and such register is also tabled to the NRC for information at its meeting.

The Board is regularly updated either during Board meetings or at specially convened meetings (with the attendance of professional advisers, consultants, auditors and Management) on areas that may affect the REIT's business and developments. Management also provides the Board with timely information through regular updates on financial results, relevant market, and business developments.

BOARD COMPOSITION AND GUIDANCE

Principle 2:

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the REIT.

The Board reviews the size and composition of the Board annually, to ensure that the Board is of the appropriate size and has the appropriate mix of expertise, experience and other aspects of diversity. The Board works to avoid groupthink and foster constructive debate, with a view to ensure effective decision making by taking into account the scope and nature of the operations of the REIT.

Profiles of the Directors are provided on pages 10 to 15 of this Annual Report. Key information on the Directors is also available on the REIT's website at www.elitecreit.com.

REVIEW OF DIRECTORS' INDEPENDENCE

The Board presently comprises nine (9) Directors and one (1) Alternate Director, five (5) of whom are IDs. All the Directors are non-executive directors. The composition of the Board complies with Provision 2.3 of the CIS Code which requires a majority of the board to be made up of non-executive directors. In addition to the Chairman being independent and non-executive, independent Directors make up the majority of the Board. This enables Management to benefit from their external, diverse and objective perspectives on issues that are brought before the Board. It would also enable the Board to interact and work with Management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles of the Chairman and the CEO, provides a healthy professional relationship between the Board and Management, with clarity of roles and robust oversight as they deliberate on the business activities of the REIT Manager.

In FY 2022, the Board has reviewed and assessed the independence of each ID in relation to the Code and Regulations 13F to 13H of the Securities and Futures (Licensing and Conduct of Business) Regulations ("**SF(LCB)R**"). Pursuant to the Code and Regulation 13E of the SF(LCB)R, the Board and NRC had ascertained the following for FY 2022:

(a) each ID had been independent from Management of the REIT Manager and the REIT;

(b) each ID had been independent from any business relationships with the REIT Manager and the REIT;

(c) each ID had been independent from every substantial shareholder of the REIT Manager, and every substantial Unitholder of the REIT;

Corporate Governance Report

(d) none of the IDs was a substantial shareholder of the REIT Manager or a substantial Unitholder of the REIT; and

(e) none of the IDs has served as a director of the REIT Manager for a continuous period of nine (9) years or longer.

Each of the IDs had recused himself from the deliberations of the NRC and Board on his independence.

BOARD DIVERSITY

The REIT Manager believes that a balanced Board can provide the diversity of viewpoints and insights that will enhance decision-making. Towards this end, the Board has established a Board Diversity Policy that seeks to have an appropriate level of size as well as diversity in its composition, including the dimensions of skills, knowledge and industry experiences, gender, age and tenure.

The REIT was listed in February 2020. Most of the IDs were appointed on the same date prior to listing, with the exception of Mr Yezdi Phiroze Chinoy who was appointed on 1 July 2021. Nonetheless, the Board believes a diversity of tenure and progressive renewal of the Board is important so that there is a continuity of experienced directors as well as the onboarding of new directors to provide fresh perspectives on an ongoing basis and will ensure this in the long run as the REIT grows. All director appointments will be based on merit, having due regard to the overall balance and effectiveness of the Board.

Under the Board Diversity Policy, the NRC will, in reviewing and assessing the composition of the Board and making recommendations to the Board on the appointment of new directors, consider aspects such as professional qualifications, industry and geographic knowledge, skills, length of service, age, gender, and the needs of the REIT. The NRC will review the structure, size, balance and diversity of the Board annually and propose any changes to the Board to complement the REIT's objectives and strategies. In this regard, the NRC will review and report to the Board annually on the objectives and progress made in achieving an appropriately diverse board composition.

Currently, the Board and its Board Committees comprise directors with an appropriate balance and diversity of skills, experience and knowledge. The Directors have diverse backgrounds in audit and accounting, business advisory, corporate finance, corporate governance, investment and fund management, construction, real estate and property development, management consulting and commercial litigation. Therefore, the Directors are well-equipped to engage in open and constructive debate, and regularly challenge Management on its assumptions and proposals.

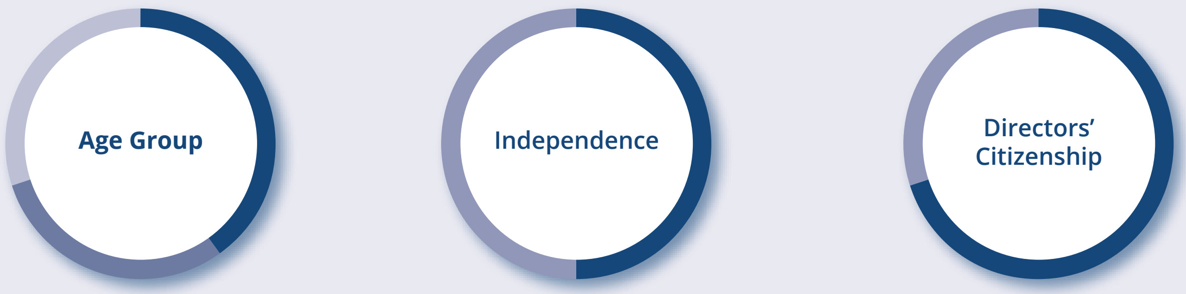
In view that the existing Board members' average tenure is less than three (3) years, the NRC and Board have agreed that it will be a medium to long term target for the Board to achieve and maintain a 30% of minimum representation of each gender on the Board by 2029. The Board is committed to the target and has included the target in its Board Diversity Policy.

Director Experience / Skills Matrix

	Industry Experience	Strategic Planning	Senior Management	Legal	Audit & Accounting	Risk Management	Banking and Corporate Finance	Investment & Fund Management	Asset Management	Facilities Management	Operations Management	Capital Markets & Fundraising	Business Development	Human Resources	Technology
Mr David Lim Teck Leong	√	√	√	√		√								√	
Mr Tan Huay Lim	√	√	√		√	√	√								
Mr Koo Tsai Kee	√	√	√			√								√	
Mr Nicholas David Ashmore	√	√	√							√				√	
Mr Yezdi Phiroze Chinoy	√	√	√	√			√	√							
Mr Tan Hai Peng Micheal	√	√	√									√	√	√	
Mr Victor Song Chern Chean	√	√	√					√	√		√	√			
Mr Tan Dah Ching	√	√	√				√	√				√			
Mr Evan Cheah Yean Shin	√	√	√					√					√		√
Dr Tan Kok Heng*	√	√	√					√				√			

* *Dr Tan Kok Heng is an Alternate Director to Mr Evan Cheah Yean Shin.*

Diversified Board



	%
60 - 69	40
50 - 59	30
40 - 49	30

	%
Independent	50
Non-Independent	50

	%
Singapore Citizen	70
Foreigner	30

Note:
The illustrations on age group and Directors' citizenship above included Dr Tan Kok Heng, the alternate director to Mr Evan Cheah Yean Shin

The Board is of the view that gender is an important aspect of diversity and will strive to ensure that:

(a) when seeking to identify a new Director for appointment to the Board, the NRC will request for female candidates to be fielded for consideration. If external search consultants are engaged, their recruitment brief will include this specific requirement;

(b) at least one female Director to be appointed to the Board; and

(c) there is significant and appropriate female representation on the Board.

The final decision on the selection of Directors will be based on merit against an objective criterion that complements and expands the skills and experience of the Board as a whole.

The Board continues to seek to introduce greater diversity as it progressively reviews the composition of the Board and its Board Committees. As at FY 2022, the Board is of the view that the size of the Board and the Board Committees is appropriate for the needs and demands of the REIT Manager and the REIT's operations.

MEETINGS OF DIRECTORS WITHOUT MANAGEMENT

The IDs, led by the Independent Board Chairman, regularly meet to discuss matters both formally and informally without the presence of Management and the non-independent directors. The Independent Board Chairman provides feedback and recommendation to the Board as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3:

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The positions of Chairman of the Board and CEO of the REIT Manager are held by two different individuals to maintain effective segregation of duties, ensure an appropriate balance of power and authority, increased accountability and to maintain effective checks and balances such as to increase the capacity of the Board for independent decision making. The Chairman of the Board is Mr David Lim Teck Leong, while the CEO of the REIT Manager is Ms Shaldine Wang. They are not related to each other and do not have close family ties.

The Chairman leads the Board to ensure its effectiveness on all aspects of its role. He ensures that adequate time is given for discussion of all items at the Board meeting, in particular strategic issues. He also facilitates effective contribution of the Directors and encourages a culture of openness and debate at Board meetings. The Chairman also ensures that the Board works together with integrity and competency, and that the Board engages Management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chairman also has the discretion to hold meetings with the other IDs without the presence of Management as he deems appropriate or necessary, and provides feedback and recommendation to the Board as appropriate. The Chairman presides over the Annual General Meeting each year and other general meetings of the Unitholders.

Corporate Governance Report

The CEO is principally responsible for Management and conduct of the business of the REIT Manager. She has full executive responsibilities over the business direction and operational decisions in managing the REIT.

The CEO also makes sure that the information that is shared with the Board is timely, appropriate and of the requisite quality so that the Board can discharge its duties and responsibilities effectively.

The REIT Manager had adopted the terms of reference of Chairman and CEO which sets out clearly their respective duties.

The Chairman leads the Board and ensures the effectiveness on all aspects of its role. His responsibilities include, inter alia:

(a) constructively determining and approving, with the full Board, the REIT Manager's strategy;

(b) ensuring that the Board is properly organised, functioning effectively and meeting its obligations and responsibilities;

(c) setting the agenda and ensuring adequate time is available for discussion of all agenda items, in particular, strategic issues;

(d) ensuring that Directors receive complete, adequate and timely information;

(e) fostering effective communication and constructive relations amongst the Directors, within Board Committees, between Unitholders, between the Directors and Management;

(f) encouraging the constructive exchange of views within the Board and between Board members and Management;

(g) facilitating the effective contributions of all Directors;

(h) promoting a culture of openness and debate at the Board level and promoting high standards of corporate governance; and

(i) establishing a relationship of trust with the CEO.

The CEO leads the Management and ensures the development and execution of the REIT Manager's long-term strategy and plans:

(a) day-to-day running of the REIT Manager's and the REIT's business in accordance with the business plans;

(b) meeting or communicating with the Chairman on a regular basis to review key developments, issues, opportunities and concerns;

(c) developing and proposing the REIT Manager's strategies and policies for the Board's consideration;

(d) implementing the strategies and policies approved;

(e) assessing risks to the REIT Manager and the REIT;

(f) maintaining regular dialogue with the Chairman on important and strategic issues facing the REIT Manager and the REIT;

(g) providing timely reports to the Board which contain relevant, accurate, timely and clear information necessary for the Board to fulfil its duties;

(h) ensuring the Board is alerted to forthcoming complex, contentious or sensitive issues affecting the REIT Manager and the REIT of which they might otherwise not be aware;

(i) overseeing the affairs of the REIT Manager and the REIT in accordance with the practices and procedures adopted by the Board and promoting the highest standards of integrity, probity and corporate governance within the REIT Manager and the REIT; and

(j) communicating, on behalf of the REIT Manager, with the Unitholders, government entities and the public.

Provision 3.3 of the Code recommends the appointment of an Independent Director to be the lead independent director, to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. As the Chairman, Mr David Lim Teck Leong, is independent, and most of the Board Committees are chaired by and comprise at least a majority of IDs, the Board is of the view that it is not necessary, for the time being, to appoint a lead independent director. In addition, the Group-wide Whistleblowing Policy provides an independent mechanism for employees and other persons to raise any concerns where normal channels of communication with the Chairman or Management are inappropriate or inadequate, and matters under the policy are reported directly to the ARC Chairman, who is also an Independent Director of the REIT Manager.

BOARD MEMBERSHIP

Principle 4:

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Board has a formal process in place to evaluate the effectiveness of the Board and its Board Committees on an annual basis.

NOMINATING AND REMUNERATION COMMITTEE

The NRC members are appointed by the Board from among its members, the majority of whom (including the Chairman of the NRC) are Independent Directors.

The NRC comprises three (3) Directors, two (2) of whom, including the NRC Chairman are IDs. The members of the NRC are:

Mr Koo Tsai Kee
NRC Chairman & Independent Non-Executive Director

Mr David Lim Teck Leong
NRC Member & Independent Non-Executive Director

Mr Tan Hai Peng Micheal
NRC Member & Non-Independent Non-Executive Director

ROLES AND RESPONSIBILITIES OF THE NRC (IN RELATION TO NOMINATION MATTERS)

The NRC has written terms of reference setting out its scope and authority in performing the functions of a nominating and remuneration committee, including assisting the Board in matters relating to:

Nomination

- Reviewing and recommending to the Board a general framework of remuneration and succession plans for each director and executive officer, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel ("**KMP**");
- Developing the process and criteria for evaluation of the performance of the Board as a whole and each of its Board Committees and Directors;
- Reviewing the training and professional development programmes for the Board;
- Establishing a formal and transparent process for the appointment and re-appointment of directors (including alternate directors, if applicable), having regard to the composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance, including, if applicable, as an Independent Director;
- Determining annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provisions 2.1 and 2.2 of the Code and Rule 210 (5)(d) of the SGX-ST's Listing Manual;
- Ensuring that new directors are apprised of their duties and obligations;
- Deciding if a director is able to and has been adequately carrying out his duties as a director, taking into consideration the director's other principal commitments and other listed company directorships;
- Reviewing the REIT's obligations arising in the event of termination of directors' and executive officers' contracts of service and ensuring that such contracts of service contain fair and reasonable termination clauses which are not overly generous;
- Implementation and monitoring of the Board Diversity Policy in order to make recommendations to the Board on the diversity of skills, experience, gender, age, knowledge, size and composition of the Board; and
- Such other authorities and duties as provided in the Code.

NOTE:
The roles and responsibilities of the NRC with regard to remuneration matters are detailed in the section under REMUNERATION MATTERS.

The NRC administers nominations to the Board, reviews the structure, size and composition of the Board and reviews the performance and independence of the Directors. In addition, as part of regulatory requirements, MAS also requires prior approval for any change of the CEO or of any appointment of director.

The NRC is of the view that the members of the Board provide an appropriate balance and diversity of skills and commercial experience, as elaborated in the Board Diversity section. The NRC believes that a director's eligibility for selection, appointment and re-appointment goes beyond his or her attendance at meetings. The NRC takes into consideration a director's competencies, commitment, contribution and performance, and is committed to providing an appropriate balance and diversity of skills, experience and knowledge.

Corporate Governance Report

REVIEW OF DIRECTORS' INDEPENDENCE BY THE NRC

The NRC formally assesses the independence of each Director in accordance with the guidance provided in the Code, the Listing Manual and the CIS Code on an annual basis. Under the Code, an ID is one who is independent in conduct, character and judgement, and has no relationship with the REIT Manager, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the REIT.

Rule 210(5)(d) of the Listing Manual of the SGX-ST also sets out circumstances under which a director will not be independent:

(i) if he is employed or has been employed by the REIT Manager or any of its related corporations in the current or any of the past three (3) financial years;

(ii) if he has an immediate family member who is employed or has been employed by the REIT Manager or any of its related corporations in the current or any of the past three (3) financial years, and whose remuneration is or was determined by the remuneration committee of the REIT Manager; or

(iii) if he has been a director of the REIT Manager for an aggregate period of more than nine years (whether before or after listing). Such director may continue to be considered independent until the conclusion of the next annual general meeting of the REIT.

There is currently no ID who has served on the Board for more than nine (9) years.

The Board through the NRC assess annually the independence of each of the ID based on their respective declarations of independence provided to the NRC/ Board, taking into account the requirements and/or guidance set out in the SFA, Listing Manual and the Code.

As part of the rigorous process to evaluate the independence of each ID:

(a) each ID provides information on his business interests and confirms that there are no relationships which interfere with the exercise of his independent business judgement with a view to the best interest of Unitholders as a whole. Such information is then reviewed by the NRC and the Board; and

(b) the Board through NRC reflect on the respective IDs' conduct and contributions at Board and Board Committee meetings, whether the relevant ID exercises independent judgement in discharging his duties and responsibilities.

The Board has considered and determined the views of the NRC, that Mr David Lim Teck Leong, Mr Koo Tsai Kee, Mr Tan Huay Lim, Mr Nicholas David Ashmore and Mr Yezdi Phiroze Chinoy have demonstrated independence in character and judgement in the discharge of their responsibilities as directors in FY 2022, and is satisfied that each of them has acted with independent judgement. The Board has also assessed the relationships or circumstances which are likely to affect, or could appear to affect, the Directors' judgement.

Mr Nicholas David Ashmore is one of the directors of Elite UK Commercial Holdings Limited ("**ECHL**"), a wholly owned subsidiary of the REIT. ECHL is listed on The International Stock Exchange and the appointment of Mr Ashmore is to satisfy the resident director requirement in the UK and he does not play an executive role in ECHL. The NRC, with the concurrence of the Board, was of the view that the appointment of Mr Ashmore as director of ECHL does not impede his independence as an ID of the REIT Manager.

Based on the annual review of the Directors' independence conducted by the NRC, the criteria of independence as set out in the Code and Rule 210(5)(d) of the SGX-ST's Listing Manual, and the declarations by the IDs of their independence, the Board is satisfied that Mr David Lim Teck Leong, Mr Koo Tsai Kee, Mr Tan Huay Lim, Mr Nicholas David Ashmore and Mr Yezdi Phiroze Chinoy are independent.

In FY 2022, none of the IDs had any business relationship with the REIT Manager, its related companies, its substantial shareholders or its officers, as well as with the REIT and its substantial Unitholders that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the REIT.

During FY 2022, each of the IDs had been independent from the management of the REIT Manager and the REIT, as well as from every substantial shareholder of the REIT Manager, and every substantial Unitholder of the REIT. This is in accordance with the guidance of the Regulation 13E(b)(i) of the SF(LCB)R.

Each ID is also required to recuse himself from deliberating his own independence. As and when the circumstances require, the NRC and/or Board also reviews the independence of an ID and the ID is required to report to the REIT Manager, when there is any change of circumstances which may affect his independence.

REVIEW OF DIRECTORS' TIME COMMITMENTS

All directors are required to commit sufficient time and attention to the affairs of the REIT and the REIT Manager. The NRC will annually, and as required, assess the major commitments including employment and listed company directorships and whether the director has and can suitably fulfill his or her duties as a director of the REIT Manager. All the Directors are required to notify the Board of any changes in their directorships.

Provision 4.5 of the Code requires listed companies to disclose the number of listed company directorships and principal commitments of each director in the Annual Report and where a director holds a significant number of such directorships and commitments, it provides the Board a reasoned assessment of the ability of the director to diligently discharge his or her duties.

The Board believes that it is not practicable to impose a limit on the maximum number of listed company board representations each director may hold or stipulate the amount of time that each director should devote to the affairs of the REIT and the REIT Manager. The effectiveness of the Board and contributions of each director cannot be assessed solely on a quantitative basis. The number of listed company directorships and principal commitments of each director, such as whether they are in full-time employment and the nature of their other responsibilities, are considered on a case-by-case basis and taken into account in the NRC's and the Board's assessment of the ability of each Director to diligently discharge his or her duties as a director of the REIT Manager, without any potential or actual conflict of interest. A director with multiple directorships and significant commitments is expected to ensure that sufficient attention can be given to the affairs of the REIT and the REIT Manager. A director's capacity is determined by metrics such as his attendance (including preparedness and productive participation) at Board and Board Committee meetings and contributions to the effective supervision of the REIT.

Each director is or has been a senior executive and has knowledge about, and/or experience in, serving as director of listed corporations. Further, each director confirms that he is able to devote sufficient time to discharge his duties as a director of the REIT Manager. Directors who hold more than five (5) listed company directorships are required to provide the NRC and/or Board additional assurance and representation in writing on how he is able to allocate sufficient time to properly discharge his duties.

Based on every Director's attendance record for Board and Board Committees' meetings (set out on page 120) and contributions outside of formal Board and Board Committees' meetings, the NRC is satisfied that all Directors can and have committed sufficient time and discharged their duties adequately for FY 2022.

Key information regarding the Directors such as academic and professional qualifications, committee membership, date of appointment, other principal commitments and details about the present and past directorships of each Director are set out on pages 10 to 15 of this Annual Report. The Directors' unitholdings in the REIT are set out on page 213.

SELECTION AND APPOINTMENT OF NEW DIRECTORS

The NRC will regularly review the existing attributes and competencies of the Board in order to determine the desired experience or expertise required to strengthen or supplement the Board. The NRC is in charge of making recommendations to the Board regarding the identification and selection of directors for appointment and re-appointment.

In identifying candidates for new appointments to the Board as part of the Board's renewal process, the following principles are applied by the NRC:

- The Board should comprise directors with a broad range of commercial experience, including expertise in business management, real estate, finance, investments, risk management and legal matters;
- The Board should have diversity in terms of gender, age and relevant skillsets;
- A majority of the Board should comprise IDs if the Chairman is not an ID; and
- The candidate is fit and proper in accordance with MAS' fit and proper guidelines, taking into account his or her experience, skills, track record, capabilities and such other relevant experience as may be determined by the Board.

Although the appointment of Directors are not endorsement of the Unitholders, the REIT Manager envisages to maintain at least five (5) IDs on the Board to ensure that Directors are able to exercise independent business judgement in the best interest of the REIT.

Corporate Governance Report

To provide progressive Board renewal and to ensure the continuity of experienced directors alongside new director appointment, the NRC continues its effort to progressively refresh Board membership and in an orderly manner. The REIT Manager believes that Board renewal is a necessary and continual process, for good governance and ensuring that the Board has the skills, expertise and experience which are relevant to the evolving needs of the REIT's business; renewal or replacement of a Director therefore does not necessarily reflect his performance or contributions to date.

The REIT Manager has a policy which sets out a detailed process on the search, selection, nomination and appointment of Directors.

The NRC will take the lead in identifying, evaluating and selecting suitable candidates for new directorships with selection criteria provided. Potential candidates would be initiated by considering recommendations from Board members and business associates, director associations, advertisements, and conducting an external search for candidates.

The NRC will then shortlist and interview the candidates. Shortlisted candidates are evaluated by the NRC based on his or her skills, competencies and experience as well as the ability to contribute productively to discussions, deliberations and activities of the Board and Board Committee with an understanding of the REIT's and the REIT Manager's business, industry, finance and other factors relevant to the success of the REIT. Once a candidate is selected for the Board, the NRC will conduct due diligence through reference checks before putting it up to the Board for approval.

The process for selection and appointment of independent directors also takes into account the relevant requirements pursuant to the Listing Manual and SF(LCB)R, where the term of each independent director is for a maximum period of nine (9) years.

SUCCESSION PLANNING OF THE BOARD CHAIRMAN AND KEY MANAGEMENT PERSONNEL

The NRC is cognisant of succession planning of key positions in the REIT Manager. The Board seek to refresh their membership progressively and in an orderly manner, whilst ensuring continuity and sustainability of corporate governance.

Board succession planning is carried out through the annual review of Board composition as well as when an existing Director gives notice of his intention to retire or resign. The outcome will then be reported to the Board.

As part of contingent leadership planning, the NRC has identified one of its board members capable to take on as the acting CEO in the event the circumstances call for it. For the other KMP's succession, the CEO will cover the duties in the interim while looking for a replacement. The REIT Manager is mindful to identify and develop the potential next line succession for the respective roles.

For Board Chairman's succession, the NRC will identify one of its board members to undertake the role if the circumstances require.

BOARD PERFORMANCE

Principle 5:

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NRC assesses and discusses the performance of the Board as a whole and its Board Committees on an annual basis. The NRC has in place a process to evaluate the effectiveness of the Board and its Board Committees, as well as the contribution by the Chairman and each individual Director. The review allows each Director to individually express his personal and confidential assessment of the Board's overall effectiveness in discharging its duties and responsibilities. It provides insights into the functioning of the Board and its Board Committees, whilst identifying areas that need strengthening or improvement.

