ELITE COMMERCIAL REIT

Starting Strong
Forging Ahead

ANNUAL REPORT 2020

Glasgow Benefits Centre

What's Inside **This Report**

The First UK-Focused Singapore REIT

Corporate **Profile**

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 Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 6 February 2020, Elite Commercial REIT is the first and only UK-focused listed REIT in Singapore.

The REIT's portfolio ("**Portfolio**") comprises 97 predominantly freehold[1] quality commercial buildings located across the UK, with a total net internal area of approximately 2.6 million square feet and a total site area of approximately 47 hectares.

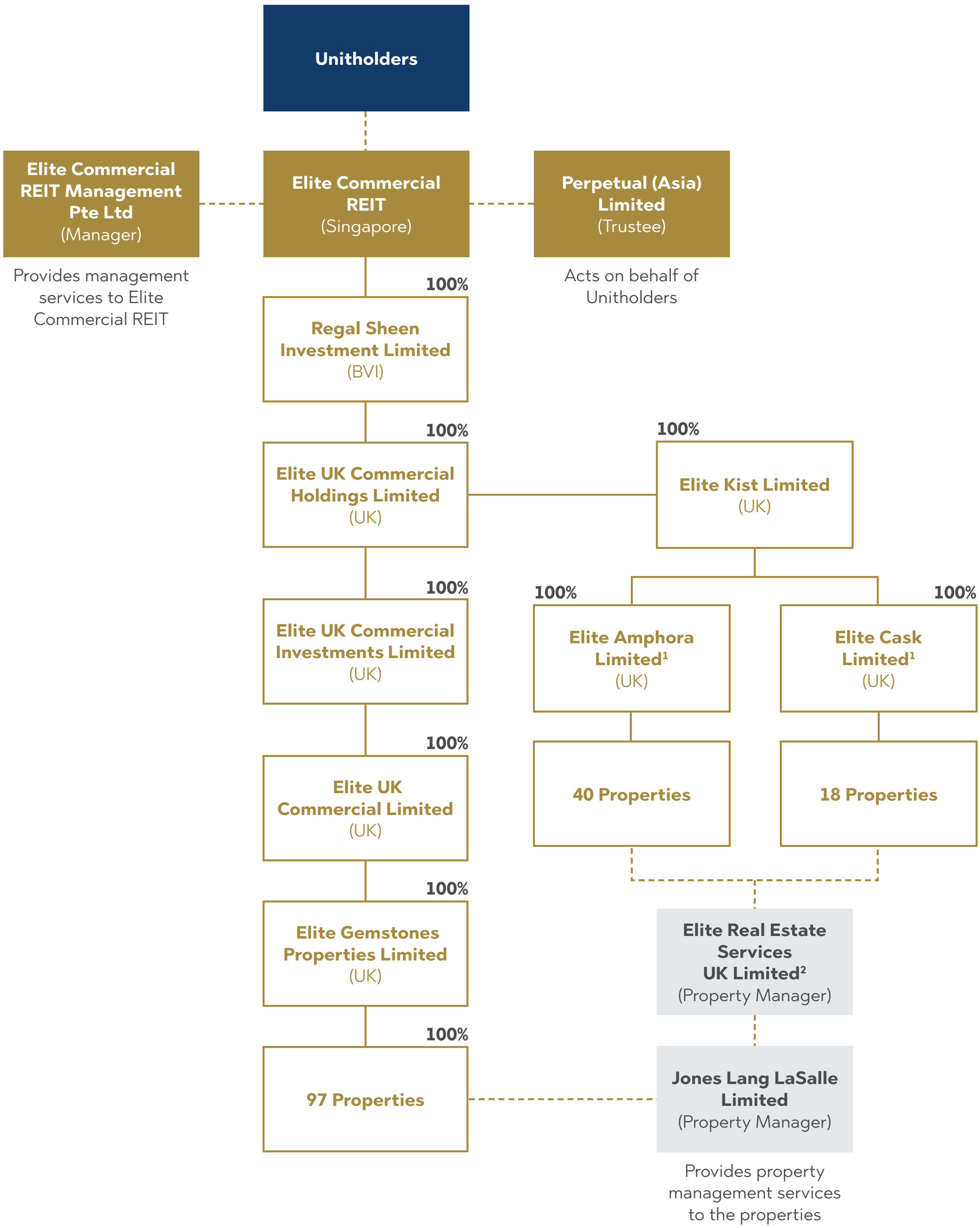
The Portfolio offers a stable cash flow with over 99.0% of the gross rental income derived from the AA-rated UK Government and a long weighted average lease expiry of 7.3 years[2]. The full repairing and insuring (triple net) leases[3] with the UK Government include rental escalations that is linked to the UK Consumer Price Index. 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 counter-cyclical occupier and the Portfolio is a crucial public infrastructure for the provision of DWP services. On 9 March 2021, the REIT's maiden acquisition of 58 commercial buildings located across the UK, with a total net internal area of approximately 1.3 million square feet, was completed.