BOARD AND BOARD COMMITTEES

On an annual basis, the Directors are required to complete evaluation questionnaires for the Board and its Board Committees. The individual Director's performance is assessed based on the Director's duties and performance, knowledge and interactive skills. The scope of evaluation in the evaluation questionnaires for the Board for FY 2022 included (1) Board composition, (2) Board processes, (3) Internal control and risk management, (4) Board access to information, (5) Board accountability and committee effectiveness; and (6) Environmental, Social and Governance ("**ESG**"). The evaluation questionnaires for the Board also required the Board to consider whether the creation of value for the Unitholders has been taken into consideration in its decision-making process.

With stakeholders become increasingly aware of the importance of ESG, the NRC had recommended and the Board had approved the additional performance criteria on ESG during FY 2022.

Each Director is given sufficient opportunity to bring to the Board his perspective to enable balanced and well-considered decisions to be made.

INDIVIDUAL DIRECTORS

Each Director is required to complete an individual director self-assessment questionnaire. The evaluation of individual Directors aims to assess whether each director is willing and able to constructively challenge and contribute effectively to the Board, and demonstrate commitment to his roles on the Board and Board Committees.

The evaluation categories covered in the questionnaire include Director's initiative, knowledge, skills, participation in constructive debate/discussion, declaration of conflicts of interest and disclosure of interested person transactions.

For FY 2022, individual Directors, the Board, ARC, NRC, SPC and SC had completed their respective evaluation forms (the Board, ARC, NRC and SC had completed their respective forms on a collective basis) and returned them to the Company Secretary for compilation of the summary of results of the evaluation.

The results of the evaluation questionnaires are first reviewed by the NRC and subsequently presented and deliberated by the Board, and all necessary follow-up actions will be undertaken with a view to enhance the effectiveness of the Board in the discharge of its duties and responsibilities.

The Board, in consultation with the NRC, was satisfied with the Board, ARC, NRC, SPC and SC's performance evaluation results for FY 2022 which indicated that each and every Director had demonstrated commitment and contributed to the effective functioning of the Board, ARC, NRC, SPC and SC. The formal annual assessment is conducted entirely by the NRC and does not rely on any external facilitator.

The Board had a strategic retreat session in FY 2022 to determine strategy and direction of future growth and value creation; and to deliver from this strategy retreat to be more focused direction for Management and key deliverables.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6:

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

LEVEL AND MIX OF REMUNERATION

Principle 7:

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the REIT, taking into account the strategic objectives of the REIT.

DISCLOSURE ON REMUNERATION

Principle 8:

The REIT Manager is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

ROLES AND RESPONSIBILITIES OF THE NRC (IN RELATION TO REMUNERATION MATTERS)

The NRC plays an important role in ensuring the attraction, recruitment, motivation, and retention of talents through competitive remuneration and progressive policies so as to achieve the REIT's goals, and to deliver sustainable Unitholder value, distribution income, as well as growth in total returns. Terms of reference setting out the scope and authority in performing the function of the NRC have been written, and these include assisting the Board in matters relating to:

Remuneration

- Assisting the Board in establishing a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel of the REIT Manager;
- Reviewing and recommending to the Board, for endorsement by the Board;
- A framework of remuneration for the Board and KMP of the REIT Manager (no member of the Board is involved in any decision of the Board relating to his or her own remuneration). The framework covers all aspects of remuneration, including fees, salaries, allowances, bonuses, grant of shares and share options and benefits in kind, as well as termination terms, to ensure they are fair;
- Specific remuneration packages for each director and KMP of the REIT Manager;
- Consulting independent professional consultancy firms where necessary in determining remuneration packages; and
- Considering the various disclosure requirements for directors' remuneration and ensuring that there is adequate disclosure in the financial statements to ensure and enhance transparency between the REIT and relevant interested parties.

Corporate Governance Report

The NRC seeks to ensure that a significant and appropriate proportion of executive directors' (if any) and KMP's remuneration is structured so as to link rewards to the achievement of corporate and individual performance targets. The Board sets performance targets with the purpose of motivating a high degree of business performance with emphasis on both short and long term quantifiable goals. The corporate and individual performance-related elements of remuneration have been established to align the interests of KMP with those of the Unitholders and other stakeholders with the aim of providing for the long-term interests of the Unitholders and to promote the long-term success of the REIT.

In addition, the NRC reviews the achievements of the REIT against the targets set to determine the overall performance taking into consideration qualitative factors such as the business environment, regulatory landscape and industry trends and approves a bonus pool that is commensurate with the performance achieved. The framework of remuneration is aligned with the interest of the Unitholders. The remuneration packages are also appropriately structured to attract, retain and motivate the Directors to provide good stewardship of the REIT, the REIT Manager and KMPs to successfully manage the REIT for the long term.

Remuneration of the Directors, KMPs (including the CEO) and employees of the REIT Manager is not paid out of the deposited property of the REIT, but paid by the REIT Manager from the fees it receives.

REMUNERATION FRAMEWORK OF KEY MANAGEMENT PERSONNEL

The remuneration of KMP is structured to take into account:

- The strategic objectives and goals of the REIT
- Corporate and individual performance, both in terms of financial and non-financial performance of the REIT through the incorporation of appropriate key performance indicators that are specific, measurable and result-oriented

The key performance indicators ("**KPIs**") used to determine the remuneration of the CEO and other KMP of the REIT Manager for FY 2022, take into consideration (amongst others):

- The REIT's income available for distribution (and distribution per Unit)
- Total Unitholders' return
- Investor relations management
- Asset enhancement initiatives
- Other strategic initiatives as determined from time to time

These performance indicators are appropriate and meaningful measures which assess Management's performance, whilst taking into account the risk policies of the REIT. Structuring the level of remuneration as such aligns the interests of KMPs with that of the Unitholders and promotes the long-term success of the REIT. The remuneration of KMP comprises a fixed and a variable component.

After the end of each financial year, the NRC reviews the REIT's achievements against the KPIs set for the KMPs and determine the overall performance taking into account consideration such as assets under management, unit price of the REIT, quality of earnings, regulatory landscape and industry needs.

When determining the quantum of the payout for each KMP, the NRC will consider the overall business performance of the REIT and the REIT Manager, individual performance as well as affordability of the payout. The remuneration of the CEO and each of the KMP are reviewed by the NRC and recommended to the Board for approval.

NON-EXECUTIVE DIRECTORS' REMUNERATION AND FEE STRUCTURE

The NRC also ensures that the remuneration of Non-Executive Directors is appropriate to their level of contribution taking into account factors such as effort, time spent, and their responsibilities. The NRC ensures that the IDs are not over-compensated to the extent that their independence may be compromised. None of the Directors has any service contracts with the REIT Manager.

The structure of Directors' fees takes into account the following:

- Directors' responsibilities and contributions; and
- Industry practices and norms on remuneration, including the guidelines set out in the Statement of Good Practice issued by the SID.

Directors' fees for Non-Executive Directors comprises an annual base fee of S$40,000 for serving as a director and additional fee for serving as Chairman of the ARC and NRC. The additional fee for chairmanship of the Board, ARC and NRC are as below:

Chairmanship	Fee
Board	S$45,000
Audit and Risk Committee	S$25,000
Nominating and Remuneration Committee	S$15,000

The Directors' fees (including the Chairman) are paid in the form of cash and Directors' fees are reviewed and endorsed by the NRC.

INDUSTRY BENCHMARKING AND ENGAGEMENT OF CONSULTANT

In determining the remuneration of its Directors and KMP, the REIT Manager may engage an independent remuneration consultant to advise on compensation benchmarks and provide views on market practices and trends. The independent remuneration consultant will not be related to the REIT Manager, its controlling shareholder, its related corporations or any of its Directors. The Board has access to independent remuneration consultants for advice on remuneration matters as required.

The REIT Manager applies the principle that remuneration matters are to be sufficiently structured and benchmarked to good market practices in order to attract suitably qualified talent, to grow and manage the REIT. The REIT Manager applies the principle that the remuneration for the Board and key executives should be viewed in totality. It is a concerted pursuit of strong and ethical leadership for the success of the REIT and the REIT Manager.

In determining the mix of different forms of remuneration, the Board and NRC have reviewed and ensured that the level and structure of remuneration for the REIT Manager's KMP and Non-Executive Directors are in alignment with the long-term interests and risk management policies of the REIT. The Board and NRC seek to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between fixed and performance-related components.

The was no engagement of external remuneration consultant for FY 2022.

DISCLOSURE OF REMUNERATION DIRECTORS' FEES

The REIT Manager sets out in the table below information on the fees paid to the Directors for FY 2022:

Board Members	Membership	Fees Paid for FY 2022
Mr David Lim Teck Leong	Independent Non-Executive Chairman	S$85,000
Mr Tan Huay Lim	Independent Non-Executive Director and Chairman of the ARC	S$65,000
Mr Koo Tsai Kee	Independent Non-Executive Director and Chairman of the NRC	S$55,000
Mr Nicholas David Ashmore	Independent Non-Executive Director	S$40,000
Mr Yezdi Phiroze Chinoy	Independent Non-Executive Director	S$40,000
Mr Evan Cheah Yean Shin	Non-Independent Non-Executive Director	S$40,000
Mr Victor Song Chern Chean	Non-Independent Non-Executive Director	S$40,000
Mr Tan Dah Ching	Non-Independent Non-Executive Director	S$40,000
Mr Tan Hai Peng Micheal	Non-Independent Non-Executive Director	S$40,000

LEVEL AND MIX OF REMUNERATION OF THE CEO AND OTHER KEY MANAGEMENT PERSONNEL

The REIT Manager has adopted a performance-based remuneration system and have the KPIs in place to measure the performance and value creation in determining the remuneration of the CEO and KMP.

Remuneration of the CEO and KMP of the REIT Manager comprises fixed and variable components:

- Fixed components comprise the base salary, fixed allowances and statutory employer contribution to an employee's Central Provident Fund or other social security system.
- Variable components comprise short-term cash incentives based on the achievement of financial KPIs of the REIT Manager and individual KMP. REIT Manager will look into setting up a long-term incentive program which will be included as part of the variable component when appropriate.

Corporate Governance Report

The REIT Manager will continue to be guided by the objective of delivering long-term sustainable returns to Unitholders while the remuneration of Management will continue to be aligned with the goal of value creation for Unitholders.

All fixed and variable remuneration are entirely paid by the REIT Manager and not as an additional expense imposed on the REIT.

KMP remuneration bands of S$250,000, together with a breakdown of their respective remuneration components in percentage terms, are set out in the remuneration table below:

Remuneration Band and Name	Fixed Remuneration	Variable Remuneration	Total
$250,000 to $500,000			
Shaldine Wang (CEO)	78%	22%	100%
Joel Cheah (CFO)	74%	26%	100%
Jonathan Edmunds (CIO)	78%	22%	100%

The REIT Manager is cognisant of the requirements outlined in Principle 8 of the Code and the "**Notice to All Holders of a Capital Markets Services License for Real Estate Investment Trust Management**" (the "**Notice**") to disclose: (i) the remuneration of its CEO and each individual Director on a named basis; (ii) the remuneration of at least the top five (5) executive officers (who are neither Directors nor the CEO), on a named basis in bands of S$250,000; and (iii) in aggregate the total remuneration paid to its top five (5) KMP (who are not Directors or the CEO).

The REIT Manager has only three (3) KMP in FY 2022.

The Board has assessed and elected not to disclose (i) the remuneration of the CEO in exact amount; and (ii) aggregate remuneration paid to its top three (3) KMP (who are not Directors or the CEO) for the following reasons:

(i) the competition for talent in the REIT management industry is very keen and the REIT Manager has, in the interests of the Unitholders, opted not to disclose the exact remuneration of its CEO and other KMPs (who are not Directors or the CEO) so as to minimise potential staff movement which would cause undue disruptions to the management team of the REIT;

(ii) it is important that the REIT Manager retains its competent and committed staff to ensure the stability and continuity of business and operations of the REIT;

(iii) Due to the confidentiality and sensitivity of staff remuneration matters, the REIT Manager is of the view that such disclosures could be prejudicial to the interests of the Unitholders. Conversely, the REIT Manager is of the view that such non-disclosure will not be prejudicial to the interests of the Unitholders as the information provided regarding the REIT Manager's remuneration policies is sufficient to enable Unitholders to understand the link between remuneration paid to the CEO and other KMPs and their performance; and

(iv) there is no misalignment between the remuneration of the CEO and KMPs and the interests of the Unitholders as their remuneration is paid out from the fees the REIT Manager receives from the REIT, rather than borne by the REIT.

The Board is accordingly of the view that its practice is consistent with Principle 8 of the CG Code and the Notice as a whole.

There is no employee of the REIT Manager who is a substantial shareholder of the REIT Manager or a substantial Unitholder of the REIT, or an immediate family member of a Director, the CEO of the REIT Manager, a substantial shareholder of the REIT Manager or a substantial Unitholder of the REIT, and whose remuneration exceeded S$100,000 during FY 2022. According to the Listing Manual, "**immediate family**" refers to spouse, child, adopted child, step-child, brother, sister and parent.

The KMPs were remunerated wholly in cash for FY 2022.

The NRC has reviewed the REIT Manager's remuneration framework and is satisfied that there is reasonable mitigation of any potential misalignment of interests of the Unitholders, taking into account (a) the NRC's discretion to determine whether the remuneration payable is in line with the remuneration framework, and (b) the substantial emphasis placed on the performance of the REIT which have been included as part of the KPIs. There are no termination, retirement or post-employment benefits that are granted over and above what have been disclosed.

(C) ACCOUNTABILITY AND AUDIT RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9:

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the REIT and its Unitholders.

ROLE OF THE BOARD AND ARC IN ENSURING EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognises the importance of a sound system of risk management and internal controls to safeguard the Unitholders' interests and the REIT's assets. The Board affirms its responsibility for the REIT's system of risk management and internal controls, and for reviewing the adequacy and effectiveness of the REIT's risk management and internal control systems, including financial, operational, compliance and information technology controls on an annual basis. The Board, with the support of the ARC, determines the nature and extent of the significant risks which the REIT is both willing and able to take in order to achieve strategic objectives and value creation. This involves the design, implementation and monitoring of risk policies, risk appetite and risk tolerances for the REIT.

The ARC assists the Board in examining the adequacy and effectiveness of internal controls policies and procedures to ensure that a robust risk management framework and internal control system is maintained while the Board reviews the adequacy and effectiveness of the risk management and internal control system.

FORMULATION OF RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROL SYSTEM

In setting up the Enterprise Risk Management ("**ERM**") framework, the extent of risk tolerance and the key risk indicators based on the REIT's current operations and risk appetite have been set and approved by the ARC and the Board after taking into consideration the REIT's strategic objectives. The key risk indicators guide Management on managing the risks of the REIT and these key risk indicators will remain unchanged for as long as there is no change in the REIT's operating profile. The ERM framework enables the REIT Manager to manage risks in a systematic, integrated and consistent manner. The ERM framework is reviewed by the ARC annually.

The ARC guides Management in the formulation of risk policies and processes in identifying, evaluating and managing key risks while the ownership of risk management lies with the CEO and she is supported by the respective managers. The nature and extent of risks are assessed regularly by Management and internal auditors and reports are submitted to the ARC as and when necessary. The ARC reports to the Board on material findings and makes recommendations or seeks guidance from the Board in respect of any material risk issues.

Any findings on material non-compliance or weaknesses in internal controls and risk management by the internal auditors are reported to the ARC. The recommendations to further improve the internal control system and risk management system are reported to the ARC and actions are taken by Management.

ASSESSMENT AND MANAGEMENT OF MATERIAL RISKS

Business Risk

In managing business risk, the Board considers the economic environment, asset-specific risks such as tenant lease break notices, capital management risks such as financing and refinancing requirements, and risks that are relevant to the UK's commercial real estate industry.

Technology Risk

In addressing information technology risk, the Management, with the assistance of its IT vendor, has put in place a framework and process to implement prevailing control measures for each IT system.

Corporate Governance Report

Conflicts of Interest Risk

In managing conflicts of interest risk, the REIT Manager has instituted the following procedures:

(i) The REIT Manager will not manage any other REIT which invests in the same type of properties as Elite Commercial REIT;

(ii) All executive officers will be working exclusively for the REIT Manager and will not hold other executive positions in other entities, save for any wholly owned subsidiaries of the REIT Manager;

(iii) All resolutions in writing of the Directors in relation to matters concerning the REIT must be approved by at least a majority of the Directors (excluding any interested Director), including at least one Independent Director;

(iv) At least one-third of the Board shall comprise Independent Directors, provided that where the (i) the Chairman of the Board and the Chief Executive Officer is the same person, (ii) the Chairman of the Board and the Chief Executive Officer are immediate family members, (iii) the Chairman of the Board is part of the management team or (iv) the Chairman of the Board is not an Independent Director, at least half the Board shall comprise Independent Directors;

(v) In respect of matters in which a Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In respect of matters in which the Sponsors and/or their subsidiaries have an interest, direct or indirect, for example, in matters relating to:

- potential acquisitions of additional properties or property-related investments by the REIT in competition with the Sponsors and/or their subsidiaries;
- competition for tenants between properties owned by the REIT and properties owned by the Sponsors and/or their subsidiaries;

any nominees appointed by the Sponsors and/or their subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters;

(vi) Save as to resolutions relating to the removal of the REIT Manager, the REIT Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the Unitholders convened to approve any matter in which the REIT Manager and/or any of its associates has a material interest; and

(vii) It is also provided in the Trust Deed that if the REIT Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of the REIT with a Related Party (as defined herein) of the REIT Manager, the REIT Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of the REIT, has a prima facie case against the party allegedly in breach under such agreement, the REIT Manager shall be obliged to take appropriate action in relation to such agreement. The Directors (including the Independent Directors) will have a duty to ensure that the REIT Manager so complies. Notwithstanding the foregoing, the REIT Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of the REIT with a Related Party of the REIT Manager, and the Trustee may take such action as it deems necessary to protect the rights of the Unitholders and/or which is in the interests of the Unitholders. Any decision by the REIT Manager not to take action against a Related Party of the REIT Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

More information on the ERM framework of the REIT Manager can be found on pages 110 to 115 of this Annual Report.

INTERNAL CONTROL SYSTEM FOR RELATED PARTY AND INTERESTED PERSON TRANSACTIONS

The REIT Manager has established an internal control system to ensure that all Related Party Transactions, Interested Party Transactions (as defined in the Property Fund Appendix) and Interested Person Transactions (as defined in the Listing Manual of the SGX-ST) (collectively "**IPT**"):

- will be undertaken on an arm's length basis and on normal commercial terms; and
- will not be prejudicial to the interests of the REIT and its Unitholders.

Related party transactions have been disclosed in the financial statements of this annual report. As a general rule, the REIT Manager must demonstrate to the ARC that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the REIT Manager, or obtaining valuations from independent professional valuers (in accordance with the Property Funds Appendix).

The REIT Manager maintains a register to record all IPT which are entered into by the REIT and the bases, including any quotations from unrelated parties and independent valuations obtained, on which they are entered into.

The ARC will monitor the procedures established to regulate IPT, including reviewing any IPT entered into from time to time, to ascertain that the guidelines and procedures established to monitor IPT have been complied with (including relevant provisions of the Listing Manual and Property Funds Appendix). If a member of the ARC has an interest in a transaction, he is to abstain from participating in the review and approval process in relation to that transaction. The ARC will commission internal audit for IPT with an aggregate value equal to, or more than 3.0% of the REIT's latest audited net tangible assets and which are more than S$100,000 (other than those approved by Unitholders or the Exempted Agreements).

In addition, the Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the ARC.

Further, the following procedures will be adhered to:

- Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding S$100,000 in value but less than 3.0% of the value of the REIT's net tangible assets will be subject to review by the ARC at regular intervals;
- Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of the REIT's net tangible assets will be subject to the review and prior approval of the ARC. Such approval shall only be given if such transaction is conducted on an arm's length basis, on normal commercial terms and consistent with similar types of transactions made with third parties which are not interested parties; and
- Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding 5.0% of the value of the REIT's net tangible assets will be reviewed and approved prior to such transaction being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transaction would have to be approved by the REIT's Unitholders at a meeting duly convened and held in accordance with the provisions of the Trust Deed.

Where matters concerning the REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of the REIT with an interested party (which would include relevant associates thereof), the Trustee is required to ensure that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of the REIT and the Unitholders, and are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question. Furthermore, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving an interested party. If the Trustee is to sign any contract with an interested party, the Trustee will review the contract to ensure that it complies with the requirements relating to IPT in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to IPT (as may be amended from time to time) as well as guidance prescribed by the MAS and SGX-ST.

Corporate Governance Report

Save for the IPT described under "**Related Party Transactions in Connection with the Setting Up of Elite Commercial REIT and the Offering**" and "**Exempted Agreements**" in the IPO prospectus, the REIT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person (as defined in the Listing Manual) during the same financial year, is 3.0% or more of the value of the REIT's net tangible assets.

The REIT has not obtained a Unitholders' mandate pursuant to Rule 920 of the Listing Manual for IPT.

There were no material contracts entered into by the REIT and/or its subsidiaries including the interests of the CEO, any director or controlling Unitholder, either still subsisting at the end of the year or entered into since the end of the previous financial year.

The REIT had entered into an IPT with Elite Bushel Holding Limited for the acquisition of 100% shares in Elite Amphora Limited and Elite Cask Limited, which hold 58 commercial buildings located across the UK. Elite Bushel Holding Limited is a wholly owned subsidiary of Elite UK Commercial Fund II. Elite UK Commercial Fund II is a fund managed by Elite Partners Capital Pte. Ltd. ("**EPC**"), which is in turn wholly owned by Elite Partners Holdings Pte. Ltd. ("**EPH**"). EPH holds 68% of the total number of issued shares in the REIT Manager and is accordingly a "**controlling shareholder**" of the REIT Manager. As such, EPH is considered (under Chapter 9 of the Listing Manual) an "**interested person**" and (under Appendix 6 of the CIS Code) an "**interested party**".

In connection with the acquisition of the 58 properties located across the UK, the existing property management agreements between Elite Real Estate Services UK Limited and the two property holding companies, Elite Amphora Limited and Elite Cask Limited, were deemed approved by the Unitholders at an Extraordinary General Meeting held on 25 January 2021.

The Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the REIT Manager or the Trustee. If the Trustee is to sign any contract with a Related Party of the REIT Manager or the Trustee, the Trustee will review the contract to ensure that it complies with the relevant requirements relating to Related Party Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to the REIT.

In accordance with Rule 907 of the Listing Manual of the SGX-ST, the IPT for FY 2022 is as follows:

Name of the Interested Person	Nature of Relationship	Aggregate value of all IPTs during the financial year under review (excluding transactions conducted under Unitholders' Mandate pursuant to Rule 920) £'000	Aggregate value of all IPTs, conducted under Unitholders' Mandate pursuant to Rule 920 during the financial year under Review £'000
Elite Commercial REIT Management Pte. Ltd.	The Manager of the REIT		
Management fee paid and payable		2,310	–
Lease management fee paid and payable		231	–
Leasing commission fee paid and payable		2	–
Elite UK Real Estate Services UK Ltd.	Related corporation of the Manager		
Property management fee		261	–
Perpetual (Asia) Limited	Trustee of the REIT		
Trustee fees paid and payable		106	–

Exempted Agreements

In the case of external Managers for REITs, Related Party Transactions mostly relate to management fees and property management fees, leasing fees, development management fees and project management fees. These are paid annually in accordance with the terms disclosed in the IPO prospectus and reported each year in the financial statements.

The entry into and the fees and charges payable by the REIT under the Trust Deed, the License Agreement and the leases set out in the section "**Other Related Party Transactions**" in the IPO Prospectus and/or Circular, to the extent that details of these have been specifically disclosed in the IPO Prospectus and/or Circular, which each constitutes an Interested Person Transaction, are deemed to have been specially approved by Unitholders upon purchase of the Units and/or in the Extraordinary General Meeting and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect the REIT.

All Related Party Transactions are regulated by Chapter 9 of the Listing Manual and the Property Funds Appendix. All Related Party Transactions are undertaken on normal commercial terms and are not prejudicial to the interests of the REIT and the Unitholders.

BOARD'S COMMENT ON INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has received half-year and full-year certification of assurance from the CEO, CFO and CIO of the REIT Manager, and the Head of Compliance and Finance Director of EPH, which assures that to the best of their knowledge, the accounting records have been properly maintained and the financial statements for FY 2022 are drawn up so as to give a true and fair view of the financial position and financial performance, and that they are prepared in accordance with accounting standards.

The CEO, CFO and CIO of the REIT Manager, and the Head of Compliance and Finance Director of EPH also provide a certification of assurance to the Board that the REIT's risk management and internal control systems, to the extent that they address the financial, operational, compliance and information technology risks faced by the REIT in its current business environment, have been adequately designed and are operating effectively in all material aspects, as at 31 December 2022.

Based on the risk management and internal control systems established and adhered to by the REIT, the assurance received from the CEO, CFO and CIO, work performed by the internal auditor, external auditor and compliance manager, and reviews conducted by Management and various Board Committees, the Board is of the view that the REIT's internal controls (including financial, operational, compliance and information technology controls) and risk management system have been adequately designed and are operating effectively in all material aspects faced by the REIT in its business environment. Accordingly, the REIT complies with Rule 1207(10) of the Listing Manual.

The Board noted that the internal controls and risk management system established provides reasonable though not absolute assurance against material misstatement of loss and that the REIT will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board accepts that the internal control systems contain inherent limitations and notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human errors, fraud and other irregularities.

The ARC concurs with the Board's comments above on the internal controls and risk management system of the REIT.

ROLE AND DUTIES OF COMPLIANCE MANAGER

The Manager has outsourced the compliance function to EPH which has a centralised compliance function. EPH reports to the CEO, the ARC and the Board of the REIT Manager on matters pertaining to the REIT and the REIT Manager. EPH's Head of Compliance, Mr Lee Geok Heng, has more than ten (10) years of experience in listed REITs and is familiar with a REIT's regulations and compliance requirements.

Mr Lee Geok Heng is supported by a dedicated Group Compliance Officer, Mr Leow Jun Yuan, who has the relevant experience in providing regulatory and compliance advice to financial institutions and listed companies. Based on the foregoing, the REIT Manager is of the view that EPH's compliance team possesses the necessary skill and experience required to advise the REIT on its compliance matters.

The cost of such outsourcing of the role of compliance officer is borne by the REIT Manager out of its own funds and not out of the Unitholders' funds.

Corporate Governance Report

The duties under the compliance function include:

- Assisting the REIT Manager in all matters concerning compliance with the SFA, the CIS Code (including Property Funds Appendix), the SGX Listing Manual and all applicable laws, regulations and guidelines including notices issued by the MAS;
- Ensuring all employees of the REIT Manager are regularly apprised of the ongoing compliance requirements under the SFA, the CIS Code (including the Property Funds Appendix), the Listing Manual and relevant Singapore laws, regulations and guidelines;
- Ensuring all employees of the REIT Manager have fulfilled their regulatory obligations;
- Ensuring the REIT Manager has prepared returns and other documents accurately for submission to the MAS as required under the SFA;
- Highlighting any deficiencies or making recommendations with respect to the REIT Manager's compliance processes; and
- Assisting in the application process for the appointment of new directors to the Board.

In addition, the REIT Manager engages KPMG Services Pte. Ltd. to assist in performing regulatory gap reviews against the applicable requirements of the SFA and its related regulations, notices and guidelines; and SGX Listing Rules and CIS Code. During the year, regulatory gap analyses were performed for MAS and SGX regulatory reporting, and staff insider dealing policies and procedures.

AUDIT COMMITTEE

Principle 10:

The Board has an Audit Committee which discharges its duties objectively.

AUDIT AND RISK COMMITTEE

The ARC comprises three (3) Directors, all of whom (including the Chairman of the ARC) are IDs. The members of the ARC are:

Mr Tan Huay Lim
ARC Chairman & Independent Non-Executive Director

Mr David Lim Teck Leong
ARC Member & Independent Non-Executive Director

Mr Koo Tsai Kee
ARC Member & Independent Non-Executive Director

The Board is of the view that the members of the ARC bring with them invaluable and relevant managerial and professional expertise in accounting and related financial management domains to discharge their responsibilities. The Chairman of the ARC, Mr Tan Huay Lim, has extensive experience in audit, accounting and finance, having served as a partner in KPMG Singapore for 23 years until his retirement in September 2015. He is a Fellow Member of the Institute of Singapore Chartered Accountants, among other professional affiliations. The Board considers Mr David Lim Teck Leong and Mr Koo Tsai Kee as having sufficient financial management knowledge to discharge their responsibilities as members of the ARC.

Mr Tan Huay Lim had served as a partner in the REIT's existing external auditing firm, KPMG LLP, until September 2015, and does not have any financial interest in KPMG LLP as at the date of his appointment as the Chairman of the ARC in February 2020. None of the other ARC members are former partners or directors of KPMG LLP. Hence, this is in compliance with Provision 10.3 of the Code where it is required that, "The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation."

KEY RESPONSIBILITIES AND ACTIVITIES OF THE ARC

The ARC's responsibilities include:

(i) Reviewing the significant financial reporting and judgements so as to ensure the integrity of the financial statements of the REIT Manager and the REIT and any formal announcements relating to the REIT's and/or the REIT Manager's financial performance;

(ii) Reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(iii) Monitoring the procedures established to regulate interested party transactions, including ensuring the compliance with the provisions of the Listing Manual relating to IPT and the provisions of the Property Funds Appendix relating to IPT and reviewing transactions constituting IPTs;

(iv) Deliberating on conflict of interest situations involving the REIT, including situations where the REIT Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of the REIT with an Interested Person of the REIT Manager and where the directors, controlling shareholder of the REIT Manager, controlling Unitholder and Associates are involved in the management of or have shareholding interests in similar or related business as the REIT Manager, and in such situations, the ARC will monitor the investments by these individuals in the REIT's competitors, if any, and will make an assessment whether there is any potential conflict of interest;

(v) Assisting the Board to oversee the formulation, updating and maintenance work of adequate and effective internal controls and risk management framework and reviewing the statements included in the REIT's annual report on its internal controls and risk management framework;

(vi) Reviewing, on a regular basis, the REIT's lease concentration risks and if 20.0% of the leases (by Gross Rental Income) which are expiring within 12 months have not been renewed, to direct that timely announcements on SGX-ST are to be made;

(vii) Monitoring the procedures in place to ensure compliance with the SFA, the CIS Code (including the Property Funds Appendix), the Listing Manual and all applicable legislation, regulations and guidelines including notices issued by the MAS;

(viii) Monitoring the tax regimes applicable to the REIT (including the UK CIR rules and anti-hybrid rules);

(ix) Reviewing the system of internal controls including financial, operational, compliance and information technology controls and risk management processes;

(x) Reviewing the quarterly or as the case may be semi-annual and annual financial statements and the auditor's report on the annual financial statements before they are submitted to the Board for approval;

(xi) Reviewing external and internal audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;

(xii) Reviewing internal audit reports at least once a year which will be commissioned for IPT with an aggregate value equal to, or more than 3.0% of the REIT's latest audited net tangible assets and which are more than S$100,000 (other than those approved by the Unitholders or the Exempted Agreements) to ascertain that the guidelines and procedures established to monitor IPT have been complied with;

(xiii) Ensuring that the internal audit, accounting and compliance function is adequately resourced and has appropriate standing with the REIT;

(xiv) Reviewing, on an annual basis, the adequacy and effectiveness of the internal audit function in the overall context of the REIT's risk management system;

(xv) Reviewing arrangements by which staff and external parties may, in confidence, raise probable improprieties in matters of financial reporting or other matters, with the objective that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action;

(xvi) The appointment, re-appointment or removal of internal auditors (including the review of their fees and scope of work);

(xvii) Reviewing the appointment, re-appointment or removal of external auditors, including their remuneration and terms of engagement;

(xviii) Reviewing the nature and extent of non-audit services performed by external auditors;

(xix) Reviewing, on an annual basis, the independence and objectivity of the external auditors;

(xx) Reviewing and providing their views on all hedging policies and instruments to be implemented by the REIT to the Board;

(xxi) Meeting with external and internal auditors, without the presence of the executive officers, at least on an annual basis;

(xxii) Investigating any matters within the ARC's terms of reference, whenever it deems necessary; and

(xxiii) Reporting to the Board on material matters, findings and recommendations.

The ARC has explicit authority to investigate any matter within its terms of reference. The ARC has full access to and co-operation by Management and the internal and external auditors and has full discretion to invite executive officers of the REIT Manager and the Sponsors, external consultants or advisers to attend its meetings. The internal and external auditors have unrestricted access to the ARC.

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During the year under review, four (4) ARC meetings were held. The ARC has met separately with the internal auditor and external auditor, without the presence of the executive officers of the REIT Manager, to discuss issues and to confirm that they had full access to and received co-operation and support from the Management.

The ARC has conducted a review of all audit and non-audit services provided by KPMG LLP, the external auditor, during the year under review. The aggregate amount of fees paid and payable to KPMG was £332,000, of which audit-related and non-audit fees amounted to £286,000 and £46,000 respectively.

The ARC, having regard to the nature and performance of the work by KPMG LLP, is of the view that the auditor's independence and objectivity are not impaired or threatened.

In reviewing the nomination of KPMG LLP for appointment for the financial year ending 31 December 2023 ("**FY 2023**"), the ARC had taken into consideration the Audit Quality Indicators Framework introduced by the Accounting and Corporate Regulatory Authority. The ARC also considered the adequacy and experience of the professional staff and audit engagement partner assigned, KPMG LLP's experience in the REIT sector and the size and complexity of the audit. The ARC is satisfied with the independence and work of the external auditors and has recommended to the Board the reappointment of KPMG LLP as the external auditors of the REIT at the forthcoming annual general meeting. KPMG LLP had also provided confirmation of their independence to the ARC.

The Board confirms that the REIT complies with the requirements of Rule 712 and Rule 715 of the Listing Manual in respect of the suitability of the auditing firm for the REIT.

REVIEWS CONDUCTED BY THE ARC

During the year under review, the ARC performed independent reviews of the half-year and full-year financial results; and business updates for the first and third quarters of the REIT before recommending to the Board for approval on the release of the financial statements and SGX announcements relating to the REIT's financial statements. In the process, the ARC reviewed the significant financial reporting issues and judgements, including the appropriateness of accounting policies and the quality and completeness of disclosure to ensure the integrity of the financial statements. The ARC also reviewed, among other matters, the following significant financial reporting matter in relation to the financial statements for FY 2022.

Valuation of investment properties

The valuation of the investment properties is a key risk due to its significance in the context of the net asset value of the REIT.

In FY 2022, the ARC reviewed the independence and competency of the external valuer and the appropriateness of the valuation methodology applied by the valuer in arriving at the fair value of the investment properties based on their existing use.

The ARC reviewed the valuation reports and held discussions with Management and the external auditors in reviewing the reasonableness of the key assumptions and the underlying key data including the yield rates used in the valuation and the comparable market data provided by the valuer.

The ARC noted that the valuation report has been prepared in accordance with the Royal Institution of Chartered Surveyors' RICS Valuation – Global Standards (incorporating the International Valuation Standards). The ARC has held discussions with Knight Frank LLP, the valuer for the REIT's portfolio, to understand the basis of key assumptions applied by the valuer.

The above significant financial reporting matter was also an area of focus for the external auditors who have included it as a key audit matter in their audit report set out in this Annual Report.

The ARC reviewed and approved the audit plan and scope of the external auditors on the audit of the full-year financial statements. The ARC also reviewed the internal audit plan, including the scope of the internal auditor's work, and results of the internal audit procedures. In addition, the ARC reviewed the IPT to ensure compliance with the Listing Manual and the Property Funds Appendix.

In addition, the REIT Manager has put in placed a Service Agreement with Elite Real Estate Services UK Limited ("**ERES**") to provide property management services and asset-level business planning services to support the REIT Manager. The ARC reviewed the performance of ERES under the agreement in FY 2021 and was satisfied with ERES' performance. This review will be conducted bi-annually in accordance with Appendix 6 – Investment Property Fund of the CIS Code. The next review of ERES' performance will be conducted in FY 2023.

Applicable Tax Regimes

The ARC also monitors the tax regimes applicable to the REIT (including the UK's Corporate Interest Restriction ("**CIR**") and anti-hybrid rule) annually.

Elite Commercial Holdings Limited ("**ECHL**"), a wholly owned subsidiary of the REIT has been successfully listed on The International Stock Exchange (the "**TISE**") with effect from 26 August 2021. With the admission of ECHL on TISE, ECHL and its subsidiaries are qualified as a UK REIT group and enjoy UK corporation tax exemption for its UK property rental business income and gains under the UK REIT regime. The listing of ECHL on TISE is a technical listing and 100% of the shares in ECHL is held by the REIT.

In FY 2022, Grant Thornton UK LLP, the REIT's UK tax advisor, provided the ARC and the Board with an update on various tax regimes applicable for the UK REIT (including the UK CIR and anti-hybrid rules) and of any significant tax matters arising in the period under review.

ROLE AND DUTIES OF INTERNAL AUDITORS

The role of the internal auditors is to assist the ARC to ensure that the REIT Manager maintains a sound system of internal controls by regularly monitoring key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the ARC, and conducting regular in-depth audits of high-risk areas.

The ARC approves the hiring, removal, evaluation and compensation of the internal auditor, or the accounting/auditing firm or corporation to which the internal audit function is outsourced. The REIT and the REIT Manager have engaged Ernst & Young Advisory Pte. Ltd. ("**EY**") as the internal auditor. EY adopts the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal auditor is independent of management and reports directly to the Chairman of the ARC.

The internal auditor plans the internal audit schedules in consultation with, but independent of the REIT Manager. The audit plan is submitted to the ARC for approval prior to the commencement of the internal audit work. The internal auditor has unfettered access to all the REIT Manager's documents, records, properties and personnel, including access to the ARC, and has appropriate standing within the REIT Manager. The ARC reviews the internal audit report quarterly and monitors the implementation of the improvements required on internal control weaknesses identified.

The internal auditors had completed its internal audit review of the overall control environment, cash and bank management, network security and sustainability reporting. The findings and recommendations of the internal auditors, Management's responses and implementations have been reviewed and approved by the ARC.

For the year under review, the ARC is of the view that the internal audit function is adequately resourced and has appropriate standing within the REIT Manager. The ARC has reviewed and is satisfied with the adequacy, independence and effectiveness of the internal audit function.

The ARC had recommended, and the Board had accepted the re-appointment of EY as the internal auditors of REIT Manager based on the rationale as follows:

(i) engaging the same IA will witness the continuous improvement journey of the REIT and the REIT Manager; and

(ii) the benefits of continuity engaging the same firm in terms of the internal audit's familiarity to the business of the REIT and the REIT Manager.

STRATEGIC PLANNING COMMITTEE

To support Management in aligning the interests of stakeholders and enable faster decision-making, SPC was set up as a platform for Management and Directors to discuss and set objectives for the REIT. The SPC also tracks the executions of these objectives set.

The SPC comprises two (2) Non-Independent Non-Executive Directors and one (1) Alternate Director. The members of the SPC are:

Mr Tan Hai Peng Micheal
SPC Chairman & Independent Non-Executive Director

Mr Victor Song Chern Chean
SPC Member & Independent Non-Executive Director

Dr Tan Kok Heng
SPC Member & Alternate Director to Mr Evan Cheah Yean Shin

Corporate Governance Report

The SPC helps the Board with its oversight responsibilities in the following key areas:

- Conceptualise and evaluate major strategic initiatives including mergers and acquisitions or disposals, investments and management of property portfolio, asset enhancement initiatives and recommending proposals to the Board which help to achieve the objectives of long-term value creation; and
- Provide direction and guidance to Management on strategic planning and matters of strategic implementation and monitor progress of such initiatives.

The SPC has written terms of reference setting out its duties and responsibilities, including:

(i) Providing guidance for the overall management of the REIT and the REIT Manager based on the strategic plan set by the Board in accordance with the financial authority limits delegated to the SPC;

(ii) Reviewing the long-term objectives of the REIT and the REIT Manager;

(iii) Reviewing and recommending any proposed entry into mergers or acquisitions, disposals and investments to the Board;

(iv) Reviewing and recommending for adoption of the Board, annual budgets and long-term business plans to achieve the objectives of the REIT or the REIT Manager;

(v) Providing guidance and advisory support to Management at all stages of the strategic planning process upon request;

(vi) Such other duties or functions as may be delegated by the Board or required by regulatory authorities.

SUSTAINABILITY COMMITTEE

The SC provides strategic oversight and direction for identifying, managing and implementing material ESG factors, including environmental issues concerning climate-related risks and opportunities.

The SC comprises two (2) Directors, one (1) Alternate Director and four (4) Executive Officers. The members of the SC are:

Mr David Lim Teck Leong
SC Chairman & Independent Non-Executive Director

Mr Yezdi Phiroze Chinoy
SC Member & Independent Non-Executive Director

Dr Tan Kok Heng
SC Member & Alternate Director to Mr Evan Cheah Yean Shin

Ms Shaldine Wang
SC Member & CEO

Mr Joel Cheah
SC Member & CFO

Mr Jonathan Edmunds
SC Member & CIO

Ms Chai Hung Yin
SC Member & Assistant Vice President, Investor Relations

The SC's responsibilities include:

(i) Establishing ESG governance for the effective management of ESG issues;

(ii) Overseeing the management and implementation of strategy, policies and practices relating to material ESG factors;

(iii) Determining the REIT's material ESG factors, including climate-related environmental risks;

(iv) Reviewing and approving the environmental risk management framework for associated policies to manage the environmental risks of the assets' portfolio;

(v) Considering ESG factors and environmental risks and opportunities in the formulation of business strategy;

(vi) Considering key stakeholders' ESG expectations and concerns in developing strategy;

(vii) Ensuring Directors have an adequate understanding of environmental risks and the REIT Manager is equipped with the essential expertise for managing environmental risks;

(viii) Reviewing and approving the REIT's sustainability reporting and climate-related performance disclosure; and

(ix) Reviewing the effectiveness of the Board in managing the material ESG factors, including the management of climate-related environmental risks.

WHISTLEBLOWING POLICY

The REIT Manager adopts a Group-wide Whistleblowing Policy for which relevant employees and Directors of the REIT Manager as well as external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters in good faith, with the confidence that the relevant persons making the reports will be treated fairly and be protected from reprisal. The objective of the Whistleblowing Policy is to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The Whistleblowing Policy deals with defalcation, impropriety, or wrongdoing by employees in situations including but not limited to suspected fraud, corruption, and unlawful or dishonest conduct (collectively, "**Serious Breaches**").

Investigations of actual or suspected Serious Breaches will be carried out in an objective manner by an independent party who may or may not be within the Elite Partners Group. Where a Serious Breach is considered following an investigation, appropriate disciplinary actions will be taken, up to and including termination of employment or contract. If the matter is substantiated, it will be referred to the Singapore Police Force, the Corrupt Practices Investigation Bureau, or other law enforcement agencies, as deemed appropriate. The REIT Manager recognises that there will be times when a person makes a report in good faith which later proves to be unsubstantiated. However, the REIT Manager will take action against those who intentionally or maliciously give false or misleading information against someone else.

To the extent that is lawful and the investigative process allows, all reports received, including the identity of the whistleblower, will be handled in strict confidence. Whistleblowers are given the option to remain anonymous and may report via an email address: whistleblow@elitecreit.com or postal address to the REIT's office, with attention to the REIT's Board Chairman, ARC Chairman or the CEO (collectively known as "**Designated Information Recipients**"). Establishing these policies reflects the REIT Manager's commitment to conduct its business within a framework that fosters the highest ethical standards.

Whistleblowing reports made to the Designated Information Recipients will be reviewed by a Review Committee and the composition of which to be determined by the ARC Chairman. This is to ensure that the whistleblower's concern is being reviewed in a fair, consistent and timely manner. Regardless of the significance of allegations or the outcome, all whistleblowing reports will be tabled and discussed at Review Committee meetings.

All qualifying disclosures shall be protected against any retaliation and victimisation as per the Whistleblowing Policy. Whistleblowers acting in good faith and who have not themselves engaged in such concerns shall be protected from any forms of discrimination, harassment, reprisals, etc. Any acts of retaliation and victimisation shall be reported to the ARC Chairman. The REIT Manager will not tolerate against anyone who, in good faith, discloses any actual or suspected violations or participates in an investigation.

The Whistleblowing Policy is made available to all new employees when they join the REIT Manager, and they are briefed on this together with the Code of Conduct. The Whistleblowing Policy is also publicly disclosed on the REIT's website.

There have been no incidents reported or complaints submitted pertaining to whistleblowing for FY 2022.

ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM MEASURES

As a holder of a capital markets services licence issued by MAS, the REIT Manager abides by the MAS' notices and guidelines on the prevention of money laundering and countering the financing of terrorism. Under these guidelines, the main obligations of the REIT Manager are:

(a) evaluation of risk;

(b) customer due diligence;

(c) suspicious transaction reporting;

(d) record keeping;

(e) employee screening and representative screening; and

(f) training.

Corporate Governance Report

The REIT Manager has developed and implemented a policy on the prevention of money laundering and terrorist financing and is alert at all times to suspicious transactions. Where there is a suspicion of money laundering or terrorist financing, the REIT Manager performs due diligence checks on its counterparties in order to ensure that it does not enter into business transactions with terrorist suspects or other high-risk persons or entities. Suspicious transactions are also reported to the Suspicious Transaction Reporting Office of the Commercial Affairs Department.

Under this policy, the REIT Manager must retain all relevant records or documents relating to business relations with its customers or transactions entered into for a period of at least five (5) years following the termination of such business relations or the completion of such transactions.

All prospective representatives of the REIT Manager are screened against various lists of terrorist suspects issued by the MAS. Periodic training is provided to its Directors, employees and representatives to ensure that they are updated and aware of applicable anti-money laundering and terrorist financing regulations, the prevailing techniques and trends in money laundering and terrorist financing and the measures adopted by the REIT Manager to combat money laundering and terrorist financing.

(D) UNITHOLDER RIGHTS AND ENGAGEMENT

UNITHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11:

The REIT Manager treats all Unitholders fairly and equitably in order to enable them to exercise Unitholders' rights and have the opportunity to communicate their views on matters affecting the REIT Manager. The REIT Manager gives Unitholders a balanced and understandable assessment of its performance, position and prospects.

ENGAGEMENT WITH UNITHOLDERS

Principle 12:

The REIT Manager communicates regularly with its Unitholders and facilitates the participation of Unitholders during general meetings and other dialogues to allow Unitholders to communicate their views on various matters affecting the REIT.

MANAGING STAKEHOLDER RELATIONSHIPS

Engagement with Stakeholders

Principle 13:

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the REIT are served.

GENERAL MEETINGS

The second Annual General Meeting ("**AGM 2022**") of the REIT was held on 27 April 2022 by way of electronic means pursuant to the COVID-19 (Temporary Measures) Order (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"). In conduct of the AGM 2022, Management also took into account the FAQs on "**The Holding of General Meetings**" dated 23 May 2022 issued by Singapore Exchange Regulation, which provides additional guidance on the conduct of general meetings (the "**Guidance**").

An electronic copy of Annual Report for FY 2022 had been published on the REIT Manager's website at the URL https://investor.elitecreit.com/ar.html and made available on the SGXNet website at the URL https://www.sgx.com/securities/company-announcements. Pursuant to the Order and Guidance, the Annual Report, Notice of AGM and Proxy Form were made available to the Unitholders by electronic means via publication on the REIT's website and on SGXNet. Nonetheless, for ease of reference by the Unitholders, A5 booklets containing a cover letter to the Unitholders with instructions on how to download the full Annual Report, the Notice of AGM, Proxy Form and Letter from Chairman and CEO had been mailed out to the Unitholders. Should Unitholders wish to have a printed copy of the Annual Report, they may also submit a request via email to the REIT's Unit Registrar.

The Unitholders are informed of AGMs or any other general meetings through notices and/or proxy forms mailed to them. The announcements and electronic copies of these materials are also issued via SGXNet and on the REIT's corporate website. The Board encourages active Unitholders' participation at the general meetings and opportunity is given to every Unitholder to interact with the Directors and Management of the REIT Manager, to communicate their views and ask questions on matters affecting the REIT. Prior to voting at an AGM or any other general meeting, the voting procedures will be made known to the Unitholders to facilitate them in exercising their votes. If any Unitholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the meetings through proxy forms sent in advance.

Proxy forms must be deposited at the office of Boardroom Corporate & Advisory Services Pte. Ltd., the Unit Registrar of the REIT, not less than 72 hours before the time appointed for holding the general meetings.