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%), Sunway RE Capital Pte. Ltd. (15.0%) and Jin Leng Investments Pte. Ltd. (17.0%).

1. *Of the 97 properties, 96 properties are freehold properties and one property is on a long leasehold tenure expiring on 19 May 2255.*
2. *As at 31 December 2020.*
3. *Under a full repairing and insuring (triple net) lease, the responsibility for the repair of the external, internal and structural format of the property is placed with the tenant. Elite Commercial REIT, as the landlord, has no repairing or insuring liability and will not be required to bear the costs of material repairs to the Properties, if any.*

REIT
Structure



1. *The acquisition of Elite Amphora Limited and Elite Cask Limited have been completed subsequent to the financial year ended 31 December 2020 ("**FY2020**"), on 9 March 2021.*
2. *Elite Real Estate Services UK Limited has been appointed Property Manager to Elite Amphora Limited and Elite Cask Limited.*

Key Financial **Highlights**

Gross Revenue[4] (£'000)

20,963

-0.1% IPO Forecast[(1)] £20,985

Net Property Income[4] (£'000)

20,375

-0.2% IPO Forecast[(1)] £20,426

Profit Before Tax[2,4] (£'000)

29,099

+123.5% IPO Forecast[(1)] £13,019

Income Available for Distribution[4] (£'000)

14,843

+2.1% IPO Forecast[(1)] £14,536

Distribution per Unit[4] (pence)

4.44

+2.3% IPO Forecast[(1)] 4.34 pence

Investment Properties (£'000)

311,855

Total Assets (£'000)

332,889

Gross Debt (£'000)

103,200

Gearing Ratio (%)

31.0

Interest Cover Ratio[3] (times)

7.7

Weighted Average Debt Maturity (years)

3.9

NAV per Unit (pence)

65.0

1. *Other than unit issue costs which were charged to the statement of comprehensive income, the forecast results for the period from the Listing Date to 31 December 2020 was derived by pro-rating the forecast results as disclosed in the Prospectus.*
2. *Profit before tax includes fair value gains on investment properties of £15.9 million.*
3. *The interest coverage ratio is calculated by dividing the earnings before interests, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties and foreign exchange translation) ("**EBITDA**"), and before the one-time IPO transaction costs expensed in statement of comprehensive income, by the interest expense and borrowing related fees.*

   Including the one-time IPO transaction costs, the interest coverage ratio calculated by dividing EBITDA by the interest expense and borrowings related fees is 6.9 times.
4. *Based on actual financial results for the period from the Listing Date to 31 December 2020.*

Strategy and **Value Creation**

The Manager seeks to draw on its competitive strengths to deliver sustainable growth and returns to Unitholders through its three-pronged value creation strategy.