Each distinct issue is proposed as a separate resolution at the general meetings and the reasons and material implications are explained. This enables Unitholders to exercise their votes on an informed basis. All the resolutions at the general meetings are moved by voting by poll. The voting and vote tabulation procedures are declared before the voting commences, and an independent scrutineer is appointed to count and validate the votes. The voting results, showing the number of votes cast for and against each resolution and the respective percentages, are disclosed at the general meetings right after the votes are casted.

All Directors, KMPs of the REIT Manager and representatives from the Trustee were present to address the Unitholders' queries at the AGMs and EGMs. The external auditor was also present to answer the Unitholders' questions about the conduct of audit and the content of the auditors' report. All directors, except Mr Tan Hai Peng Micheal, attended the AGM 2022 as disclosed on page 120. Mr Tan Hai Peng Micheal was absent at the AGM 2022 due to work exigencies.

At AGMs, Management makes a presentation to Unitholders to update them on the REIT's performance, position and prospects. The presentation materials, together with the voting results, will be made available to the Unitholders on the SGXNet and the REIT's website.

The REIT Manager publishes minutes of general meetings of Unitholders on its corporate website, as soon as practicable. The minutes of Unitholders' meetings captured the attendance of Board members at the meetings, matters approved by the Unitholders, voting results and substantial and relevant comments or queries from the Unitholders relating to the agenda of the meetings, together with responses from the Board and Management.

With the easing of COVID-19 measures, the upcoming AGM to be held on 25 April 2023 ("**AGM 2023**") will be convened in a wholly physical format and Unitholders will be able to attend the AGM 2023 in person. Unitholders will be entitled to submit questions in advance or at the AGM 2023. A Unitholder who wishes to exercise his/her/its voting rights at the AGM 2023 may vote at the AGM 2023 in person or appoint proxy(ies) to vote on his/her/its behalf at the AGM 2023.

The REIT supports the principle of encouraging Unitholders participation and voting at general meetings. Annual Report and the notice of annual general meetings are provided to the Unitholders at least 21 days before the meetings, more than the legally required notice period for annual general meetings.

ABSENTIA VOTING

Provision 11.4 of the Code provides that the REIT Manager's constitution (or other constitutive documents) allows for absentia voting at general meetings of Unitholders. Principle 11 of the Code provides, inter alia, that the REIT Manager treats all Unitholders fairly and equitably in order to enable them to exercise Unitholders' rights and have the opportunity to communicate their views on matters affecting the REIT. Voting in absentia by email, mail or fax is not implemented currently, which constitutes a variation from Provision 11.4 of the Code. Having considered that the Unitholders who are unable to attend in person may vote by proxy or by attorney, or in the case of a corporation, by a representative, the REIT Manager has decided, for the time being, to refrain from implementing absentia voting until security, integrity, and other pertinent issues are satisfactorily resolved.

DISTRIBUTION POLICY

The REIT's distribution policy is to distribute at least 90.0% of its Annual Distributable Income (as defined in the REIT's Initial Public Offering's Prospectus dated 28 January 2020) on a semi-annual basis. The actual level of distribution will be determined at the REIT Manager's discretion and may be greater than 90.0% of its Annual Distributable Income for each financial year. The actual proportion of Annual Distributable Income distributed to the Unitholders may be greater than 90.0% to the extent that the REIT Manager believes it to be appropriate, having regard to the REIT's funding requirements, other capital management considerations and the overall stability of distributions. The REIT Manager also has the discretion to distribute any additional amounts (including capital). In determining whether to distribute additional amounts (including capital), the REIT Manager will consider a range of factors including but not limited to the REIT's funding requirements, its financial position, its growth strategy, compliance with relevant laws, regulations and covenants, other capital management considerations, the overall suitability of distributions and prevailing industry practice.

The REIT had on 28 June 2021 announced the establishment of a distribution reinvestment plan ("**DRP**") pursuant to which Unitholders may elect to receive fully paid new units in the REIT ("**New Units**") in respect of the cash amount of any distribution to which the DRP applies. The DRP may be applied from time to time to any distribution declared by the REIT as the REIT Manager may determine in its absolute discretion. Participation in the DRP is optional.

Corporate Governance Report

Distributions are generally paid within the same calendar quarter of the relevant record date. Distributions will be declared in Pound Sterling (£). Unitholders are provided a choice to receive the distribution in either Pound Sterling, Singapore Dollars or in fully paid new units of the REIT under the DRP at each period. Each Unitholder will receive his distribution in Singapore Dollars equivalent of the Pound Sterling distribution declared, unless he elects to receive the relevant distribution in Pound Sterling or receive New Units by submitting a "**Distribution Election Notice**" before the relevant cut-off date.

For the portion of the distributions to be paid in Singapore Dollars, the Manager will make the necessary arrangements to convert the distributions in Pound Sterling into Singapore Dollars, at such exchange rate as the Manager may determine, taking into consideration any premium or discount that may be relevant to the cost of exchange. The Central Depository (Pte) Limited, the REIT Manager or the REIT shall not be liable for any loss arising from the conversion of distributions payable to the Unitholders from Pound Sterling into Singapore Dollars. Save for approved depository agents (acting as nominees of their customers), each Unitholder may elect to receive his entire distribution in Singapore Dollars or Pound Sterling and shall not be able to elect to receive distributions in a combination of Singapore Dollars and Pound Sterling.

The Board has approved the application of DRP for Unitholders to participate in FY 2022's distributions. The number of units to be issued in lieu of receiving cash is based on the Unit price calculated at a 4% discount of the 10-day volume weighted average price as adjusted for any confirmed distribution in the cum distribution period. For every distribution declaration made, the Unitholders will be notified via an announcement made through SGXNet.

TIMELY DISCLOSURE OF INFORMATION

The REIT Manager is committed to keeping all Unitholders, other stakeholders, analysts and the media informed of the REIT's performance and any changes in the REIT or its business which would likely to materially affect the price or value of the Units.

For FY 2022, the REIT Manager provided Unitholders with full unaudited half-year and full-year financial statements within the relevant periods prescribed by the Listing Manual. These half-year and full-year financial statements were reviewed and approved by the Board prior to release to Unitholders via announcements on SGXNet. The release of half-year and full-year financial statements were accompanied by news releases issued to the media, which were also made available on SGXNet. In presenting the half-year and full-year financial statements to the Unitholders, the Board sought to provide Unitholders with a balanced, clear and comprehensible assessment of the REIT's performance, position and prospects.

In addition to the announcement of half-year and full-year financial statements in FY 2022, in keeping with the REIT Managers' commitment to provide its Unitholders with information promptly, the REIT Manager also provided the Unitholders, on a voluntary basis, with business updates in between the announcement of half-yearly financial statements (i.e., first quarter and third quarter). Such business updates contain, among other things, information on the REIT's key operating and financial metrics. In addition to the release of financial statements and business updates, the REIT Manager also keep the Unitholders, stakeholders and analysts informed of the performance and changes in the REIT or its business which would likely materially affect the price or value of the Units on a timely and consistent basis, to assist the Unitholders in their investment decisions. This is performed through the release on SGXNET of announcements in compliance with regulatory reporting requirements and news releases for the media, on a timely and consistent basis. These announcements and news releases are also posted on the REIT's website. In addition, the REIT Manager also conduct analysts' and media briefings, and the materials used for such briefings are uploaded on SGXNET.

The REIT Manager believes in managing the REIT in ways that seek to deliver sustainable value to the Unitholders. Best practices are promoted to build an excellent business for the REIT and the REIT Manager's accountability to Unitholders for the REIT's performance. Prompt fulfilment of statutory reporting requirements is but one way to maintain Unitholders' confidence and trust in the capability and integrity of the REIT Manager.

INVESTOR RELATIONS

The REIT Manager is committed to disseminating accurate and pertinent information to the market in a timely manner as part of good corporate governance. The REIT Manager's Investor Relations ("**IR**") programme balances regular, effective and fair communications with the Unitholders and the investment community with the need to safeguard commercial sensitivities. The IR department works closely with Management to proactively carry out this engagement programme. Feedback and views gathered are regularly reported to Management and the Board.

The Board embraces openness and transparency in the management of the REIT, whilst preserving the commercial interests of the REIT. Financial reports, press releases, media and analyst presentations and other price-sensitive information are disseminated to the Unitholders through announcements via SGXNET and the REIT's website.

The REIT Manager is committed to treating all Unitholders fairly and equitably, and seeks to facilitate the exercise of ownership rights by all Unitholders. The REIT Manager communicates with investors, analysts and the rest of the investment community in a timely and comprehensive manner, and continues to strive towards improving the standard of disclosures and transparency to help investors make more informed investment decisions.

The Board is responsible to Unitholders for providing a balanced and understandable assessment of the REIT's performance, position and prospects, including interim and other price-sensitive public reports and reports to the regulators (where required). Financial reports and other price-sensitive information are disseminated to the Unitholders through announcements via SGXNET, press releases and the REIT Manager's website. Physical copies of the Annual Report and circulars are sent to all Unitholders upon request and the electronic copies are made available on SGXNET and the REIT's website.

The REIT Manager actively engages and promotes regular, effective and fair communication with Unitholders.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET and on the REIT's website. The management team actively engages institutional and retail investors, analysts and fund managers to solicit and understand the views of the investment community via:

- Analyst and fund manager briefings held half-yearly after the financial results announcements;
- One-on-one or group meetings, conference calls, investor luncheons, local/overseas roadshows and conferences; and
- The REIT's website at www.elitecreit.com

During the results briefings, analysts and fund managers are given the opportunity to ask questions and the questions are responded to immediately by the Management. More information on the REIT Manager's IR the efforts can be found on pages 33 to 37 of this Annual Report.

CORPORATE WEBSITE

The REIT Manager maintains a current and updated corporate website at www.elitecreit.com as an information resource centre for retail and institutional investors and for regular dialogue with them, to gather their views or inputs. All investors and other stakeholders can send their feedback and enquiries or voice concerns through filling in an online form on the "**Contact Us**" page, or through sending a message directly to the REIT's corporate email: enquiry@elitecreit.com. These avenues allow Unitholders to contact the REIT Manager with questions and also allow the REIT Manager to respond to such questions. An email alert option is also available to subscribers who wish to be notified of newly posted announcements, press releases, presentations and publications. In this way, the REIT Manager strives to have good communication and engagement with all its material stakeholders.

The REIT Manager endeavours to understand the REIT's key stakeholders' views, concerns, expectations and objectives and to create long-term value and growth based on ESG factors. The Manager recognises that all stakeholders are integral to the REIT's long-term growth and success, and has identified the groups which have a significant influence and interest in the operations and business of the REIT. The key stakeholders identified are the REIT Manager's Board of Directors, employees, Sponsors, Unitholders and investment community, the media, tenants, government regulators and industry or business associations, and the local community at large. The REIT Manager adopts the principle and belief that to build confidence among stakeholders, sustainable value must be delivered. The REIT's Annual Report for FY 2022 includes its sustainability report, outlining its sustainability framework. The sustainability report details the REIT's approach in identifying its material stakeholders, as well as addressing stakeholders' concerns and methods of engagement. It also sets out the key areas of focus in relation to the management of stakeholder relationships during the reporting period and also addresses the environmental risk management requirement by MAS on identifying its physical and transition risks related to climate change.

Corporate Governance Report

(E) ADDITIONAL INFORMATION DEALING IN UNITS

Each Director and the CEO of the REIT Manager is to give notice to the REIT Manager of any acquisition of Units or of changes in the number of Units which he/she holds or in which he/she has an interest, within two (2) business days after such acquisition or the occurrence of the events giving rise to changes in the number of Units which he/she holds or in which he/she has an interest. All dealings in Units by the Directors and CEO of the REIT Manager will be announced via SGXNET.

The Directors and employees of the REIT Manager and EPH are encouraged, as a matter of internal policy, to hold Units but are prohibited from dealing in the Units:

- In the period commencing one month before the public announcement of the REIT's results and property valuations, in a prescribed embargo period immediately preceding, and up to the time of each public announcement of the REIT's financial results and property valuations during a financial year; or
- at any time while in possession of price sensitive information.

The Directors and employees of the REIT Manager and EPH are also prohibited from communicating price sensitive information to any person. Under the policy, Directors and employees of the REIT Manager and EPH are also discouraged from trading on short-term or speculative considerations.

The REIT Manager has complied with the Code of Best Practices on Securities Dealings in FY 2022.

Pursuant to Section 137ZC of the SFA, the REIT Manager is required to, inter alia, announce to SGX-ST the particulars of any acquisition or disposal of interest in Units by the REIT Manager as soon as practicable, and in any case no later than the end of the business day following the day on which the REIT Manager became aware of the acquisition or disposal.

(F) CORRUPTION AND BRIBERY PREVENTION POLICY

The REIT Manager adopts a zero tolerance position towards bribery and corruption. There are detailed guidelines and procedures listed in the Code of Conduct with regard to the giving and receiving of gifts (monetary or otherwise), kickbacks, concessionary offers, entertainment, and business dealings that may place the employee under any real or apparent obligation or indebtedness to any party. The REIT Manager's zero tolerance policy towards bribery and corruption extends to its business dealings with third parties, and hence the REIT Manager requires that certain agreements incorporate anti-bribery and anti-corruption provisions.

In FY 2022, to the best of its knowledge, the REIT Manager (i) has received zero significant monetary fines or non-monetary sanctions incurred for non-compliance with environmental laws and regulations, (ii) has zero non-compliance with laws and regulations in the social and economic area, (iii) has received zero fines for non-compliance concerning product and service information labelling and (iv) has zero incidents of non-compliance concerning health and safety impacts of products and services, (v) has zero incidents of reported corruption, (vi) has zero legal actions against it for anti-competitive behaviour and anti-trust of monopoly practices.

The REIT Manager adopts a Group-wide Third Party Agent & Outsourcing Policy which provides guidance to address outsourcing and corruption risks arising from the engagement of third-party agents. Where there is a greater level of bribery or corruption risk attached to any particular area of business, or when working with a third-party agent, due diligence checks and processes are in place to adequately address and mitigate the risk(s). In FY 2022, all of the REIT Manager's employees received mandatory communication and training on anti-bribery and anti-corruption policies and procedures.

(G) IT AND CYBER SECURITY POLICY

The technology landscape of financial sector is transforming at a rapid pace and the underlying information technology ("**IT**") infrastructure supporting financial services has grown in scope and complexity over the years. Many financial institutions, including the REIT are riding the wave of digitalisation to increase operational efficiency and to deliver better services to customers. While digital transformation brings significant benefits to the financial ecosystem, it also increases the REIT's exposure to technology risks, including cyber risk and security risks (e.g. viruses, hacks and etc.).

The REIT Manager has adopted Group-wide IT and Cyber Security Policy to ensure sound and robust practices for the management of technology risk to achieve security, reliability and resilience of its information technology operating environment.
A sound risk culture and cyber resilience would protect the REIT's confidential information.

Financial Statements

Report of the Trustee

Perpetual (Asia) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Elite Commercial REIT (the "Trust") held by it or through its subsidiaries (collectively, the "Group") in trust for the unitholders. In accordance with the Securities and Futures Act 2001 of Singapore, its subsidiary legislation, the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "Regulations"), the Trustee shall monitor the activities of Elite Commercial REIT Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 7 June 2018 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the year covered by these financial statements, set out on pages 156 to 210 in accordance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed.

For and on behalf of the Trustee,
Perpetual (Asia) Limited

Sin Li Choo
Director

Singapore
14 March 2023

Statement by the Manager

In the opinion of the directors of Elite Commercial REIT Management Pte. Ltd. (the "Manager"), the manager of Elite Commercial REIT (the "Trust"), the accompanying consolidated financial statements set out on pages 156 to 210, comprising the consolidated statement of financial position of the Group and statement of financial position of the Trust as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2022, and the consolidated financial performance, consolidated movements in unitholders' funds and consolidated cash flows of the Group for the financial year ended on that date in accordance with International Financial Reporting Standards (IFRS) and the provisions of the Trust.

At the date of this statement, there are reasonable grounds to believe that the Group will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,
Elite Commercial REIT Management Pte. Ltd.

Tan Hai Peng Micheal
Director

Singapore
14 March 2023

Independent Auditors' Report

Unitholders of Elite Commercial REIT
(Constituted under a Trust Deed dated 7 June 2018 (as amended))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Elite Commercial REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and statement of financial position of the Trust as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 156 to 210.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Trust present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2022 and the consolidated financial performance, consolidated movements in unitholders' funds and consolidated cash flows of the Group for the year ended on that date in accordance with the International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties
(refer to Note 4 of the financial statements)

Risk

The Group owns a portfolio of 155 commercial properties located in United Kingdom. The investment properties represent the single largest category of assets on the consolidated statement of financial position, with a carrying value of approximately £460.0 million as of 31 December 2022.

These investment properties are stated at their fair values based on independent external valuations. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are sensitive to key assumptions applied and a change in the assumptions may have an impact on the valuations.

Our response

We evaluated the competence and objectivity of the external valuer. We considered the valuation methodology used against those applied by other valuers for similar property types. We evaluated the appropriateness of the key assumptions used in the valuations by comparing them to available industry data, taking into consideration comparability and market factors. Where the assumptions were out of the observable range, we undertook further procedures and held discussions with the external valuer to understand the effects of additional factors taken into account in the valuations.

Our findings

The valuer is a member of a recognised professional association of valuers and has considered its own independence in carrying out its work. The valuation methodology used is in line with generally accepted market practices and the key assumptions used were generally comparable to observable market transactions. Where the assumptions were outside of the observable range, the additional factors considered by the valuer were consistent with other corroborative evidence.

Other information

The Manager is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the Manager and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Lo Mun Wai.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
14 March 2023

Statements of Financial Position

As at 31 December 2022

	Note	Group 2022 £'000	Group 2021 £'000	Trust 2022 £'000	Trust 2021 £'000
Non-current assets					
Investment properties	4	459,975	501,347	–	–
Investments in subsidiaries	5	–	–	36,797	78,505
Financial derivatives	6	67	508	–	–
Notes receivable	7	–	–	89,382	201,133
		460,042	501,855	126,179	279,638
Current assets					
Notes receivable	7	–	–	111,751	–
Prepayment for capital expenditure	4	7,437	–	–	–
Trade and other receivables	8	11,872	12,030	7,903	5,082
Cash and cash equivalents	9	7,444	19,479	2,028	4,915
		26,753	31,509	121,682	9,997
Total assets		486,795	533,364	247,861	289,635
Non-current liabilities					
Loans and borrowings	10	213,070	217,254	–	–
Lease liabilities	11	1,229	1,237	–	–
Deferred tax liabilities	14	2,169	3,799	–	–
		216,468	222,290	–	–
Current liabilities					
Loans and borrowings	10	7,200	6,600	–	–
Lease liabilities	11	7	7	–	–
Trade and other payables	12	4,819	5,625	265	616
Deferred income	13	8,774	8,705	–	–
Current tax liabilities		1,626	1,118	–	–
		22,426	22,055	265	616
Total liabilities		238,894	244,345	265	616
Net assets		247,901	289,019	247,596	289,019
Represented by:					
Unitholders' funds					
Units in issue and to be issued	15	307,611	304,794	307,611	304,794
Unit issue costs	16	(5,903)	(5,903)	(5,903)	(5,903)
Accumulated losses		(53,807)	(9,872)	(54,112)	(9,872)
		247,901	289,019	247,596	289,019
Number of Units in issue and to be issued ('000)	15	481,128	476,506	481,128	476,506
Net asset value per Unit attributable to unitholders (£)	17	0.52	0.61	0.51	0.61

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	18	37,075	34,731
Property operating expenses	19	(1,334)	(1,004)
Net property income		35,741	33,727
Manager's management fees	20	(2,310)	(2,453)
Trustee's fee		(106)	(99)
Other trust expenses	21	(1,373)	(1,983)
Finance income	22	–	508
Finance costs	22	(7,417)	(4,854)
Net finance costs		(7,417)	(4,346)
Net change in fair value of investment properties	4	(41,372)	(28,217)
Loss before tax for the year		(16,837)	(3,371)
Tax expense	23	(1,495)	(1,370)
Loss after tax for the year		(18,332)	(4,741)
Earnings per Unit (pence)			
Basic	25	(3.83)	(1.06)
Diluted	25	(3.83)	(1.06)

The accompanying notes form an integral part of these financial statements.

Statement of Movements in Unitholders' Funds

Year ended 31 December 2022

	Units in issue and to be issued £'000	Unit issue costs £'000	Retained earnings/ (Accumulated losses) £'000	Total £'000
Group				
At 1 January 2021	208,689	(5,903)	14,372	217,158
Total comprehensive income for the year				
Loss for the year	–	–	(4,741)	(4,741)
Total comprehensive income for the year	–	–	(4,741)	(4,741)
Transactions with unitholders, recognised directly in unitholders' funds				
Units issued and to be issued for Manager's management fee paid/payable in Units	2,453	–	–	2,453
Units issued and to be issued for lease management fee paid/payable in Units	232	–	–	232
Units issued for Manager's acquisition fee paid in Units	2,125	–	–	2,125
Units issued in satisfaction of part of the purchase consideration for subsidiaries acquired	89,382	–	–	89,382
Units issued under distribution reinvestment plan	1,913	–	–	1,913
Distribution to unitholders	–	–	(19,503)	(19,503)
Total transactions with unitholders for the year	96,105	–	(19,503)	76,602
At 31 December 2021	304,794	(5,903)	(9,872)	289,019
At 1 January 2022	304,794	(5,903)	(9,872)	289,019
Total comprehensive income for the year				
Loss for the year	–	–	(18,332)	(18,332)
Total comprehensive income for the year	–	–	(18,332)	(18,332)
Transactions with unitholders, recognised directly in unitholders' funds				
Units issued under distribution reinvestment plan	2,817	–	–	2,817
Distribution to unitholders	–	–	(25,603)	(25,603)
Total transactions with unitholders for the year	2,817	–	(25,603)	(22,786)
At 31 December 2022	307,611	(5,903)	(53,807)	247,901

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Loss before tax		(16,837)	(3,371)
Adjustments for:			
Finance income		–	(508)
Finance costs		7,417	4,854
Management fee paid/payable in Units		–	2,453
Lease management fee paid/payable in Units		–	232
Net change in fair value of investment properties		41,372	28,217
Unrealised foreign exchange loss/(gain)		7	(9)
Operating income before working capital changes		31,959	31,868
Changes in:			
Trade and other receivables		(42)	(10,926)
Trade and other payables		(1,707)	2,060
Deferred income		69	2,608
Cash generated from operating activities		30,279	25,610
Tax paid		(2,417)	(2,921)
Net cash generated from operating activities		27,862	22,689
Cash flows from investing activities			
Prepayment for capital expenditure on investment properties		(7,437)	–
Acquisition of subsidiaries, net of cash acquired	31	–	(9,399)
Net cash used in investing activities		(7,437)	(9,399)
Cash flows from financing activities			
Interest paid		(5,276)	(3,571)
Proceeds from bank loans		–	30,800
Repayment of bank loans		(3,400)	(22,236)
Distribution to unitholders		(22,786)	(17,590)
Payment of transaction costs related to loans and borrowings		(990)	(1,361)
Payment of lease liabilities		(8)	(6)
Increase in restricted cash		(692)	(131)
Net cash used in financing activities		(33,152)	(14,095)
Net decrease in cash and cash equivalents		(12,727)	(805)
Cash and cash equivalents at 1 January		18,171	18,976
Cash and cash equivalents at 31 December	9	5,444	18,171

The accompanying notes form an integral part of these financial statements.

Significant non-cash transactions

For the year ended 31 December 2022, there were the following significant non-cash transactions:

(i) approximately 950,000 Units, amounting to approximately £631,000, were issued to the Manager as satisfaction of the management fee paid to the Manager.

(ii) approximately 88,000 Units, amounting to approximately £58,000, were issued to the Manager as satisfaction of the lease management fee paid to the Manager.

(iii) approximately 4,622,000 Units, amounting to approximately £2,817,000, were issued as payment for distributions under the distribution reinvestment plan.

For the year ended 31 December 2021, there were the following significant non-cash transactions:

(i) approximately 3,376,000 Units, amounting to approximately £2,244,000, were issued to the Manager as satisfaction of the management fee paid to the Manager.

(ii) approximately 349,000 Units, amounting to approximately £233,000, were issued to the Manager as satisfaction of the lease management fee paid to the Manager.