Our Competitive Strengths

Well-located Assets with Strong Fundamentals
The strength of our portfolio of 97 quality assets is anchored by the geographical diversity of our assets, the counter-cyclical business of our primary tenant, and long WALE of our leases.

Primary Tenant with Defensive Business
DWP is the UK Government's largest public service department with more than 80,000 employees supporting more than 20 million people. Our well-located assets are of long-term relevance in the provision of DWP's Jobcentre Plus services through economic cycles.

Prudent Capital Management
Our prudent approach towards capital management and continued access to various sources of funding, coupled with strong balance sheet position, provide us the financial flexibility to pursue opportunities and drive long-term sustainable growth.

Proactive Manager with Proven Track Record
Our employees are dedicated professionals with a wealth of experience in investment and management of real estate assets, finance and investor relations. With an average of more than 15 years of experience, each employee is key to the growth and value creation process.

Strong Sponsors with Alignment of Interest
We are able to leverage the knowledge and expertise of three established sponsors with a track record in real estate, financial strength and industry networks. Our Sponsors have an aggregate of close to 20% interest in the REIT, aligning their interests with Unitholders.

Attractive and Well-developed Market
UK is a highly liquid real estate market supported by an economy which has demonstrated relative resilience over the long-term. The market continues to be favoured by international investors for its real estate transparency and open approach to foreign ownership.

Our Approach to Value Creation

The Manager seeks to achieve the value creation objectives of the REIT with the following strategies:

Acquisition Growth Strategy

- Adopt a rigorous research driven selection process across the UK
- Focus on value-accretive commercial properties to provide attractive cash flows and yields
- Leverage Sponsors' Right-Of-First-Refusal ("**ROFR**") pipeline of quality UK commercial assets
- Extensive expertise in the UK with strong sourcing capabilities
- Long-term investment approach to improve future income and capital growth

Active Asset Management and Asset Enhancement Strategy

- Endeavour to drive organic growth in revenue and net property income
- Proactive engagements with tenants to build on strong tenant relationships
- Focus on improving tenant mix as acquisition strategy gains traction
- Optimise lease tenures to increase stability of income and realise cost efficiencies
- Identify potential property enhancements or redevelopment opportunities to enhance income streams
- Divest under-performing assets to redeploy assets and optimise the performance of our portfolio

Prudent Capital Management Strategy

- Prudent management of Gearing Ratio and Interest Coverage Ratio
- Diversify sources of financing to ensure financial flexibility
- Employ an appropriate mix of debt and equity to finance acquisitions and asset enhancements
- Optimise borrowing costs and employ effective interest rate hedging strategies
- Continuous monitoring of exposure to risk with a view to maximise risk-adjusted returns to Unitholders

FY2020 Value Creation

Acquisition Growth Strategy

- Structured and proposed maiden acquisition of 58 properties
- Yield accretive acquisition increased net internal area by 1.3 million sq ft to 3.9 million sq ft
- Increased the number of assets in portfolio to 155 and overall portfolio exposure to the London area to 14%
- Tenant mix diversified with five new strong credit government tenants through maiden acquisition

Active Asset Management and Asset Enhancement Strategy

- High occupancy of 100%
- Strong relationship with AA-rated government tenant continues to guarantee recession resistant cash flow
- Collecting rent quarterly in advance
- Conduct lease negotiations with an aim to remove break clauses or lease extensions, which are expected to materially increase valuations, thereby providing increased debt headroom for growth

Prudent Capital Management Strategy

- Aggregate leverage of 31.0%
- Effective interest rate[1] of 2.4%
- 50% of debt on fixed interest rates
- Interest cover of 7.7 times
- No refinancing requirements till FY2024

Financial Performance

- Income available for distribution of £14.8 million, up 2.1% from IPO forecast of £14.5 million
- DPU of 4.44 pence, up 2.3% from IPO forecast of 4.34 pence
- 7.5%[2] distribution yield (annualised)
- Fair value gain on investment properties of £15.9 million reflects the underlying intrinsic value of the properties
- Achieved total return of -2.9% compared to a decline of 11.1% in FTSE ST All Share Index and a decline of 10.6% in the FTSE ST REIT Index[3]