(iii) approximately 2,966,000 Units, amounting to approximately £1,913,000, were issued under the distribution reinvestment plan.

(iv) approximately 131,444,000 Units, amounting to approximately £89,382,000, were issued in satisfaction of part of the purchase consideration for the subsidiaries acquired during the year.

(v) approximately 3,199,000 Units, amounting to approximately £2,125,000, were issued to the Manager as satisfaction of the acquisition fee for the subsidiaries acquired during the year.

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager on 14 March 2023.

1. GENERAL

The Trust is a Singapore–domiciled unit trust constituted pursuant to the trust deed dated 7 June 2018 (as amended) (the "Trust Deed") between Elite Commercial REIT Management Pte. Ltd. (the "Manager") and Perpetual (Asia) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiaries in trust for the holders of units ("Units") in the Trust.

On 26 August 2021, a wholly-owned subsidiary of the Trust, Elite UK Commercial Holdings Limited ("EUKCH") was admitted to The International Stock Exchange ("TISE"), enabling EUKCH and its subsidiaries to qualify as a UK REIT Group (refer to note 14).

The principal activity of the Trust and its subsidiaries (the "Group") is to invest in a diversified portfolio of income-producing properties located primarily in the United Kingdom ("UK") and used primarily for commercial purposes.

The consolidated financial statements relate to the Trust and its subsidiaries. A list of the subsidiaries is set out in Note 5.

The Group has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures for these services are as follows:

(i) Manager's management fees

Pursuant to the Trust Deed, the Manager is entitled to the following:

- Management fees comprising a base fee of 10.0% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the Annual Distributable Income (as defined in the Trust Deed) of the Group in the relevant financial year (calculated before accounting for the base fee and performance fee) and a performance fee of 25.0% per annum of the increase in the Distribution Per Unit ("DPU") (as defined in the Trust Deed) in a financial year over the DPU in the preceding year (calculated before accounting for the performance fee but after accounting for the base fee in the financial year) multiplied by the weighted average number of Units in issue for such financial year.

  The management fee is payable in the form of cash and/or Units as the Manager may elect. The portion of the management fee payable in the form of Units is payable quarterly in arrears and the portion of the management fee payable in cash is payable monthly in arrears.

- An acquisition fee of 1.0% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the acquisition price on all future acquisitions of properties or investments.

  The acquisition fee is payable in the form of cash and/or Units as the Manager may elect.

- A divestment fee of 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the sale price on all future disposals of properties or investments.

  The divestment fee is payable in the form of cash and/or Units as the Manager may elect.

- A development management fee of 3.0% of the Total Project Costs (as defined in the Trust Deed) incurred in a Development Project (as defined in the Trust Deed) undertaken by the Manager on behalf of the Trust.

  The development management fee is payable in equal monthly instalments over the construction period of each Development Project based on the Manager's best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount when the Total Project Costs is finalised.

Notes to the Financial Statements

1. GENERAL (CONT'D)

(ii) Property management fees

Under the property management agreement in respect of each property within the Trust's initial portfolio of 97 properties ("Initial Portfolio"), the property manager ("Property Manager") will provide, amongst others, tenant liaison, rental and insurance collections, accounts monitoring and reporting services.

The property management fee payable to the Property Manager for the management of the portfolio shall reduce the management fee payable to the Manager. The Property Manager shall be entitled to receive out of the Deposited Assets (as defined in the Trust Deed) a fee for its services to be paid either directly (by the Trustee) or indirectly (by the entity which is held by the Trust).

The Property Manager is entitled to a fixed annual fee to be paid in the form of cash quarterly in advance.

Under the property management agreement in respect of each property within the Trust's new portfolio of 58 properties ("New Portfolio"), the property manager ("New Property Manager"), a related corporation of the Manager, will provide, amongst others, tenancy management, tenant liaison, building management, administrative and financial management services.

The New Property Manager is entitled to a property management fee of 2.0% per annum of the Gross Revenue (as defined the property management agreement) of each property. Where the New Property Manager has subcontracted any of the property management services to another property manager ("Other Property Manager"), the fees paid to the New Property Manager will be reduced by an amount equal to the fees paid to the Other Property Manager in respect of the property.

The property management fee is payable in the form of cash and/or Units as agreed between the Manager and the New Property Manager. The fees are payable quarterly in arrears.

(iii) Lease management fees

Under the lease management agreement in respect of each property within the Trust's Initial Portfolio, the Manager is entitled to a lease management fee of 1.0% per annum of Revenue (as defined in the lease management agreement) of each property.

In addition, in relation to securing a new lease or renewal of an existing tenancy, the Manager is entitled to the following lease commissions:

- 0.5 month's gross rent, for securing a tenancy of fewer than three years; or
- one month's gross rent, for securing a tenancy of three years or more; or
- 0.25 month's gross rent, for securing a tenancy of any number of years, if there is a third party agent involved. For the avoidance of doubt, any fees payable to third party agent(s) will be paid on a cost recovery basis.

The lease management fee and commissions are payable in the form of cash or Units or a combination of cash and Units as the Manager may elect.

Under the property management agreement in respect of each property within the Trust's New Portfolio, the New Property Manager will also provide lease management services, including space management and leasing supervision and rental collections.

The New Property Manager is entitled to a lease management fee of 1.0% per annum of the Gross Revenue (as defined the property management agreement) of each property.

Notes to the Financial Statements

1. GENERAL (CONT'D)

(iii) Lease management fees (cont'd)

In addition, in relation to securing a new lease or renewal of an existing tenancy, the New Property Manager is entitled to the following lease commissions:

- one month's gross effective rent for securing a new tenancy of three years or less, or 1.2 month's gross effective rent if there is a third party agent involved;
- 2.0 month's gross effective rent for securing a new tenancy exceeding three years, or 2.4 month's gross effective rent if there is a third party agent involved;
- 0.5 month's gross effective rent for the renewal of an existing tenancy for three years or less; and
- 1.0 month's gross effective rent for the renewal of an existing tenancy for more than three years.

The lease management fee and commissions are payable in the form of cash and/or Units as agreed between the Manager and the New Property Manager. The fees are payable quarterly in arrears.

(iv) Trustee's fees

Pursuant to the Trust Deed, the Trustee's fee shall not exceed 0.015% per annum of the value of the Deposited Property (as defined in the Trust Deed) subject to a minimum amount of S$15,000 per month, excluding out-of-pocket expenses and GST. The Trustee's fee is payable monthly in arrears.

2. BASIS OF ACCOUNTING

2.1 Statement of compliance

The financial statements have been prepared in accordance with IFRS and the provisions of the Trust Deed.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The financial statements of the Group are presented in Pound Sterling (£), which is the functional currency of the Trust. All financial information presented in Pound Sterling has been rounded to the nearest thousand, unless otherwise stated.

Notes to the Financial Statements

2. BASIS OF ACCOUNTING (CONT'D)

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and any future periods affected.

Information about critical judgements in applying accounting policies and assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements are described in Note 4 – valuation of investment properties.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

The Manager regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Manager assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in the valuations should be classified. Significant valuation issues are reported to the Manager's Audit and Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 – Valuation of investment properties
- Note 28 – Valuation of financial instruments

Notes to the Financial Statements

2. BASIS OF ACCOUNTING (CONT'D)

2.5 Change in accounting policies

New standards and amendments

The Group has applied various IFRSs, amendments to and interpretations of IFRS for the first time for the annual period beginning on 1 January 2022. The application of these amendments to standards and interpretations do not have a material effect on the financial statements.

In relation to new and amendments to standards that are effective for the annual periods beginning after 1 January 2022, for which early application is permitted, the Group has early adopted amendment to IAS 1 *Classification of Liabilities as Current or Non-current* in advance of its effective date.

Under the IAS 1 amendments, a liability is classified as non-current liability at the reporting date when the entity has a right to defer settlement of the liability and the right has substance and exist at the end of the reporting period. Additionally, only covenants within the loan agreement with which an entity must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the entity must comply after the reporting date (future covenants) do not affect a liability's classification at that date. When non-current liabilities are subject to future covenants, information on the risk that the non-current liabilities could become repayable within 12 months after the reporting date is to be disclosed. The Group has applied the amendment retrospectively.

The adoption of the above amendment does not have a material effect on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note 3.1(ii)). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets in not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

When the excess in negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Non-controlling interests ("NCI") that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by IFRS.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been aligned with the policies adopted by the Group.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the statement of comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(v) Accounting for subsidiaries by the Trust

Investment in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the foreign exchange rates at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of comprehensive income. Any gain or loss on derecognition is recognised in the statement of comprehensive income.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the Manager's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(iii) Derecognition (cont'd)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances at banks. For the purpose of the statement of cash flows, restricted cash is excluded.

(vi) Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of comprehensive income.

The cost of a purchased property comprises its purchase price and any directly attributable expenditure including transaction costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of comprehensive income.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above. For taxation purposes, the Group may claim capital allowances on assets that qualify as plant and machinery under UK tax laws.

3.5 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset that meets the definition of investment properties is presented in investment properties and is carried at fair value in accordance with note 3.4.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (cont'd)

As a lessee (cont'd)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Where the basis for determining future lease payments changes as required by interest rate benchmark reform (see note 3.3(iii)), the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Units in issue

Units issued by the Trust are classified as equity.

Issue costs relate to expenses incurred in connection with issuance of Units. The expenses are deducted directly against unitholders' funds.

3.8 Revenue recognition

Rental income

Rental income receivable under operating leases is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental to be received.

3.9 Provisions

Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Finance income and finance costs

Finance income comprises interest income, net gain on financial derivatives and net foreign exchange gains.

Finance costs comprises interest expense on loans and borrowings and lease liabilities, amortisation of debt-related transaction costs, net loss on financial derivatives and net foreign exchange losses.

Interest income or expenses is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability.

3.11 Taxation

Tax expenses comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in unitholders' fund.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under *IAS 37 Provisions, Contingent Liabilities and Contingent Assets.*

Current tax is the expected tax payable or receivable on the taxable income for the year, measured using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are effect only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, that affects neither accounting nor taxable profit; and
- temporary differences relating to investments in subsidiaries to the extent that the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Taxation (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.12 Earnings per Unit

The Group presents basic and diluted earnings per Unit. Basic earnings per Unit is calculated by dividing the profit or loss attributable to unitholders by the weighted-average number of Units outstanding during the year. Diluted earnings per Unit is determined by adjusting the profit or loss attributable to unitholders and the weighted average number of Units outstanding, adjusted for the effects of all dilutive potential Units.

3.13 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Segment information has not been presented as all the Group's investment properties are commercial properties and are located in the United Kingdom.

3.14 New standards and interpretations not adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Group has not early adopted the new or amended standards and interpretations in preparing these financial statements, except for the amendments to IAS 1 *Classification of Liabilities as Current or Non-Current* (note 2.5).

The following amendments to IFRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Trust's statement of financial position.

- Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to IAS 8: *Definition of Accounting Estimates*
- Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to IAS 12 Income Taxes: *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*
- Amendments to IFRS 16: *Lease liability in a Sale and Leaseback*
- IFRS 17 and Amendments to IFRS 17: *Insurance Contracts*

Notes to the Financial Statements

4. INVESTMENT PROPERTIES

	Group	
	2022 £'000	2021 £'000
At 1 January	501,347	311,855
Acquisition of subsidiaries (including acquisition costs)	–	217,709
Net change in fair value recognised in profit or loss	(41,372)	(28,217)
At 31 December	459,975	501,347

Investment properties comprise 150 (2021: 150) freehold and 5 (2021: 5) leasehold commercial properties situated throughout England, Scotland and Wales. The investment properties are mainly leased to the UK Government via various government agencies, which include The Secretary of State for Housing, Communities and Local Government (with the Department of Works and Pensions ("DWP") occupying each property under a group sharing arrangement), under operating leases with a weighted lease expiry of 4.8 (2021: 6.0) years at the reporting date.

The fair values of the Group's investment properties based on the valuation reports are set out below:

	Fair value	
	2022 £'000	2021 £'000
England		
East		
Beaufort House, Harlow	6,150	6,315
Blackburn House, Norwich[1]	1,200	1,250
Crown Buildings, Colchester	3,025	3,525
Great Oaks House, Basildon[2]	8,800	8,400
Rishton House, Lowestoft	1,710	1,465
St Andrew's House, Bury St Edmunds	2,310	2,300
The Forum, Stevenage	4,200	4,390
Wyvern House, Bedford	2,310	2,370
London		
Broadway House, Ealing	9,000	10,560
Collyer Court, Peckham	7,800	8,650
Crown House, Romford	10,200	11,635
Finchley Lane, Hendon	5,600	5,875
High Road, Ilford	6,175	6,440
Kilner House, Canning Town	4,835	5,775
Medina Road, Finsbury Park	4,930	6,400
Oates House, Stratford	7,950	8,425
Peckham High Street	9,000	9,975
Raydean House, Barnet	6,800	7,800
Balance carried forward	101,995	111,550

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONT'D)

	Fair value	
	2022	**2021**
	£'000	£'000
Balance brought forward	101,995	111,550
England (cont'd)		
Midlands		
Acacia Walk, Nottingham	762	785
Beecroft Road, Cannock	1,280	1,250
Bristol Road South, Birmingham	3,600	3,725
Crown Buildings, Ilkeston	1,155	1,160
Crown House, Burton On Trent	900	1,490
Crown House, Grantham	1,710	1,950
George Street, Corby	1,125	1,225
High Street, Bilston	1,275	1,310
Holborn House, Derby	6,190	6,340
Lothersdale House, Wellingborough	2,465	2,400
Saxon Mill Lane, Tamworth	1,350	1,425
Scotland House, Stourbridge	1,425	1,445
St Katherine's House, Northampton	2,000	2,610
Tannery House, Alfreton	1,030	1,050
Temple House, Wolverhampton	3,125	3,350
Upper Huntbach Street, Stoke-On-Trent	2,280	2,510
Washwood Heath Road, Birmingham	675	685
North East		
Broadway House, Houghton Le Spring	1,395	1,480
Crown Buildings, Chester Le Street	640	585
Hadrian House, Eston	1,525	1,535
Hatfield House, Peterlee	1,050	1,030
John Street, Sunderland	500	580
Norham House, Berwick Upon Tweed	369	350
Portland House, Redcar	750	700
Reiverdale House, Ashington	992	950
St Andrew's House, Hexham	2,350	2,335
St John's Square, Seaham	531	515
Theatre Buildings, Billingham	500	510
Ward Jackson House, Hartlepool	2,230	2,245
Balance carried forward	147,174	159,075

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONT'D)

	Fair value	
	2022	2021
	£'000	£'000
Balance brought forward	147,174	159,075
England (cont'd)		
North West		
Beech House, Hyde	2,585	2,640
Blackburn Road, Burnley	6,285	6,150
Brunswick House, Birkenhead	1,900	1,575
Cardwell Place, Blackburn	500	550
Chantry House, Chester	5,600	5,040
Duchy House, Preston	3,200	3,650
Great Moor Street, Bolton	1,400	1,275
Great Western House, Birkenhead	8,685	8,625
Heron House, Stockport	3,785	3,930
Hilden House, Warrington	4,300	5,885
Hougoumont House, Liverpool	1,380	1,425
Lee-Moran House, Burnley	1,875	1,980
Mitre House, Lancaster	6,335	6,575
Openshaw Job Centre, Manchester	475	650
Palatine House, Preston	2,745	3,135
Peel Park, Blackpool	25,000	27,700
Premier House, Liverpool	690	590
Roskell House, Fleetwood	444	435
Roydale House, Leigh	1,420	1,450
Silver Street, Bury	1,040	1,075
Speke Road, Liverpool	740	715
Springfield House, Liverpool	1,045	1,035
St Martin's House, Bootle	4,570	4,680
Tomlinson House, Blackpool Norcross Lane	10,625	9,240
Units 1-2 Dallas Court, Salford[3]	1,225	1,340
Wilmslow Road, Manchester	2,660	2,760
South East		
Broadlands House, Newport	6,925	7,860
Crown Building, Banbury	3,175	3,260
Crown Buildings, Tonbridge	2,925	3,260
Crown House, Chatham	5,915	6,050
Crown House, Worthing	4,825	5,485
East Street, Epsom	2,225	2,340
Gloucester House, Bognor Regis	3,215	3,385
Medwyn House, Lewes	5,800	6,900
Nutwood House, Canterbury	7,675	8,825
Palting House, Folkestone	3,630	4,165
South Western House, Aldershot	2,220	2,425
St Cross House, Southampton	5,950	5,600
Balance carried forward	302,163	322,735

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONT'D)

	Fair value	
	2022	**2021**
	£'000	£'000
Balance brought forward	302,163	322,735
England (cont'd)		
South West		
Brendon House, Taunton	5,050	5,150
Cotswold House, Torquay	2,705	2,925
Cyppa Court, Chippenham	2,000	1,845
Hanover House, Bridgwater	2,100	1,900
Kent Street, Bristol	1,080	1,085
Lodge House, Bristol	4,935	5,760
Monks Park Avenue, Bristol	1,485	1,745
Queens House, Plymouth	1,275	1,220
Regent House, Weston Super Mare	2,695	2,780
Spring Gardens House, Swindon	8,450	8,325
St Paul's House, Chippenham	900	1,265
Summerlock House, Salisbury	2,180	2,220
Yorkshire and Humber		
Bradmarsh Business Park, Rotherham	975	1,135
Bridge House, Castleford	765	750
Castle House, Huddersfield[4]	2,200	2,100
Centurion House, Castleford	835	720
Chantry House, Rotherham	1,275	1,225
Crown Buildings, Mexborough	620	620
Elder House, Northallerton	824	790
Leeds Road, Bradford	690	735
Low Hall, Pontefract	727	715
Mulberry House, Goole	422	425
Phoenix House, Bradford	4,100	3,540
Balance carried forward	350,451	371,710

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONT'D)

	Fair value 2022 £'000	Fair value 2021 £'000
Balance brought forward	350,451	371,710
Scotland		
Atlas Road, Glasgow	2,980	2,475
Bayfield Road, Portree	257	255
Bowling Green Street, Bellshill	3,310	3,560
Castlestead House, Montrose	424	420
Claverhouse Industrial Park, Dundee	3,170	3,145
Coustonholm Road, Glasgow	3,620	3,700
Crown Building, Kilmarnock	3,270	3,120
Discovery House, Stornoway	955	960
Flemington House, Motherwell	2,635	2,625
Glasgow Benefits Centre, Glasgow	29,950	33,985
Hall Street, Campbeltown	562	560
Heron House, Falkirk	3,050	3,090
High Street, Dingwall	310	300
Irish Street, Dumfries	1,120	1,090
Ladywell House, Edinburgh	4,800	9,210
Lindsay House, Dundee	2,050	1,990
New Reiver House, Galashiels	2,400	2,455
Parklands, Falkirk	9,300	9,225
Pollokshaws Road, Glasgow	1,505	1,560
Sidlaw House, Dundee	1,800	5,560
South Muirhead Road, Glasgow	765	725
St John Street, Stranraer	602	600
Trinity Road, Elgin	1,660	1,695
Victoria Road, Kirkcaldy	650	930
Waggon Road, Leven	284	285
Wallacetoun House, Ayr	2,690	2,715
Whitburn Road, Bathgate	1,925	1,575
Balance carried forward	436,495	469,520

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONT'D)

	Fair value 2022 £'000	Fair value 2021 £'000
Balance brought forward	436,495	469,520
Wales		
Afon House, Newtown	1,550	1,500
Bridge Street, Llangefni	675	680
Charles Street, Newport	1,950	1,840
Cleddau Bridge Business Park, Pembroke Dock	1,350	1,375
Crown Buildings, Aberdare	905	860
Crown Buildings, Abertillery	416	420
Crown Buildings, Bridgend	4,325	4,410
Crown Buildings, Caerphilly	535	690
Dock Street, Porthcawl	325	335
Hannah Street, Porth	680	675
High Street, Rhyl	840	720
High Street, Swansea	1,900	1,970
Maengwyn Street, Machynlleth	153	158
Newport Road, Cardiff	4,250	5,200
Oldway House, Swansea	1,065	1,050
Parc Menai, Bangor[5]	4,900	4,975
Quay Street, Haverfordwest	834	835
Station Road, Port Talbot	740	670
Thistle House, Tonypandy	912	995
Windsor Road, Neath	1,375	1,225
	466,175	500,103

1 *Blackburn House, Norwich is a leasehold property with a 99-year lease term from 10 August 1978.*
2 *Great Oaks House, Basildon is a leasehold property with a 999-year lease term from 17 June 2004.*
3 *Units 1-2 Dallas Court, Salford is a leasehold property with a 99-year lease term from 24 June 1987.*
4 *Castle House, Huddersfield is a leasehold property with a 150-year lease term from 17 March 1995.*
5 *Parc Menai, Bangor is a leasehold property with a 250-year lease term from 20 May 2005.*

Security

As at 31 December 2022, 58 properties with a total carrying value of £178,346,000 (2021: £197,204,000) are pledged as security for credit facilities granted to the Group (note 10).

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

The carrying values of the investment properties as at 31 December 2022 and 31 December 2021 were based on independent professional valuations undertaken by Knight Frank UK LLP. The independent valuers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The independent professional valuations for 31 December 2022 and 31 December 2021 were based on the investment method (also known as income capitalisation method). The valuation method used in determining the fair value involves certain estimates including the yield rate. The specific risks inherent in each of the properties are taken into consideration in arriving at the property valuation. In relying on the valuation report, the Manager has exercised its judgement and is satisfied that the valuation method and estimates used are reflective of market conditions prevailing at the end of the financial year.

(i) Fair value hierarchy

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 2.4).

	Group	
	2022	**2021**
	£'000	£'000
Fair value of investment properties (based on valuation reports)	466,175	500,103
Less: Prepayment of capital expenditure on investment properties[1]	(7,437)	–
Add: Carrying amount of lease liabilities	1,237	1,244
Carrying amount of investment properties	459,975	501,347

1 *During the financial year ended 31 December 2022, the Group agreed to make a Sustainability Contribution to its tenants, the Department for Work and Pensions and UK Government's Ministry of Defence. The prepayment relates to the amount disbursed by the Group during the year and has been considered by the valuer in arriving at the valuations of the investment properties as at 31 December 2022.*

(ii) Valuation technique and significant unobservable inputs

The following table shows the significant unobservable inputs used in the valuation model:

Valuation method	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment method (also known as income capitalisation method)	Initial yield rate^: - 2022: -11.23% to 54.52% - 2021: 3.91% to 37.91% Equivalent yield rate*: - 2022: 4.25% to 13.82% - 2021: 4.00% to 12.91%	The estimated fair value would increase (decrease) if the yield rate is lower (higher).

^ *The initial yield rate reflects the annualised rents generated by an asset, after the deduction of an estimate of annual recurring irrecoverable property outgoings, expressed as a percentage of the asset valuation (after notional purchaser's costs).*

* *The equivalent yield rate (nominal equivalent yield) reflects the weighted average of the initial yield and reversionary yield (being the anticipated yield, which the initial yield will rise to once the rent reaches the estimated rental value and when the property is fully let) and represents the return a property will produce based upon the timing of the income received, assuming that rents are received annually in arrears.*

Notes to the Financial Statements

5. INVESTMENTS IN SUBSIDIARIES

	Trust	
	2022 £'000	**2021** £'000
Equity investment, at cost	88,900	88,900
Less: Accumulated impairment losses		
At 1 January	10,395	–
Impairment losses recognised	41,708	10,395
At 31 December	52,103	10,395
	36,797	78,505

Details of the subsidiaries are as follows:

		Equity interests held by the Group	
Name of subsidiaries	**Place of constitution/business**	**2022** %	**2021** %
Direct subsidiaries			
Elite UK Commercial Holdings Limited[1]	United Kingdom	100	100
Indirect subsidiaries			
Elite Kist Limited[1]	United Kingdom	100	100
Elite UK Commercial Investments Limited[2]	United Kingdom	100	100
Elite UK Commercial Limited[1]	United Kingdom	100	100
Elite Gemstones Properties Limited[1]	United Kingdom	100	100
Elite Amphora Limited[1, 3]	United Kingdom	100	100
Elite Cask Limited[1, 3]	United Kingdom	100	100

1 *Audited by other member firm of KPMG International*
2 *Under liquidation*
3 *Acquired in 2021. Refer to Note 31 for details*

As at 31 December 2022 and 31 December 2021, the shares of Elite Gemstones Properties Limited, Elite Amphora Limited and Elite Cask Limited, have been pledged as security for credit facilities granted to the Group (note 10).

During the year, the Trust undertook an impairment assessment of its investment in subsidiaries for indicators of impairment. Based on the assessment, the Trust recognised an impairment loss of £52,103,000 (2021: £10,395,000) on its investment in a subsidiary, following a decline in the financial position of the subsidiary. The recoverable amount of the subsidiary was determined using the fair value less costs to sell approach and was estimated taking into consideration the fair values of the underlying assets and fair values of the liabilities to be settled of the subsidiary. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation techniques used.

Notes to the Financial Statements

6. FINANCIAL DERIVATIVES

	Group	
	2022 £'000	2021 £'000
Derivative assets		
Interest rate swap at FVTPL	67	508

7. NOTES RECEIVABLE

Notes receivable relate to loan notes issued by a subsidiary, Elite UK Commercial Holdings Limited ("EUKCH"), subscribed by the Trust.

£111.7 million and £89.4 million of the loan notes will mature on 16 November 2023 and 25 October 2025 respectively. The unsecured notes carry interest at a fixed interest rate of 5.0% (2021: 5.0%) per annum.

Under the terms of the loan notes, the Trust, as a noteholder, has the right, at its sole discretion, to require EUKCH, to purchase all of its notes on specified put option exercise dates, being 16 November 2021 and 16 November 2022 for the £111.7 million loan note, and 9 March 2024 and 9 March 2025 for the £89.4 million loan note. At the reporting date, the Trust has not required and does not intend to require the issuer to redeem the loan notes that it holds.

8. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade receivables	11,039	11,299	–	–
Other receivables	268	37	–	–
Amount due from subsidiaries	–	–	7,501	4,906
	11,307	11,336	7,501	4,906
VAT & GST receivables	178	307	178	173
Tax receivables	–	200	–	–
Prepayments	387	187	224	3
	11,872	12,030	7,903	5,082

Trade receivables of the Group as at the reporting date relate to a receivable from the property manager in respect of advance rental collected by the property manager on behalf of the Group from tenants. Included in prepayments as at 31 December 2022 are approximately £220,000 transaction costs incurred by the Trust on its green revolving credit facility and multicurrency debt issuance programme during 2022 (note 10).

Notes to the Financial Statements

9. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2022	**2021**	**2022**	**2021**
	£'000	£'000	£'000	£'000
Cash at banks	7,444	19,479	2,028	4,915
Less: Restricted cash	(2,000)	(1,308)	–	–
Cash and cash equivalents in the statement of cash flows	5,444	18,171	2,028	4,915

The restricted cash relates to the reserve funds required to be maintained with banks in accordance to the terms of the secured bank loans.

10. LOANS AND BORROWINGS

	Group	
	2022	**2021**
	£'000	£'000
Secured bank loans	222,200	225,600
Less: Unamortised transaction costs	(1,930)	(1,746)
	220,270	223,854
Current	7,200	6,600
Non-current	213,070	217,254
	220,270	223,854

The Group has loan facilities comprising:

<u>£140.0 million term loan and bridge loan facilities</u>

- A £125.0 million (2021: £125.0 million) secured term loan facility. At the reporting date, £125.0 million (2021: £125.0 million) was drawn down and is due for repayment in November 2024.
- An uncommitted £15.0 million (2021: £15.0 million) bridge loan facility. The bridge loan facility can be drawn down under multiple tranches, and each tranche is to be repaid within the earlier of one year from the drawn down date, and five years after the first drawn down date (where the amount is drawn down in multiple tranches). At the reporting date, £3.2 million (2021: £6.6 million) was drawn down and is due for repayment in March 2023 (2021: March 2022).
- The shares of a subsidiary, Elite Gemstones Properties Limited, which holds 97 properties with carrying values amounting to £281.6 million (2021: £304.1 million), were pledged to secure the facilities (note 5).

Notes to the Financial Statements

10. LOANS AND BORROWINGS (CONT'D)

£94.0 million term loan and revolving credit facilities

- A £76.0 million (2021: £80.0 million) secured term loan facility. At the reporting date, £76.0 million (2021: £80.0 million) was drawn down and is due for repayment in January 2025.
- A £18.0 million (2021: £14.0 million) revolving credit facility. At the reporting date, £18.0 million (2021: £14.0 million) was drawn down. £4.0 million is due for repayment in April 2023, with the remaining drawn down amount due for repayment in January 2025.
- The shares of subsidiaries, Elite Amphora Limited and Elite Cask Limited and the 58 properties held by these entities with carrying values amounting to £178.3 million as 31 December 2022 (31 December 2021: £197.2 million), were pledged to secure the facilities (notes 4 and 5).

£15.0 million green revolving credit facility

- A £15.0 million (2021: £Nil) green revolving credit facility, which was obtained in November 2022. At the reporting date, the facility was unutilised.

S$300.0 million multicurrency debt issuance programme

- The Trust has in place a S$300.0 million multicurrency debt issuance programme (the 'Programme'), which was set up in October 2022 for the issuance of notes and/or perpetual securities. At the reporting date, there were no issuances made under the Programme.

Terms and debt repayment schedule

Terms and conditions of the outstanding loans and borrowings at the reporting date are as follows:

	Nominal interest rate per annum %	Year of maturity	Face value £'000	Carrying amount £'000
Group				
2022				
Secured bank loans	SONIA^ + credit adjustment spread + margin	2024	62,500	62,173
Secured bank loan	2.28%	2024	62,500	62,173
Secured bridge loan	SONIA^ + credit adjustment spread + margin	2023	3,200	3,200
Secured bank loans	SONIA^ + credit adjustment spread + margin	2023 - 2025	94,000	92,724
			222,200	220,270
2021				
Secured bank loans	LIBOR* + margin	2024	62,500	62,003
Secured bank loan	2.28%	2024	62,500	62,003
Secured bridge loan	LIBOR* + margin	2022	6,600	6,600
Secured bank loans	SONIA^ + credit adjustment spread + margin	2023	94,000	93,248
			225,600	223,854

* *London Interbank Offered Rate*

^ *Sterling Overnight Index Average*

Notes to the Financial Statements

10. LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			
	Loans and borrowings £'000	Lease liabilities (note 11) £'000	Interest payable (note 12) £'000	Total £'000
Balance at 1 January 2021	101,906	–	184	102,090
Changes from financing cash flows				
Proceeds from bank loans	30,800	–	–	30,800
Repayment of bank loans	(22,236)	–	–	(22,236)
Payment of transaction costs related to loans and borrowings	(1,361)	–	–	(1,361)
Payment of lease liabilities	–	(6)	–	(6)
Interest paid	–	(31)	(3,540)	(3,571)
Total changes from financing cash flows	7,203	(37)	(3,540)	3,626
Other non-cash changes				
Acquisition of subsidiaries (note 31)	113,836	1,250	–	115,086
Amortisation of transaction costs related to loans and borrowings	909	–	–	909
Interest expense	–	31	3,914	3,945
Total other non-cash changes	114,745	1,281	3,914	119,940
Balance at 31 December 2021	223,854	1,244	558	225,656

Notes to the Financial Statements

10. LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities			
	Loans and borrowings £'000	Lease liabilities (note 11) £'000	Interest payable (note 12) £'000	Total £'000
Balance at 1 January 2022	223,854	1,244	558	225,656
Changes from financing cash flows				
Repayment of bank loans	(3,400)	–	–	(3,400)
Payment of transaction costs related to loans and borrowings	(990)	–	–	(990)
Payment of lease liabilities	–	(8)	–	(8)
Interest paid	–	(38)	(5,238)	(5,276)
Total changes from financing cash flows	(4,390)	(46)	(5,238)	(9,674)
Other non-cash changes				
Amortisation of transaction costs related to loans and borrowings	1,140	–	–	1,140
Interest expense	–	38	5,956	5,994
Others	(334)	–	–	(334)
Total other non-cash changes	806	38	5,956	6,800
Balance at 31 December 2022	220,270	1,236	1,276	222,782

11. LEASE LIABILITIES

	Group	
	2022 £'000	2021 £'000
Lease liabilities	1,236	1,244
Current	7	7
Non-current	1,229	1,237
	1,236	1,244

The incremental borrowing rates of the Group's lease liabilities ranged from 3.06% to 3.11% (2021: 3.06% to 3.11%) per annum.

Notes to the Financial Statements

12. TRADE AND OTHER PAYABLES

	Group		Trust	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade payables	27	194	4	9
Interest payable	1,276	558	–	–
Accrued operating expenses	1,804	2,010	261	607
Other payables	1,712	2,863	–	–
	4,819	5,625	265	616

Other payables comprise mainly Value Added Tax ("VAT") payable to Her Majesty's Revenue and Customers ("HMRC") for the following quarter, predominantly on the Group's rental receipts.

13. DEFERRED INCOME

Deferred income mostly relates to the advance rental received from tenants.

14. DEFERRED TAX LIABILITIES

The movement in deferred tax liabilities during the financial year is as follows:

	At 1 January 2021	Recognised in profit or loss (Note 23)	At 31 December 2021	Recognised in profit or loss (Note 23)	At 31 December 2022
	£'000	£'000	£'000	£'000	£'000
Group					
Deferred tax liabilities					
Investment properties	5,920	(2,121)	3,799	(1,630)	2,169

On 26 August 2021, Elite UK Commercial Holdings Limited ("EUKCH") a wholly owned subsidiary of the Trust, was listed on The International Stock Exchange (the "TISE"), as a UK REIT group. Upon entry into the UK REIT regime, latent capital gains (and its corresponding deferred tax liabilities) to that date, of the existing properties held by the Group were eliminated. For further acquisition of property investment company holding UK properties by EUKCH and its subsidiaries (the "UK REIT Group"), any unrealised gains on the properties (and the corresponding deferred tax liabilities) will also be eliminated on acquisition. Additionally, any gains arising on the direct or indirect disposal of the properties that form part of the qualifying property rental business within the UK REIT Group are exempt from UK corporation tax. Instead, a withholding tax of 15.0% is applicable upon the distribution of such gains.

Notes to the Financial Statements

15. UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust			
	2022		2021	
	Number of Units '000	£'000	Number of Units '000	£'000
Units issued and fully paid				
At beginning of the year	475,468	304,105	334,134	208,208
Issue of new Units:				
– Issued in satisfaction of part of the purchase consideration for subsidiaries acquired	–	–	131,444	89,382
– Acquisition fees paid in Units	–	–	3,199	2,125
– Manager's management fees paid in Units	950	631	3,376	2,244
– Lease management fees paid in Units	88	58	349	233
– Distribution reinvestment plan	4,622	2,817	2,966	1,913
Total issued Units	481,128	307,611	475,468	304,105
Units to be issued				
– Manager's management fees payable in Units	–	–	950	631
– Lease management fees payable in Units	–	–	88	58
Total issuable Units	–	–	1,038	689
Total issued and issuable Units at the end of the year	481,128	307,611	476,506	304,794

During the year, there were the following movements in the Units in issue and to be issued:

<u>Year ended 31 December 2022</u>

- Approximately 950,000 Units were issued at approximately £0.66 per Unit, amounting to approximately £631,000, to the Manager as satisfaction of the management fee paid to the Manager.
- Approximately 88,000 Units were issued at approximately £0.66 per Unit, amounting to approximately £58,000, to the Manager as satisfaction of the lease management fee paid to the Manager.
- Approximately 4,622,000 Units were issued at Unit prices ranging from approximately £0.59 to £0.62 per Unit, amounting to approximately £2,817,000, under the distribution reinvestment plan.

Notes to the Financial Statements

15. UNITS IN ISSUE AND TO BE ISSUED (CONT'D)

Year ended 31 December 2021

- Approximately 131,444,000 Units were issued at £0.68 per Unit, amounting to approximately £89,382,000, in satisfaction of part of the purchase consideration for the subsidiaries acquired during the year.
- Approximately 3,199,000 Units were issued at approximately £0.66 per Unit, amounting to approximately £2,125,000, to the Manager as satisfaction of the acquisition fee for the subsidiaries acquired during the year.
- Approximately 3,376,000 Units were issued at Unit prices ranging from approximately £0.66 to £0.67 per Unit, amounting to approximately £2,244,000, to the Manager as satisfaction of the management fee paid to the Manager.
- Approximately 349,000 Units were issued at Unit prices ranging from approximately £0.66 to £0.67 per Unit, amounting to approximately £233,000, to the Manager as satisfaction of the lease management fee paid to the Manager.
- Approximately 2,966,000 Units were issued at approximately £0.65 per Unit, amounting to approximately £1,913,000, under the distribution reinvestment plan.
- Approximately 950,000 Units and 88,000 Units will be issued at approximately £0.66 per Unit, amounting to approximately £631,000 and £58,000 respectively, subsequent to the reporting date, as satisfaction of the Manager's management fee and lease management fee respectively for the period from 1 October 2021 to 31 December 2021.

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of unitholders are contained in the Trust Deed and include the right to:

- one vote per Unit;
- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer of any assets (or part thereof) or any estate or interest in any asset (or part thereof) of the Trust; and
- attend all unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of one or more unitholders) at any time convene a meeting of unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a unitholder include the following:

- a unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a unitholder has no right to request the Manager to redeem his Units.

A unitholder's liability is limited to the amount paid or payable for any Unit in the Trust. The provisions of the Trust Deed provide that no unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of the Trust exceed its assets.

Notes to the Financial Statements

16. UNIT ISSUE COSTS

	Group	
	2022 £'000	2021 £'000
Unit issue costs capitalised in unitholders' funds	5,903	5,903

17. NET ASSET VALUE PER UNIT

	Group		Trust	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Net asset value per Unit is based on:				
Net assets attributable to unitholders	247,901	289,019	247,596	289,019
Total issued and issuable Units as at 31 December ('000) (note 15)	481,128	476,506	481,128	476,506
Net asset value per Unit (£)	0.52	0.61	0.51	0.61

18. REVENUE

Revenue mainly relates to rental income derived from the Group's investment properties.

Over 99% (2021: 99%) of the contracted rental income under the current leases is derived from the UK Government via various government agencies which includes The Secretary of State for Housing, Communities and Local Government (with the Department of Works and Pensions ("DWP") occupying each property under a group sharing arrangement).

19. PROPERTY OPERATING EXPENSES

	Group	
	2022 £'000	2021 £'000
Property management fee paid/payable to a non-related corporation of the Manager	408	359
Property management fee paid/payable to a related corporation of the Manager	261	231
Property insurance	242	180
Lease management fee paid/payable to the Manager	231	232
Other property expenses	192	2
	1,334	1,004

For the year ended 31 December 2021, an aggregate of 349,000 Units were issued or would be issued to the Manager as satisfaction of the lease management fee incurred.

Notes to the Financial Statements

20. MANAGER'S MANAGEMENT FEES

	Group	
	2022	**2021**
	£'000	£'000
Base fee	2,310	2,453

For the year ended 31 December 2021, an aggregate of 3,690,000 Units were issued or would be issued to the Manager as satisfaction of the management fees incurred.

21. OTHER TRUST EXPENSES

	Group	
	2022	**2021**
	£'000	£'000
Audit fees paid/payable to:		
– auditors of the Trust	154	149
– member firm of the auditors of the Trust	132	131
Non-audit fees paid/payable to:		
– auditors of the Trust	46	–
Valuation fees	349	242

22. FINANCE INCOME AND FINANCE COSTS

	Group	
	2022	**2021**
	£'000	£'000
Finance income		
Fair value gain on financial derivatives	–	508
Finance costs		
Fair value loss on in financial derivatives	(441)	–
Amortisation of transaction costs relating to loans and borrowings	(1,140)	(909)
Reversal of accrued commitment fee no longer required/(commitment fee)	158	(28)
Interest expense on:		
– loans and borrowings	(5,956)	(3,886)
– lease liabilities	(38)	(31)
	(7,417)	(4,854)
Net finance costs recognised in statement of comprehensive income	(7,417)	(4,346)

Notes to the Financial Statements

23. TAX EXPENSE

	Group	
	2022 £'000	2021 £'000
Current tax expense		
Current year	–	2,393
Under/(over) provision in respect of prior years	2	(8)
Withholding tax	3,123	1,106
	3,125	3,491
Deferred tax (credit)/expense		
Origination of temporary differences	(1,630)	4,812
Effect of changes in tax rate	–	(1,013)
Reversal of deferred tax liabilities arising from the admission into UK REIT regime	–	(5,920)
	(1,630)	(2,121)
Income tax expense	1,495	1,370
Reconciliation of effective tax rate		
Loss for the year before tax	(16,837)	(3,371)
Tax calculated using Singapore tax rate of 17% (2021: 17%)	(2,862)	(573)
Effect of different tax rates in foreign jurisdictions	(503)	(156)
Effect of change in tax rate on deferred tax	–	(1,013)
Reversal of deferred tax liabilities arising from the admission into UK REIT regime (note 14)	–	(5,920)
Income not subject to tax	(5,918)	(2,965)
Expenses not deductible for tax purposes	7,653	10,899
Under/(over) provision in respect of prior years	2	(8)
Withholding tax	3,123	1,106
	1,495	1,370

Notes to the Financial Statements

24. AMOUNT AVAILABLE FOR DISTRIBUTION

	Group	
	2022 £'000	**2021** £'000
Amount available for distribution to unitholders at 1 January	13,364	8,342
Loss for the year	(18,332)	(4,741)
Distribution adjustments (Note A)	41,428	29,266
	23,096	24,525
Amount available for distribution to unitholders at end of the year	36,460	32,867
Distribution to unitholders:		
Distribution of GBP 2.49 pence per Unit for the period from 1 July 2020 to 31 December 2020	–	(8,338)
Distribution of GBP 0.90 pence for the period from 1 January 2021 to 8 March 2021	–	(3,014)
Distribution of GBP 1.73 pence for the period from 9 March 2021 to 30 June 2021	–	(8,151)
Distribution of GBP 2.80 pence per unit for the period from 1 July 2021 to 31 December 2021	(13,342)	–
Distribution of GBP 2.56 pence per unit for the period from 1 January 2022 to 30 June 2022	(12,261)	–
	(25,603)	(19,503)
Amount available for distribution to unitholders at end of the year	10,857	13,364
Distribution per Unit (pence)	4.81	5.43

Note A

Distribution adjustments relate to the following items:

	2022 £'000	2021 £'000
Manager's management fee payable in Units	–	2,453
Lease management fee payable in Units	–	232
Trustee's fee	106	99
Amortisation of debt-related upfront fee and transaction costs	1,140	909
Net change in fair value of investment properties	41,372	28,217
Fair value loss/(gain) on financial derivative	441	(508)
Deferred tax expense	(1,630)	(2,121)
Others	(1)	(15)
Distribution adjustments	41,428	29,266

Notes to the Financial Statements

25. EARNINGS PER UNIT

Basic earnings per Unit

The calculation of basic earnings per Unit is based on the loss attributable to unitholders and the weighted average number of Units outstanding.

	Group	
	2022 £'000	2021 £'000
Loss for the year attributable to unitholders	(18,332)	(4,741)
Weighted average number of Units:		
- Units issued on 1 January	476,506	334,858
- Effect of Units issued in satisfaction of part of the purchase consideration for subsidiaries acquired	–	107,316
- Effect of Units issued as payment of Manager's acquisition fee	–	2,611
- Effect of Units issued and to be issued as payment of Manager's management fee payable in Units	–	1,295
- Effect of Units issued and to be issued as payment of lease management fee payable in Units	–	132
- Effect of Units issued under distribution reinvestment plan	2,438	806
Weighted average number of Units	478,944	447,018

Diluted earnings per Unit

For the year ended 31 December 2022, the diluted earnings per Unit is the same as the basic earnings per Unit as there are no outstanding dilutive Units at the end of the financial year. For the year ended 31 December 2021, the diluted earnings per Unit is the same as the basic earnings per Unit as the Units to be issued as payment of Manager's management fee and lease management fee payable in Units were anti-dilutive.

26. RELATED PARTY TRANSACTIONS

In the normal course of the operations of the Trust, the Manager's management fee and the Trustee's fee have been paid or are payable to the Manager and Trustee, respectively.

Other than as disclosed elsewhere in the financial statements, there were the following significant related party transactions during the period.

	Group	
	2022 £'000	2021 £'000
Acquisition of subsidiaries from related corporations of the Manager	–	98,988
Property management fee paid/payable to a related corporation of the Manager	261	231
Lease management fee paid/payable to the Manager	231	232
Leasing commission payable to the Manager	2	13

Notes to the Financial Statements

27. COMMITMENTS

At the reporting date, the Group had the following commitment:

	Group	
	2022	2021
	£'000	£'000
Capital expenditure on investment properties	7,337	–

28. FINANCIAL RISK MANAGEMENT

Capital management

The Manager proactively reviews the Group's capital and debt management and financing policy regularly so as to optimise the Group's funding structure. Capital consists of net assets attributable to unitholders. The Manager also monitors the Group's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

The Manager's objectives are to provide unitholders of the Group with regular and stable distributions and to achieve long-term growth in distribution per Unit and net asset value per Unit, while maintaining an appropriate capital structure.

The Manager will endeavour to employ an appropriate mix of debt and equity in financing acquisitions and asset enhancement and will seek to optimise its cost of debt financing, in order to minimise exposure to market volatility and maximise risk-adjusted returns to unitholders.

The Group is in compliance with all externally imposed capital requirements for the financial year ended 31 December 2021 and 31 December 2022. There are no substantial changes in the Group's approach to capital management during the year.

As at 31 December 2022, the Group's aggregate leverage was 45.8% (2021: 42.4%) with an interest coverage ratio of 4.6 times (2021: 6.0 times).

The aggregate leverage is calculated as gross borrowings divided by total assets net of the carrying amount of lease liabilities. The interest coverage ratio is computed based on the financial information for the financial years, by dividing the earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties and foreign exchange translation) ("EBITDA"), by the interest expenses and borrowing related fees (excluding interest expense on lease liabilities). Interest expense on lease liabilities is excluded as it does not reflect the serviceability of loans and does not have any impact on the Group's debt servicing ability.

The Group has complied with the guidelines prescribed under the Property Fund Guidelines of the Code of Collective Investment Scheme issued by Monetary Authority of Singapore ("CIS Code") during both financial periods.

Notes to the Financial Statements

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk management

Overview

The Group's returns are primarily from net operating income and capital appreciation of its assets. However, these returns are exposed to financial risks including credit, liquidity, interest rate, and foreign currency risks.

Financial risk management is integral to the whole business of the Group. The Group adopts an integrated approach to manage the financial risks arising in the normal course of the Group's business to ensure that an appropriate balance between risk and control is achieved. Risk management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets represent the maximum exposure of the Group and the Trust to credit risk, before taking into account any collateral held. The Group and the Trust do not require any collateral in respect of their financial assets.

Trade receivables

Exposure to credit risk

While it is necessary to assume a certain level of tenant credit risk to remain competitive in the UK, the Group has established credit limits for tenants and monitors their balances on an ongoing basis. Appropriate risk mitigating actions are in place to manage trade receivables.

Over 99% (2021: 99%) of the Group's revenue is derived from the leases to the UK Government via various government agencies, which includes The Secretary of State for Housing, Communities and Local Government (with the Department of Works and Pensions ("DWP") occupying each property under a group sharing arrangement). Except as disclosed, there is no significant concentration of credit risk.

Expected credit loss assessment

At 31 December 2022 and 31 December 2021, the Group's trade receivables were not past due.

The Group establishes allowances for impairment that represent its estimates of the ECL and specific loss component in respect of its trade receivables. ECL is estimated taking into consideration past due status of the trade receivables, adjusted as appropriate to reflect current condition and estimates of future economic conditions. Based on the assessment, the impairment allowance on trade receivables is negligible.

Notes to the Financial Statements

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk management (cont'd)

Credit risk (cont'd)

Other receivables and notes receivable

The Group assesses on a forward-looking basis the expected credit loss associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group considers the amount of the allowance on these financial assets to be negligible.

Derivatives

The derivatives are entered into with banks with sound credit ratings.

Cash and cash equivalents

Cash is placed with financial institutions which are regulated.