1. *Includes amortisation of loan upfront costs and transaction costs; for the financial period from 6 February 2020 (the "**Listing Date**") to 31 December 2020.*
2. *Based on closing price at 31 December 2020 of 66.0 pence.*
3. *Source: Bloomberg LLP, total return for the period from Listing Date to 31 December 2020.*

Achieving Goals
Enhancing Value

Revenue

£21.0m

For the financial period from the Listing Date to 31 December 2020

Chairman and CEO's
Letter to Unitholders

From left:

David Lim Teck Leong
Chairman and Independent Non-Executive Director

Shaldine Wang
Chief Executive Officer

Fulfilling Promises Exceeding Expectations

Notwithstanding the impact of COVID-19 pandemic, we exceeded IPO forecasts, delivering strong financial performance.

Elite Commercial REIT remains well-positioned to drive through this challenging period with a strong portfolio of quality assets and the AA-rated UK government's Department for Work & Pensions (DWP) as our primary tenant.

Dear Unitholders,

On behalf of the Board, we are pleased to present Elite Commercial REIT's inaugural annual report for the financial year ended 31 December 2020.

Year 2020 was an extraordinary period in which many of us faced unprecedented challenges and difficulties. The onset of COVID-19 upended businesses and weakened economies globally, affecting not just the way we work, live and play but our livelihoods.

The United Kingdom saw green shoots of a recovery in economy in 3Q2020. Gross Domestic Product grew 16%, while consumer spending rose by almost 20% as household income grew in the July to September period. Nonetheless, we believe that the speed of a sustained recovery in 2021 and beyond will depend on the longer-term effects of Brexit, COVID-19 developments and government support measures.

Elite Commercial REIT remains well-positioned to drive through this challenging period with a strong portfolio of quality assets and the AA-rated UK government's Department for Work & Pensions (DWP) as our primary tenant. Amidst rising uncertainty and unemployment in the UK, demand for social and employment support services administered by DWP's Jobcentres continues to intensify, keeping our properties relevant.

Delivering on Our Commitments

We completed our successful IPO on 6th February 2020, underpinned by healthy demand from investors being the first and only UK-focused listed REIT in Singapore. Our retail tranche was 8.3 times subscribed, providing us with an overall IPO subscription rate of 3.4 times.

The Board and management are cognisant of the trust our investors have placed in us. Since our listing, we focused our efforts and resources on repaying our unitholders for their faith, and delivering on our IPO promises of growth and return.

Notwithstanding the impact of the COVID-19 pandemic, we exceeded IPO forecasts, delivering strong financial performance. FY2020 distribution per unit was 4.44 pence, 2.3% above our IPO forecast of 4.34 pence. This translates to an annualised yield of 7.5% based on the closing price of 66.0 pence per unit on 31 December 2020.

We are committed to practising good financial discipline in advancing prudent debt and capital management.
This focus will allow us to optimise our capital structure judiciously so as to ensure stability in generating returns, and to build and maintain the trust of our Unitholders.

Chairman and CEO's
Letter to Unitholders

Tannery House, Alfreton

Valued at £212.5 million with a total net lettable area of about 1.3 million square feet, the 58 newly acquired properties are located in major UK cities such as London, Manchester, Edinburgh and Liverpool.

Growth and Value Creation in Our First Year

One of our key investment objectives is to achieve long-term growth in distribution per unit and net asset value per unit. We continued to create value on this front, completing our maiden yield-accretive acquisition of 58 primarily freehold properties in 1Q2021, within 14 months of our listing.

We were heartened by the strong support for the acquisition with Unitholders voting 99.99% in favour for the mandate at our inaugural Extraordinary General Meeting. Our stakeholders recognised the value of the acquisition which has increased the number of assets in the portfolio to 155 and our market capitalisation by 39%.