At the reporting date, the Group held cash and cash equivalents of £7.4 million (2021: £19.5 million). The cash and cash equivalents are held with banks and financial institution counterparties with sound credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

The Group is cognisant that its loan agreements require compliance with financial covenants for which the key risks that may affect compliance are the income productivity and value of the Group's investment properties, and rising interest costs. The Group reviews the compliance with financial covenants on a regular basis.

The Group has contractual commitments to incur capital expenditure on its investment properties (see note 27).

Notes to the Financial Statements

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk management (cont'd)

Liquidity risk (cont'd)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount £'000	Contractual cash flows £'000	Within 1 year £'000	After 1 year but within 5 years £'000	More than 5 years £'000
Group					
31 December 2022					
Non-derivative financial liabilities					
Loans and borrowings	(220,270)	(236,898)	(14,631)	(222,267)	–
Lease liabilities	(1,236)	(2,683)	(46)	(183)	(2,454)
Trade and other payables^	(3,111)	(3,111)	(3,111)	–	–
	(224,617)	(242,692)	(17,788)	(222,450)	(2,454)
Derivative financial instruments					
Financial derivatives	67	(3,278)	(1,625)	(1,653)	–
	(224,550)	(245,970)	(19,413)	(224,103)	(2,454)
31 December 2021					
Non-derivative financial liabilities					
Loans and borrowings	(223,854)	(234,681)	(10,906)	(223,775)	–
Lease liabilities	(1,244)	(2,729)	(46)	(183)	(2,500)
Trade and other payables^	(2,831)	(2,831)	(2,831)	–	–
	(227,929)	(240,241)	(13,783)	(223,958)	(2,500)
Derivative financial instruments					
Financial derivatives	508	27	25	2	–
	(227,421)	(240,214)	(13,758)	(223,956)	(2,500)
Trust					
31 December 2022					
Non-derivative financial liabilities					
Trade and other payables	(265)	(265)	(265)	–	–
31 December 2021					
Non-derivative financial liabilities					
Trade and other payables	(616)	(616)	(616)	–	–

^ Excluding VAT payables

Notes to the Financial Statements

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk

The Manager adopts a proactive interest rate management policy to manage the risk associated with changes in interest rates on the Group's loan facilities while also seeking to ensure that the ongoing cost of debt remains competitive.

As at 31 December 2022 and 2021, the bank loans are made up of a mixture of fixed and floating rates. The floating rate loans are contractually repriced at intervals of one to twelve months, or when notified by banks.

As at 31 December 2022, the Group entered into interest rate swaps with a total notional amount of £90.0 million (2021: £80.0 million) whereby the Group agreed with the counterparties to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to the agreed notional principal amounts of the secured term loans. Under the interest rate swap, the Group receives floating interest on the principal amount and pays fixed interest.

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'interest rate benchmark reform'). The Group had exposures to IBORs on its financial instruments that were replaced or reformed as part of these market-wide initiatives.

Non-derivative financial liabilities

Historically, the Group's IBOR exposures to non-derivative financial liabilities included secured bank loans indexed to the GBP LIBOR. As at 31 December 2021, they related to the Group's £140.0 million facility indexed to GBP LIBOR. The Group has modified its non-derivative financial liabilities previously indexed to GBP LIBOR to GBP SONIA January 2022.

Exposure to interest rate risk

At the reporting date, the interest rate profile of interest-bearing financial instruments, as reported to the management, was as follows:

	Group Nominal amount		Trust Nominal amount	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed rate instruments				
Financial assets	–	–	201,133	201,133
Financial liabilities	(62,500)	(62,500)	–	–
Effect of interest rate swaps	(90,000)	(80,000)	–	–
	(152,500)	(142,500)	201,133	201,133
Variable rate instruments				
Financial liabilities	(159,700)	(163,100)	–	–
Effect of interest rate swaps	90,000	80,000	–	–
	(69,700)	(83,100)	–	–

Notes to the Financial Statements

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at FVTPL and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect the statement of comprehensive income.

Cash flow sensitivity analysis for variable rate instruments

A 100 basis point ("bp")* movement in interest rate at the reporting date would increase/(decrease) profit or loss (before any tax effect) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

* *100 basis point is equivalent to 1 percentage point*

	2022		2021	
	100 bp increase £'000	**100 bp decrease** £'000	**100 bp increase** £'000	**100 bp decrease** £'000
Group				
Variable rate instruments	(1,597)	1,597	(1,631)	1,631
Interest rate swaps	900	(900)	800	(800)
Cash flow sensitivity (net)	(697)	697	(831)	831

Notes to the Financial Statements

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The fair value disclosure of lease liabilities is also not required.

	Carrying amount				Fair value			
	Financial assets at amortised cost	At FVTPL	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Group								
31 December 2022								
Financial asset measured at fair value								
Financial derivatives	–	67	–	67	–	67	–	67
Financial assets not measured at fair value								
Trade and other receivables*	11,307	–	–	11,307				
Cash and cash equivalents	7,444	–	–	7,444				
	18,751	–	–	18,751				
Financial liabilities not measured at fair value								
Trade and other payables^	–	–	(3,111)	(3,111)				
Loans and borrowings	–	–	(220,270)	(220,270)	–	(208,429)	–	(208,429)
	–	–	(223,381)	(223,381)				

* *Excluding VAT & GST receivables, prepayments and tax receivables*

^ *Excluding VAT payables*

Notes to the Financial Statements

28. FINANCIAL RISK MANAGEMENT (CONT'D)

	Carrying amount				Fair value			
	Financial assets at amortised cost	At FVTPL	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Group								
31 December 2021								
Financial asset measured at fair value								
Financial derivatives	–	508	–	508	–	508	–	508
Financial assets not measured at fair value								
Trade and other receivables*	11,336	–	–	11,336				
Cash and cash equivalents	19,479	–	–	19,479				
	30,815	–	–	30,815				
Financial liabilities not measured at fair value								
Trade and other payables^	–	–	(2,831)	(2,831)				
Loans and borrowings	–	–	(223,854)	(223,854)	–	(216,743)	–	(216,743)
	–	–	(226,685)	(226,685)				

* *Excluding VAT & GST receivables, prepayments and tax receivables*

^ *Excluding VAT payables*

Notes to the Financial Statements

28. FINANCIAL RISK MANAGEMENT (CONT'D)

	Carrying amount				Fair value			
	Financial assets at amortised cost £'000	At FVTPL £'000	Other financial liabilities £'000	Total carrying amount £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Trust								
31 December 2022								
Financial assets not measured at fair value								
Notes receivable	201,133	–	–	201,133	–	189,830	–	189,830
Trade and other receivables*	7,501	–	–	7,501				
Cash and cash equivalents	2,028	–	–	2,028				
	210,662	–	–	210,662				
Financial liabilities not measured at fair value								
Trade and other payables	–	–	(265)	(265)				
31 December 2021								
Financial assets not measured at fair value								
Notes receivable	201,133	–	–	201,133	–	182,230	–	182,230
Trade and other receivables*	4,906	–	–	4,906				
Cash and cash equivalents	4,915	–	–	4,915				
	210,954	–	–	210,954				
Financial liabilities not measured at fair value								
Trade and other payables	–	–	(616)	(616)				

* *Excluding prepayments, tax receivables and VAT & GST receivables*

Notes to the Financial Statements

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Measurement of fair values

(i) Valuation techniques

The following table shows the valuation techniques used in measuring Level 2 values.

Type	Valuation technique
Loans and borrowings, and Notes receivable	Discounted cash flows: The fair value is based on the present value of future payments, discounted at the market rate of interest at the measurement date.
Financial derivatives – interest rate swaps	Market comparison technique: The fair values are based on bank quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

29. LEASES

Leases as lessee

Some of the investment properties of the Group are under operating leases. The leases run for periods with expiry between 2077 and 2086. Lease payments are re-negotiated every five years, and there is an option to renew the leases after the expiry date, for a further term of 26 years.

Information about leases for which the Group are lessees is presented as below:

Right-of-use ("ROU") assets

ROU assets relate to the Group's investment properties and are presented as investment properties.

Amounts recognised in statement of comprehensive income

Interest on lease liabilities of £38,000 (2021: £31,000) was recognised in the statement of comprehensive income during the year.

Amounts recognised in statement of cash flows

	2022 £'000	2021 £'000
Payment of lease liabilities	(8)	(6)
Interest expense	(38)	(31)
Total cash outflow for leases	(46)	(37)

Notes to the Financial Statements

29. LEASES (CONT'D)

Leases as lessor

The Group leases out its investment properties. The Group has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from investment properties recognised by the Group during 2022 was £36.8 million (2021: £34.7 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	2022 £'000	2021 £'000
Less than one year	33,692	36,719
One to two years	31,977	35,906
Two to three years	31,908	35,416
Three to four years	31,908	35,416
Four to five years	31,908	35,416
More than five years	8,463	45,991
	169,856	224,864

30. FINANCIAL RATIOS

	2022	2021
Expenses to weighted average net assets[1]	1.36%	1.55%
Portfolio turnover rate[2]	–	–

(1) *The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to the expenses of the Group, excluding property expenses, interest expense, foreign exchange gains and losses, Unit issue costs and income tax expense of the Group. There is no performance component in the Manager's management fee during the period.*

(2) *The annualised ratios are computed in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio is based on the lower of the total value of purchases or sales of underlying investment properties of the Group expressed as a percentage of average daily net asset value.*

Notes to the Financial Statements

31. ACQUISITION OF SUBSIDIARIES

On 9 March 2021, the Group acquired 100% of the shares and voting interest in Elite Amphora Limited and Elite Cask Limited, which hold 58 properties located across the United Kingdom. The total purchase consideration (including acquisition costs) for the shares and voting interest, including assuming the amounts due to the vendor, was approximately £102.9 million. The acquisition was accounted for as an acquisition of assets.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	£'000
Investment properties	213,790
Trade and other receivables	152
Cash and cash equivalents	2,001
Loans and borrowings	(113,836)
Amounts due to ex-shareholder	(39,428)
Lease liabilities	(1,250)
Trade and other payables	(659)
Deferred income	(733)
Current tax liabilities	(477)
Net assets	59,560

Cash flows relating to the acquisition

	£'000
Consideration for 100% equity interest acquired	59,560
Add: Amounts due to ex-shareholder assumed	39,428
Add: Acquisition-related costs	3,919
	102,907
Less: Consideration paid in Units	(89,382)
Less: Acquisition fee paid in Units	(2,125)
Less: Cash acquired	(2,001)
Net cash outflow	9,399

32. SUBSEQUENT EVENT

On 14 February 2023, the Manager declared a distribution of £0.0225 per Unit, amounting to £10.8 million, to unitholders in respect of the period from 1 July 2022 to 31 December 2022.

Statistics of Unitholdings

As at 6 March 2023

ISSUED AND FULLY PAID UNITS

Issued and Fully Paid-Up Units: 481,128,443 units (voting rights: one vote per unit)

There is only one class of Units in Elite Commercial REIT.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 – 99	12	0.32	505	0.00
100 – 1,000	1,133	30.52	1,107,391	0.23
1,001 – 10,000	1,904	51.28	6,889,129	1.43
10,001 – 1,000,000	642	17.29	33,813,333	7.03
1,000,001 and above	22	0.59	439,318,085	91.31
Total	**3,713**	**100.00**	**481,128,443**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	Number of Shares	%
1.	Citibank Nominees Singapore Pte Ltd	119,021,974	24.74
2.	DBSN Services Pte. Ltd.	112,314,015	23.34
3.	DBS Nominees (Private) Limited	67,791,940	14.09
4.	DB Nominees (Singapore) Pte Ltd	40,090,332	8.33
5.	CGS-CIMB Securities (Singapore) Pte. Ltd.	30,075,430	6.25
6.	Raffles Nominees (Pte.) Limited	22,184,053	4.61
7.	ABN Amro Clearing Bank N.V.	5,805,341	1.21
8.	HSBC (Singapore) Nominees Pte Ltd	5,182,285	1.08
9.	United Overseas Bank Nominees (Private) Limited	5,072,756	1.05
10.	Tan Fuh Gih	5,047,045	1.05
11.	Phillip Securities Pte Ltd	3,704,788	0.77
12.	BNP Paribas Nominees Singapore Pte Ltd	3,621,481	0.75
13.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	2,910,086	0.60
14.	Chin Phak Lin	2,590,063	0.54
15.	UOB Kay Hian Private Limited	2,355,175	0.49
16.	Maybank Securities Pte. Ltd.	2,351,734	0.49
17.	OCBC Securities Private Limited	2,318,519	0.48
18.	BPSS Nominees Singapore (Pte.) Ltd.	2,263,586	0.47
19.	Tan Kim Seng	1,315,307	0.27
20.	Loh Sok Beng	1,147,058	0.24
Total		**437,162,968**	**90.85**

Statistics of Unitholdings

As at 6 March 2023

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 6 MARCH 2023

(As recorded in the Register of Substantial Unitholders' Unitholdings)

Name of Substantial Unitholders	No. of Units Direct Interest	No. of Units Deemed Interest
Ho Lee Group Trust	36,844,684	-
Tan Hai Peng Micheal	151,039	45,359,083[(1)]
Tan Hai Seng Benjamin	-	45,132,482[(2)]
Tan Yong Hiang Priscilla	-	36,844,684[(3)]
Seow Whye Pheng	-	36,844,684[(3)]
Seow Hwye Min	-	36,844,684[(3)]
Seow Whye Teck	-	36,844,684[(3)]
Seow Hwye Tiong	-	36,844,684[(3)]
Sunway RE Capital Pte. Ltd.	28,214,024	-
Sunway City Sdn. Bhd.	-	28,214,024[(4)]
Sunway Berhad	-	28,214,024[(4)]
Sungei Way Corporation Sdn. Bhd.	-	28,214,024[(4)]
Active Equity Sdn. Bhd.	-	28,214,024[(4)]
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO	-	28,214,024[(4)]
Partner Reinsurance Asia Pte. Ltd.	28,676,471	-
Partner Reinsurance Company Ltd.	38,397,744	-
Partner Reinsurance Europe SE	42,000,000	-
PartnerRe Holdings SA	-	42,000,000[(5)]
PartnerRe Holdings Europe Limited	-	42,000,000[(5)]
PartnerRe Ltd.	-	109,074,215[(5)]
Covéa Cooperations S.A.	-	109,074,215[(6)]
Covéa	-	109,074,215[(6)]
MMA IARD Assurances Mutuelles	-	109,074,215[(6)]
MMA Vie Assurances Mutuelles	-	109,074,215[(6)]
AM-GMF	-	109,074,215[(6)]
MAAF Assurances	-	109,074,215[(6)]
MMAF Santé		109,074,215[(6)]

Notes:

(1) *Tan Hai Peng Micheal ("**Micheal**") holds 46.625% of the share capital of Teck Lee Holdings Pte. Ltd. ("**TLH**"). TLH holds 81.25% of the share capital of Ho Lee Group Pte. Ltd. ("**HLG**"). HLG holds 50% of the share capital of Elite Partners Holdings Pte. Ltd. ("**EPH**"), which holds 5,132,271 Units in Elite Commercial REIT. EPH holds 68% of the share capital of Elite Commercial REIT Management Pte. Ltd. (the "**Manager**"), which holds 3,155,527 Units in Elite Commercial REIT. Therefore, Micheal is deemed to be interested in 8,287,798 Units held by EPH and the Manager.*

*Ho Lee Group Trust ("**HLGT**") holds 36,844,684 Units. Micheal is a beneficiary of HLGT, and therefore is deemed to be interested in the 36,844,684 Units held by HLGT.*

Micheal is also deemed interested in the 226,601 Units held by his wife, Kan Phui Lin.

(2) *Mr Tan Hai Seng Benjamin hold 46.625% of the share capital of TLH. TLH holds 81.25% of the share capital of HLG. HLG holds 50% of the share capital of EPH, which holds 5,132,271 Units in Elite Commercial REIT. EPH holds 68% of the share capital of the Manager, which holds 3,155,527 Units in Elite Commercial REIT. Therefore, Tan Hai Seng Benjamin is deemed to be interested in 8,287,798 Units held by EPH and the Manager.*

HLGT holds 36,844,684 Units. Tan Hai Seng Benjamin is deemed to be interested in the 36,844,684 Units held by HLGT.

(3) *Tan Yong Hiang Priscilla, Seow Whye Pheng, Seow Hwye Min, Seow Whye Teck and Seow Hwye Tiong are beneficiaries of HLGT. Accordingly, each of Tan Yong Hiang Priscilla, Seow Whye Pheng, Seow Hwye Min, Seow Whye Teck and Seow Hwye Tiong are deemed to be interested in the Units held by HLGT.*

(4) *Sunway RE Capital Pte. Ltd. ("**Sunway RE**") is 100% owned by Sunway City Sdn. Bhd. ("**SCSB**"). SCSB is 100% owned by Sunway Berhad. Sungei Way Corporation Sdn. Bhd. ("**SWCSB**") holds 56.75% interest in Sunway Berhad. SWCSB is 100% owned by Active Equity Sdn. Bhd. ("**AESB**"). Tan Sri Dato' Seri Jeffrey Cheah Fook Ling AO holds 60% interest in AESB.*

SCSB, Sunway Berhad, SWCSB, AESB and Tan Sri Dato' Seri Jeffrey Cheah Fook Ling AO are therefore deemed interested in the Units held by Sunway RE by virtue of Section 4 of the Securities and Futures Act 2001 of Singapore.

(5) *Partner Reinsurance Company Ltd. ("**PRCL**") and Partner Reinsurance Asia Pte. Ltd. ("**PRA**") hold 38,397,744 and 28,676,471 units in the REIT respectively. PRCL and PRA are wholly owned subsidiaries of PartnerRe Ltd. ("**PR**").*

*Partner Reinsurance Europe SE is wholly owned by PartnerRe Holdings SA ("**PRH**"). PRH is wholly owned by PartnerRe Holdings Europe Limited ("**PRHE**"). PRHE is wholly owned by PR.*

(6) *Covéa Cooperations S.A. ("**Covéa Cooperations**") owns 100% of PR. Covéa is the ultimate holding company of Covéa Cooperations through the following entities:*

(a) MMA IARD Assurances Mutuelles holds 21.528% of the voting rights of Covéa Coopérations and, together with MMA Vie Assurances Mutuelles (with which it acts in concert), holds 33.3% of the voting rights of Covéa Coopérations.

(b) MMA Vie Assurances Mutuelles holds 11.805% of the voting rights of Covéa Coopérations and, together with MMA IARD Assurances Mutuelles (with which it acts in concert), holds 33.3% of the voting rights of Covéa Coopérations.

(c) AM-GMF holds 33.3% of the voting rights of Covéa Coopérations.

(d) MAAF Santé holds 0.173% of the voting rights of Covéa Coopérations and, together with MAAF Assurances (with which it acts in concert), holds 33.3% of the voting rights of Covéa Coopérations.

(e) MAAF Assurances holds 33.161% of the voting rights of Covéa Coopérations and, together with MAAF Santé (with which it acts in concert), holds 33.3% of the voting rights of Covéa Coopérations.

Statistics of Unitholdings

As at 6 March 2023

UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 21 JANUARY 2023

(As recorded in the Register of Directors' Unitholdings)

Name of Directors	No. of Units Direct Interest	No. of Units Deemed Interest
David Lim Teck Leong	521,563	-
Tan Hai Peng Micheal	151,039	45,359,083[(1)]
Victor Song Chern Chean	-	8,287,798[(2)]
Tan Dah Ching	35,526	916,286[(3)]
Yezdi Phiroze Chinoy	22,595	-
Nicholas David Ashmore	-	-
Koo Tsai Kee	-	-
Tan Huay Lim	-	-
Evan Cheah Yean Shin	-	-
Tan Kok Heng*	-	-

* *Tan Kok Heng is an Alternate Director to Evan Cheah Yean Shin.*

Notes:

(1) *Tan Hai Peng Micheal ("**Micheal**") holds 46.625% of the share capital of Teck Lee Holdings Pte. Ltd. ("**TLH**"). TLH holds 81.25% of the share capital of Ho Lee Group Pte. Ltd. ("**HLG**"). HLG holds 50% of the share capital of Elite Partners Holdings Pte. Ltd. ("**EPH**"), which holds 5,132,271 Units in Elite Commercial REIT. EPH holds 68% of the share capital of the Manager, which holds 3,155,527 Units in Elite Commercial REIT. Therefore, Micheal is deemed to be interested in 8,287,798 Units held by EPH and the Manager.*

Ho Lee Group Trust holds 36,844,684 Units. Micheal is a beneficiary of HLGT, and therefore is deemed to be interested in the 36,844,684 Units held by HLGT.

Micheal is also deemed interested in the 226,601 Units held by his wife, Kan Phui Lin.

(2) *Victor Song Chern Chean holds 22.5% of the share capital of EPH, which holds 5,132,271 Units in Elite Commercial REIT. EPH holds 68% of the share capital of the Manager, which holds 3,155,527 Units in Elite Commercial REIT. Therefore, Victor Song Chern Chean is deemed to be interested in 8,287,798 Units held by EPH and the Manager.*

(3) *Tan Dah Ching holds 50% of the share capital of Jin Leng Investments Pte. Ltd. ("**JLI**"), which holds 916,286 Units in Elite Commercial REIT. Therefore, Tan Dah Ching is deemed to be interested in 916,286 Units held by JLI.*

FREE FLOAT

Disclosure pursuant to Rule 1207(9)(e) of the SGX-ST Listing Manual

Based on information available to the Manager as at 6 March 2023, approximately 61.1% of the Units in Elite Commercial REIT are held in public hands. Accordingly, Rule 723 of the SGX-ST Listing Manual has been complied with.

Notice of Annual General Meeting

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.)

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**" or "**Meeting**") of the holders of units of Elite Commercial REIT (the "**Unitholders**") will be convened and held in a wholly physical format at Suntec Singapore Convention & Exhibition Centre, MR 324-325 (AGM Room), 1 Raffles Boulevard, Singapore 039593 on Tuesday, 25 April 2023 at 3.00 p.m. to transact the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of Perpetual (Asia) Limited, as trustee of Elite Commercial REIT (the "**Trustee**"), the Statement by Elite Commercial REIT Management Pte. Ltd., as manager of Elite Commercial REIT (the "**Manager**") and the Audited Financial Statements of Elite Commercial REIT for the financial year ended 31 December 2022 together with the Auditors' Report thereon. **(Ordinary Resolution 1)**

2. To re-appoint KPMG LLP as Auditors of Elite Commercial REIT and to hold office until the conclusion of the next AGM and to authorise the Manager to fix their remuneration. **(Ordinary Resolution 2)**

(B) AS SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without any modifications, the following resolution as an Ordinary Resolution:

3. **GENERAL MANDATE FOR THE ISSUE OF NEW UNITS AND/OR CONVERTIBLE SECURITIES**

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. **(Ordinary Resolution 3)**

(Please see Explanatory Note)

BY ORDER OF THE BOARD

Elite Commercial REIT Management Pte. Ltd.
(as manager of Elite Commercial REIT)
(Company Registration No. 201925309R)

Josephine Toh
Company Secretary

Singapore
31 March 2023

Notice of Annual General Meeting

Explanatory Note:

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of the Unitholders of Elite Commercial REIT, or (ii) the date by which the next AGM of the Unitholders of Elite Commercial REIT is required by the applicable laws and regulations or the Trust Deed to be held, or (iii) such authority is varied or revoked by the Unitholders in a general meeting, whichever is the earliest, to issue Units, make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any), with a sub-limit of twenty per cent (20.0%) for issues other than on a pro rata basis to Unitholders.

For the purpose of determining the aggregate number of Units that may be issued, the total number of issued Units will be calculated based on the total number of issued Units (excluding treasury Units, if any) at the time this Ordinary Resolution is passed, after adjusting for new Units arising from the conversion and any subsequent bonus issue, consolidation or subdivision of Units.

Important Notice:

1. A Unitholder who is not a relevant intermediary (as defined in paragraph 2 below) and entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his/her/its stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its unitholding (expressed as a percentage of the whole) to be represented by each proxy.

2. A Unitholder who is a relevant intermediary and entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form.

   "**Relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act 1970 or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds Units in that capacity; or

   (iii) (if applicable) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. The AGM will be held in a wholly physical format at Suntec Singapore Convention & Exhibition Centre, MR 324-325 (AGM Room), 1 Raffles Boulevard, Singapore 039593. **There will be no option for Unitholders to participate virtually.** Printed copies of this Notice of AGM will be sent to Unitholders. This Notice of AGM will also be made available on Elite Commercial REIT's website at the URL https://investor.elitecreit.com/agm_egm.html and on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

4. **Arrangements for conduct of the AGM**

   Arrangements relating to the conduct of the AGM, including:

   (a) attending the AGM in person;

   (b) submitting questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM or at the AGM itself; and/or

   (c) voting at the AGM by the Unitholder (a) in person or (b) by his/her/its duly appointed proxy(ies),

   are set out in this Notice of AGM. Any reference to a time of day is made by reference to Singapore time. The Notice of AGM may be accessed at Elite Commercial REIT's website at the URL https://investor.elitecreit.com/agm_egm.html, and will also be made available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

   Unitholders, including SRS investors, or, where applicable, their appointed proxy(ies) who will be attending the AGM in person should bring along their NRIC/passport so as to enable the verification of their identity on the day of the AGM.

5. **Question and answer and AGM minutes**

Unitholders, including SRS investors, or, where applicable, their appointed proxy(ies) will be able to submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, at the AGM.

Unitholders, including SRS investors, may also submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM. To do so, all questions must be submitted in the following manner by **3.00 p.m. (Singapore Time) on Tuesday, 11 April 2023**:

(a) if submitted by post, be deposited at the office of the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

(b) if submitted electronically, via email to the Manager at EliteCREIT@boardroomlimited.com

Unitholders, including SRS investors, who submit questions by post to the Unit Registrar or via email to the Manager must provide the following information:

(1) the Unitholder's full name;

(2) the Unitholder's address; and

(3) the manner in which the Unitholder holds Units in Elite Commercial REIT (e.g., via CDP or SRS).

Unitholders are strongly encouraged to submit their questions via email.

The Manager will endeavour to address all substantial and relevant questions received by it in the manner set out above, prior to or during the AGM. Where substantially similar questions are received, the Manager will consolidate such questions and consequently not all questions may be individually addressed.

The Manager will publish the minutes of the AGM on Elite Commercial REIT's website and on SGXNET within one month from the date of the AGM, and the minutes will include the responses to the substantial and relevant questions received from Unitholders which are addressed during the AGM.

6. **Voting, or appointing proxy(ies) to vote, at the AGM**

A Unitholder who wishes to exercise his/her/its voting rights at the AGM may: (a) vote at the AGM in person or (b) appoint proxy(ies) to vote on his/her/its behalf at the AGM.

A Unitholder who wishes to submit an instrument appointing proxy(ies) must complete the accompanying proxy form ("**Proxy Form**"), before submitting it in the manner set out below. Printed copies of the Proxy Form will be sent to Unitholders. The Proxy Form may also be accessed at Elite Commercial REIT's website at the URL https://investor.elitecreit.com/agm_egm.html, and will also be made available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

Where a Unitholder appoints proxy(ies), he/she/it may give specific instructions as to voting, or abstentions from voting, in respect of the resolutions in the Proxy Form, failing which the proxy(ies) will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the AGM.

7. The Proxy Form must be submitted to the Manager c/o Elite Commercial REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

(a) if submitted by post, by completing and signing the Proxy Form, and lodging the same at the Unit Registrar's office at **Boardroom Corporate & Advisory Services Pte. Ltd.** at **1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632**; or

(b) if submitted electronically, by completing and signing the Proxy Form, and attaching and sending a clear PDF copy of the same via email to the Unit Registrar at EliteCREIT@boardroomlimited.com

in either case, by **3.00 p.m. (Singapore Time) on Saturday, 22 April 2023**, being 72 hours before the time fixed for holding the AGM.

Notice of Annual General Meeting

8. **Relevant intermediaries**

Persons who hold Units through relevant intermediaries, other than SRS investors, and who wish to participate in the AGM should contact the relevant intermediary through which they hold such Units as soon as possible. Persons who hold Units through relevant intermediaries, other than SRS investors, may (i) vote at the AGM if they are appointed as proxies by their respective relevant intermediaries; or (ii) specify their voting instructions to their respective SRS Operators / arrange for their votes to be submitted with their respective relevant intermediaries, and should contact their respective relevant intermediaries as soon as possible in order for the necessary arrangements to be made.

In addition, SRS investors may (a) vote at the AGM if they are appointed as proxies by their respective SRS Operators, and should contact their respective SRS Operators if they have any queries regarding their appointment as proxies; or (b) specify their voting instructions to their respective SRS Operators / arrange for their votes to be submitted with their respective SRS Operators, and should approach their respective SRS Operators by **3.00 p.m. (Singapore Time) on Thursday, 13 April 2023**, being at least seven working days before the date of the AGM, to ensure their votes are submitted.

9. The Annual Report has been uploaded on SGXNET on 31 March 2023 at the URL https://www.sgx.com/securities/company-announcements and may be accessed at Elite Commercial REIT's website at the URL https://investor.elitecreit.com/ar.html. Printed copies of the Annual Report will **not** be sent to Unitholders unless requested for by a Unitholder submitting a request via email to Elite Commercial REIT's Unit Registrar at EliteCREIT@boardroomlimited.com. The following information must be provided:

(a) the Unitholder's full name; and

(b) the Unitholder's address

which should reach the Unit Registrar by **5.00 p.m. (Singapore Time) on Wednesday, 12 April 2023.**

A printed copy of the Annual Report will then be sent to the address specified by the Unitholder at his/her/its own risk.

10. **Important reminder:**

Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the AGM at short notice. Unitholders should check Elite Commercial REIT's website at the URL https://investor.elitecreit.com/agm_egm.html and SGXNET at the URL https://www.sgx.com/securities/company-announcements for the latest updates on the status of the AGM.

Additionally, the Manager encourages Unitholders and/or their proxy(ies) who are feeling unwell on the date of the AGM to exercise personal and social responsibility and to stay home and not attend the AGM.

Personal Data Privacy:

By either (a) attending the AGM or (b) submitting an instrument appointing proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof; and/or (c) submitting any question in advance of, or at, the AGM; and/or (d) submitting request via email to request for a printed copy of the Annual Report, a Unitholder:

(i) consents to the collection, use and disclosure of the Unitholder's personal data by Elite Commercial REIT, the Manager and the Trustee (or their respective agents or service providers) for the following purposes:

(1) the processing, administration and analysis by Elite Commercial REIT, the Manager and the Trustee (or their respective agents or service providers) of instruments appointing proxy(ies) for the AGM (including any adjournment thereof);

(2) the addressing of questions received from Unitholders in advance of or at the AGM and, if necessary, the following up with the relevant Unitholders in relation to such questions;

(3) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(4) in order for Elite Commercial REIT, the Manager and the Trustee (or their respective agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines,

(collectively, the "**Purposes**");

(ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to Elite Commercial REIT, the Manager and the Trustee (or their respective agents or service providers), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by Elite Commercial REIT, the Manager and the Trustee (or their respective agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes;

(iii) agrees to provide the Manager and the Trustee with written evidence of such prior consent upon reasonable request;

(iv) agrees that the Unitholder will indemnify Elite Commercial REIT, the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty; and

(v) agrees and consents to such photographic, sound and/or video recordings of the AGM as may be made by Elite Commercial REIT, the Manager and the Trustee (or their respective agents or service providers) for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of the Unitholder (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she may propose/second) may be recorded by Elite Commercial REIT, the Manager and the Trustee (or their respective agents or service providers) for such purpose.

Proxy Form

ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

ELITE COMMERCIAL REIT

(a real estate investment trust constituted on 7 June 2018 under the laws of the Republic of Singapore)

Note

This instrument appointing proxy(ies) ("**Proxy Form**") has been made available on SGXNET at the URL https://www.sgx.com/securities/company-announcements and may be accessed at Elite Commercial REIT's website at the URL https://investor.elitecreit.com/agm_egm.html. Printed copies of this Proxy Form will be sent to Unitholders of Elite Commercial REIT ("**Unitholders**").

Personal data privacy

By submitting an instrument appointing a proxy(ies), Unitholders accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 March 2023 ("**Notice of AGM**").

IMPORTANT

1. The Annual General Meeting ("**AGM**") will be held in a wholly physical format at Suntec Singapore Convention & Exhibition Centre, MR 324-325 (AGM Room), 1 Raffles Boulevard, Singapore 039593. **There will be no option for Unitholders to participate virtually**. The Notice of AGM and the Proxy Form will be available through electronic means via publication on Elite Commercial REIT's website at the URL https://investor.elitecreit.com/agm_egm.html and on the SGX-ST's website at the URL https://www.sgx.com/securities/company-announcements. Printed copies of the Notice of AGM and the Proxy Form will be sent to Unitholders. However, printed copies of the Annual Report 2022 will **not** be sent to Unitholders. Any Unitholder who wishes to receive printed copies of the Annual Report 2022 should submit his/her/its request via email to the Unit Registrar. **Please refer to the Notice of AGM for details of the arrangements relating to the conduct of the AGM.**
2. This Proxy Form is for use by Unitholders wishing to appoint a proxy(ies) for the AGM. Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies).
3. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by investors holding Units through a relevant intermediary and SRS investors who hold Units through SRS Operators. Unitholders holding Units through relevant intermediaries who wish to participate / vote in the AGM should contact their respective relevant intermediary as soon as possible in order for the necessary arrangements to be made for their participation in the AGM. SRS investors (a) may vote at the AGM if they are appointed as proxies by their respective SRS Operators, and should contact their respective SRS Operators as soon as practicable if they have any queries regarding their appointment as proxies; or (b) may specify their voting instructions to their respective SRS Operators / arrange for their votes to be submitted with their respective SRS Operators, and should approach their respective SRS Operators by **3.00 p.m. (Singapore Time) on Thursday, 13 April 2023**, being seven (7) working days before the date of the AGM, to ensure their votes are submitted.
4. Capitalised terms not otherwise defined herein shall have the meanings ascribed to them in the Notice of AGM.

I/We, ____ (Name)

____________________________________ (NRIC/Passport Number/Company Registration Number)

of ____ (Address)

being a Unitholder/Unitholders of Elite Commercial REIT, hereby appoint the following person(s):

Name	NRIC/Passport No.	Email Address	Proportion of Unitholdings	
			No. of Units	%
Address				

* and/or

Name	NRIC/Passport No.	Email Address	Proportion of Unitholdings	
			No. of Units	%
Address				

or, both of whom failing, the **Chairman of the AGM**, as *my/our proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the AGM of Elite Commercial REIT to be held in a wholly physical format at Suntec Singapore Convention & Exhibition Centre, MR 324-325 (AGM Room), 1 Raffles Boulevard, Singapore 039593, on **Tuesday, 25 April 2023 at 3.00 p.m. (Singapore Time)** and at any adjournment thereof.

*I/We direct *my/our proxy/proxies to vote for or against, or abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, or in the event of any other matter arising at the AGM and at any adjournment thereof, *my/our *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

No.	Ordinary Resolutions	For**	Against**	Abstain**
ORDINARY BUSINESS				
1.	To receive and adopt the Report of the Trustee, the Statement by the Manager, and the Audited Financial Statements of Elite Commercial REIT for the financial year ended 31 December 2022 together with the Auditors' Report thereon.			
2.	To re-appoint KPMG LLP as Auditors of Elite Commercial REIT and to hold office until the conclusion of the next AGM and to authorise the Manager to fix their remuneration.			
SPECIAL BUSINESS				
3.	To authorise the Manager to issue new Units and to make or grant convertible instruments.			

* *Delete where inapplicable*

** *Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the resolutions, please tick (✓) within the "For" or "Against" box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the resolutions, please indicate the number of votes "For" or "Against" in the relevant boxes provided. If you wish your proxy(ies) to abstain from voting on the resolutions, please tick (✓) within the "Abstain" box provided. Alternatively, please indicate the number of Units that your proxy(ies) is directed to vote "For" or "Against", or "Abstain" in the relevant boxes provided.*

Dated this ____________ day of ____________ 2023

Total Number of Units Held

____

Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM ON REVERSE PAGE

Glue all sides firmly. Stapling and spot sealing are disallowed.

Glue all sides firmly. Stapling and spot sealing are disallowed.

First fold (Glue all sides firmly. Stapling and spot sealing are disallowed.)

Postage will be paid by addressee. For posting in Singapore only.

BUSINESS REPLY SERVICE
PERMIT NO. 09568

ELITE COMMERCIAL REIT MANAGEMENT PTE. LTD.
(as manager of Elite Commercial REIT)

c/o Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue,
#14-07 Keppel Bay Tower,
Singapore 098632

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IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to the Proxy Form:

1. A Unitholder who is not a relevant intermediary (as defined herein) is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such Unitholder's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the unitholding concerned to be represented by each proxy shall be specified in the instrument appointing a proxy(ies).
2. A Unitholder who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different unit in Elite Commercial REIT ("**Unit**") or Units held by such Unitholder. Where such Unitholder's instrument appointing a proxy(ies) appoints more than two proxies, the number of Units held in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy(ies).

   "**Relevant intermediary**" means:
   (i) a banking corporation licensed under the Banking Act 1970, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds Units in that capacity; or
   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. This Proxy Form may be accessed at Elite Commercial REIT's website at the URL https://investor.elitecreit.com/agm_egm.html, and will also be made available on the SGX-ST's website at the URL https://www.sgx.com/securities/company-announcements. Where a Unitholder appoints proxy(ies), he/she/it may give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the proxy(ies) will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the AGM and at any adjournment thereof.
4. A proxy need not be a Unitholder.
5. A Unitholder who wishes to submit an instrument of proxy must do so in the following manner:
   (a) if submitted by post, by completing and signing the Proxy Form, before lodging it at the office of Elite Commercial REIT's Unit Registrar's office at **Boardroom Corporate & Advisory Services Pte. Ltd.** at **1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632**; or
   (b) if submitted electronically via email, by completing and signing the Proxy Form, before attaching and sending a clear PDF copy of the same via email to Elite Commercial REIT's Unit Registrar at EliteCREIT@boardroomlimited.com,

   in either case, by **3.00 p.m. (Singapore Time) on Saturday, 22 April 2023**, being 72 hours before the time fixed for holding the AGM.

   Unitholders are strongly encouraged to submit completed instruments appointing a proxy(ies) electronically via email.

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6. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his/her/its name in the Depository Register maintained by The Central Depository (Pte) Limited, he/she/it should insert that number of Units. If the Unitholder has Units registered in his/her/its name in the Register of Unitholders of Elite Commercial REIT, he/she/it should insert that number of Units. If the Unitholder has Units entered against his/her/its name in the said Depository Register and registered in his/her/its name in the Register of Unitholders, he/she/it should insert the aggregate number of Units. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.
7. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
8. Completion and return of the instrument appointing a proxy(ies) by a Unitholder will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the Unitholder attends the AGM in person and, in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.
9. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof must (failing previous registration with the Manager), if the Proxy Form is submitted by post, be lodged with the Proxy Form, or, if the Proxy Form is submitted via email, be emailed with the Proxy Form, failing which the Proxy Form may be treated as invalid.
10. Any reference to a time of day is made by reference to Singapore time.
11. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
12. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the AGM and his/her proxy(ies). A person entitled to more than one vote need not use all his/her votes or cast them the same way.

GENERAL

The Manager shall be entitled to reject this Proxy Form if it is incomplete, improperly completed or illegible or where the true intention of the appointor is not ascertainable from the instruction of the appointor specified in the Proxy Form. In the case of Unitholders whose Units are entered against their names in the Depository Register, the Manager may reject any Proxy Form lodged if such Unitholders are not shown to have the corresponding number of Units in Elite Commercial REIT entered against his/her/its name in the Depository Register not less than 72 hours before the time appointed for holding the AGM, as certified by CDP to the Manager.

Corporate Directory

THE TRUSTEE

Perpetual (Asia) Limited

16 Collyer Quay
#07-01 Singapore 049318
Telephone No.: (65) 6908 8203

MANAGER

Elite Commercial REIT Management Pte. Ltd.

8 Temasek Boulevard #37-02
Suntec Tower Three
Singapore 038988
Telephone No.: (65) 6955 9999

BOARD OF DIRECTORS

Chairman and Independent Non-Executive Director
Mr David Lim Teck Leong

Independent Non-Executive Directors
Mr Tan Huay Lim
Mr Koo Tsai Kee
Mr Nicholas David Ashmore
Mr Yezdi Phiroze Chinoy

Non-Independent Non-Executive Directors
Mr Tan Hai Peng Micheal
Mr Victor Song Chern Chean
Mr Tan Dah Ching
Mr Evan Cheah Yean Shin

Alternate Director to Mr Evan Cheah Yean Shin
Dr Tan Kok Heng

AUDIT AND RISK COMMITTEE

Chairman
Mr Tan Huay Lim

Members
Mr David Lim Teck Leong
Mr Koo Tsai Kee

NOMINATING AND REMUNERATION COMMITTEE

Chairman
Mr Koo Tsai Kee

Members
Mr David Lim Teck Leong
Mr Tan Hai Peng Micheal

SUSTAINABILITY COMMITTEE

Chairman
Mr David Lim Teck Leong

Members
Dr Tan Kok Heng
Mr Yezdi Phiroze Chinoy
Ms Shaldine Wang
Mr Joel Cheah
Mr Jonathan Edmunds
Ms Chai Hung Yin

STRATEGIC PLANNING COMMITTEE

Chairman
Mr Tan Hai Peng Micheal

Members
Mr Victor Song Chern Chean
Dr Tan Kok Heng

MANAGEMENT TEAM

Chief Executive Officer
Ms Shaldine Wang

Chief Financial Officer
Mr Joel Cheah

Chief Investment Officer
Mr Jonathan Edmunds

Assistant Vice President, Investor Relations
Ms Chai Hung Yin

COMPANY SECRETARY

Ms Josephine Toh

AUDITOR

KPMG LLP

12 Marina View
#15-01 Asia Square Tower 2
Singapore 018961
Telephone No.: (65) 6213 3388

Partner-in-charge:
Ms Lo Mun Wai
(Appointed since the financial period ended 31 December 2019)

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Telephone No.: (65) 6536 5355

Glossary

#

°C
Celcius

A

Aggregate Leverage Limit
The leverage limit stipulated by the Code on Collective Investment Schemes governed by the MAS. In April 2020, the aggregate leverage limit was raised to 50% from the previous limit of 45%

AGM
Annual General Meeting

AML/CFT
Anti-Money Laundering and Countering the Financing of Terrorism

AR6
IPCC Assessment Report

ARC
Audit and Risk Committee

B

BCP
Business Continuity Plan

Board
Board of Directors of the REIT Manager

Board Committees
Consisting of ARC, NRC, SPC and SC

Break Clause
A break clause in a lease gives one or either party the right to end the lease sooner by giving notice either at any time or between specified dates

British Pound / Pound Sterling (£)
The official currency of the United Kingdom

C

CDP
Central Depository (Pte) Limited

CEO
Chief Executive Officer

CFO
Chief Financial Officer

CG Report
Corporate Governance report

CIO
Chief Investment Officer

CIS Code
The Code on Collective Investment Schemes

CMS Licence
Capital markets services licence issued by the Monetary Authority of Singapore

CO_2e
Carbon dioxide equivalent

Code
The Code of Corporate Governance 2018

Code of Conduct
Group-wide Code of Conduct and Ethics Policy

Companies Act
Companies Act 1967 of Singapore

Company Secretary
Company secretary of the REIT Manager

COSO
Committee of Sponsoring Organisations of the Treadway Commission

COVID-19
Coronavirus Disease

CPD
Continuing Professional Development

CPI
Consumer Price Index

CSR
Corporate Social Responsibility

D

Directors
All the Directors of the REIT Manager

DPU
Distribution per Unit

DRP
Distribution Reinvestment Plan

DWP
Department for Work and Pensions

E

ECHL
Elite UK Commercial Holdings Limited

EGM
Extraordinary General Meeting

EPC
Elite Partners Capital Pte. Ltd./ Energy Performance Certificate

EPH
Elite Partners Holdings Pte. Ltd.

ERM
Enterprise Risk Management/ Environmental Risk Management (within the Sustainability Report)

ESG
Environmental, Social and Governance

F

FIDRec
Financial Industry Disputes Resolution Centre

Freehold
A property with a freehold title can be held by its owner indefinitely

FRI
Full repairing and insuring

FTSE ST REIT Index
A free-float, market capitalisation-weighted index that measures the performance of stocks operating within the REIT Sector

FY 2020
Financial period from 6 February 2020 (Listing Date) to 31 December 2020

FY 2021
Financial period from 1 January 2021 to 31 December 2021

FY 2022
Financial period from 1 January 2022 to 31 December 2022

FY 2023
Financial period from 1 January 2023 to 31 December 2023

G

GDP
Gross Domestic Product

GHG
Greenhouse Gas Emissions

GRI
Gross rental income/Global Reporting Initiative (within the Sustainability Report)

Group
Refers to Elite Commercial REIT Group

Group-wide
Refers to Elite Partners Group-wide

I

IBF
The Institute of Banking and Finance Singapore

IDs
Independent directors

IPCC
Intergovernmental Panel on Climate Change

IPO
Initial Public Offering

IPO Projection
Profit projection for the financial period from 1 January 2021 to 31 December 2021

IPTs
Interested Person Transactions

ICR
Interest Coverage Ratio.
The interest coverage ratio is calculated by dividing the earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties and foreign exchange translation) **(EBITDA)**, by the interest expenses and borrowing-related fees (excluding interest expense on lease liabilities). Interest expense on lease liabilities is excluded as it does not reflect the serviceability of loans and does not have any impact on the Group's debt servicing ability.

ISO
International Organisation for Standardisation

IT
Information Technology

J

Jobcentre Plus
A UK Government-funded employment agency and social security office

K

Kg
Kilogram

KMP
Key management personnel

kWh
Kilowatt hour

M

Management
CEO as well as other key management personnel of the REIT Manager

MAS
Monetary Authority of Singapore

m²
Square metre

MEES
Minimum Energy Efficiency Standards

N

NAV
Net Asset Value

NIA
Net internal area

NRC
Nominating and Remuneration Committee

P

PDPA
Personal Data Protection Act

Primary Occupier
UK Government's Department for Work and Pensions

Property Funds Appendix
Appendix 6 of the CIS Code

Portfolio
The REIT's portfolio comprising 155 properties

PV
Photovoltaic

R

RCPs
Representative Concentration Pathways

RCSA
Risk and Control Self-Assessment

REIT
Elite Commercial REIT

REIT Manager
Elite Commercial REIT Management Pte. Ltd., as the Manager of Elite Commercial REIT

RICS
Royal Institution of Chartered Surveyors

ROFR
Right of First Refusal

S

SASB
Sustainability Accounting Standards Board

SC
Sustainability Committee

SFA
Securities and Futures Act, Chapter 289 of Singapore

SGX-ST
Singapore Exchange Securities Trading Ltd.

SID
Singapore Institute of Directors

SONIA
Sterling Overnight Index Average

SPC
Strategic Planning Committee

Sponsors
Elite Partners Holdings Pte. Ltd.; Ho Lee Group Pte. Ltd.; and Sunway RE Capital Pte. Ltd. as Sponsors of Elite Commercial REIT

Sq ft
Square feet

S-REIT
Singapore REIT

Straits Times Index
A market capitalisation weighted index that tracks the performance of the top 30 companies listed on SGX

SWT
Sustainability Working Team

T

TISE
The International Stock Exchange, a regulated stock exchange in Europe

Trustee
Perpetual (Asia) Limited

Trust Deed
Trust deed dated 7 June 2018

U

UK
United Kingdom

UKCP18
UK Climate Projections 2018

UN SDGs
United Nations Sustainable Development Goals

Unit(s)
An undivided interest in Elite Commercial REIT as provided for in the Trust Deed

Unitholder(s)
The Depositor whose securities account with CDP is credited with Unit(s)

T

TCFD
Task Force on Climate-related Financial Disclosures

W

WALB
Weighted Average Lease Break.
The weighted average lease break by headline rent based on the earlier of the next permissible break date(s) at the tenants election or the expiry of the lease

WALE
Weighted Average Lease Expiry.
The weighted average lease expiry by headline rent based on the final termination date of the agreement

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Paper | Supporting responsible forestry
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IMPORTANT NOTICE

This Annual Report 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.

ELITE COMMERCIAL REIT

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elitecreit.com