Valued at £212.5 million with a total net lettable area of about 1.3 million square feet, the 58 newly acquired properties are located in major UK cities such as London, Manchester, Edinburgh and Liverpool. The acquisition has allowed us to rebalance our portfolio, increasing our overall portfolio exposure to higher value London properties to 14%, presenting greater growth and redevelopment potential.

The new properties have brought greater stability to Elite Commercial REIT's portfolio, underpinned by quality real estate attributes such as 100% occupancy levels, long WALE, and strong cashflows. Furthermore, we have maintained our 99% exposure to the UK Government whilst diversifying our occupier mix to other government agencies in addition to the DWP.

Our enlarged portfolio provides us with a strong footing to generate future growth opportunities through scale and financial flexibility, and presents Unitholders with greater stability of distributions through market cycles.

Forward Strategy

Looking ahead, we will endeavour to realise opportunities for growth via yield-accretive asset acquisitions to enhance returns to Unitholders and improve prospects for future income and capital growth. This will be realised through third-party acquisitions and through a ROFR agreement with our Sponsors.

Our long-term objectives with regard to growth are tenant-mix diversification and optimisation of staggered lease expiry periods to lower associated risks for Unitholders. These are supported by the profile of our ROFR properties, most of which have secured long-term leases with various ministries of the UK Government such as the Ministry of Defence, and HM Courts and Tribunals Service.

Mindful of the lease break options that will come into effect in FY2023, we have taken necessary steps to bolster our asset management team with the expertise of an industry veteran. Joining us through an outsourcing arrangement with our Sponsor, the industry veteran comes with deep transactional asset management experience across the UK and has an established relationship with our primary tenant. Our new asset management lead will focus on the lease break options and deliver active asset management across the portfolio. We have the right team on the ground to optimise asset management outcomes and provide an uplift to the valuation of our properties.

The ability of our REIT to grow is dependent on strength of its balance sheet. Our proactive approach to capital management has ensured that Elite Commercial REIT remains well-capitalised, backed by a prudent capital structure, with adequate working capital to meet its ongoing obligations with no refinancing requirements till the financial year ending 2024.

Acknowledgements

On behalf of the Board, we would like to thank the team for their steadfast dedication and professionalism in the face of a challenging environment over the past year.

We would also like to express our gratitude to our unitholders for placing their trust in the Board and management. To our sponsors, tenants, lenders, capital and business partners, thank you for your support and confidence.

We look forward to your continued support as we take Elite Commercial REIT into our second year of growth and value creation.

David Lim Teck Leong
Chairman and Independent
Non-Executive Director

Shaldine Wang
Chief Executive Officer

Our enlarged portfolio provides us with a strong footing to generate future growth opportunities through scale and financial flexibility.

Board of **Directors**

David Lim Teck Leong
Chairman and Independent Non-Executive Director

Tan Huay Lim
Independent Non-Executive Director

Koo Tsai Kee
Independent Non-Executive Director

Nicholas David Ashmore
Independent Non-Executive Director

Tan Hai Peng Micheal
Non-Independent Non-Executive Director

Victor Song Chern Chean
Non-Independent Non-Executive Director

Tan Dah Ching
Non-Independent Non-Executive Director

Evan Cheah Yean Shin
Non-Independent Non-Executive Director

Tan Kok Heng
Alternate Director to Evan Cheah Yean Shin

Board of **Directors**

David Lim Teck Leong
Chairman and Independent Non-Executive Director
Member of Audit and Risk Committee
Member of Nominating and Remuneration Committee

Mr David Lim Teck Leong is the Chairman and Independent Non-Executive Director of the Manager.

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.

Mr Lim sits on the board of G.K. Goh Holdings Limited listed on the SGX-ST, as an Independent and Non-Executive Director. 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 (2017 – 2018).

Mr Lim graduated from King's College London with a Bachelor of Laws and obtained his professional qualification as a Barrister-at-Law from Gray's Inn, London in 1981.

Tan Huay Lim
Independent Non-Executive Director
Chairman of Audit and Risk Committee

Mr Tan Huay Lim is the Independent Non-Executive Director of the Manager.

Mr Tan is currently an Independent Non-Executive Director of four other companies listed on the main board of the SGX-ST, namely (i) Zheneng Jinjiang Environment Holding Company Limited; (ii) Dasin Retail Trust Management Pte. Ltd., the trustee-manager of Dasin Retail Trust; (iii) Koufu Group Limited; and (iv) ASL Marine Holdings Ltd.

Mr Tan has over 30 years of experience in accounting, finance and audit. He served as a partner at KPMG Singapore for 23 years until his retirement in September 2015.

Mr Tan received his Bachelor's degree in Commerce (Accountancy) from Nanyang University, Singapore in 1978. He is a Fellow Member of the Institute of Singapore Chartered Accountants, the Association of Certified Accountants (United Kingdom), and the Certified Practising Accountants (Australia).

Koo Tsai Kee
Independent Non-Executive Director
Chairman of Nominating and Remuneration Committee
Member of Audit and Risk Committee

Mr Koo Tsai Kee is the Independent Non-Executive Director of the Manager.

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 Cares, a non-profit philanthropic organisation under the family of Temasek Foundation, since 2015.

Before joining Temasek, Mr Koo served in various Ministries of the Singapore Government with his last appointment as Minister of State for Defence. From 1997 to 2011, he held various appointments within the Singapore Government, including Senior Parliamentary Secretary and Parliamentary Secretary in the Ministries of Finance, National Development, Defence and Environment and Water Resources. In addition, he was a Member of the Parliament from 1991 to 2011. From 1993 to 1997, he was with National Trades Union Congress as Assistant Secretary General, responsible for Industrial Relations.

From 1983 to 1993, Mr Koo was an academic staff at the Nanyang Technological University and from 1979 to 1982, he was a Surveyor with the Public Works Department, Roads Division (the Department has been absorbed into the Land Transport Authority).

Mr Koo graduated from University of New South Wales, Australia, with a Bachelor of Surveying (Hons). He also holds a Master of Science (Dist) from University College London, UK and a Master of Philosophy from University of London, UK.

Nicholas David Ashmore

Independent Non-Executive Director

Mr Nicholas David Ashmore is the Independent Non-Executive Director of the Manager. Mr Ashmore is currently the Executive Director of Ratho Consulting Ltd, a consultancy company he founded 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.

Mr 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.

Mr Ashmore holds a Bachelor of Arts (Hons) Degree in History and English from Northumbria University, UK.

Tan Hai Peng Micheal

Non-Independent Non-Executive Director
Member of Nominating and Remuneration Committee

Mr Tan Hai Peng Micheal is the Non-Independent Non-Executive Director of the Manager.

Mr Tan is currently the Executive Chairman of of Elite Partners Capital Pte. Ltd. ("**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.

Mr Tan has extensive experience in management and business development. He served as the Executive Chairman of the SGX-ST-listed LH Group Limited (formerly Liang Huat Aluminium Limited) from 2010 to 2017. He also served as Non-Executive Director of Viva Industrial Trust Management Pte. Ltd. (the manager of SGX-ST-listed Viva Industrial Trust which has since merged with ESR-REIT).

From 1993 to 1995, Mr Tan was a Liner Executive at Neptune Orient Lines Limited, covering shipments between India and North America.

In addition, Mr Tan was conferred The Public Administration Medal (Bronze) (Military) in 2020 and The Commendation Medal (Military) in 2013 by the Singapore Government. A Colonel in the Singapore Armed Forces ("SAF"), he is currently the Commander of SAF's 29th Infantry Brigade.

Mr Tan is also the Chairman of Sembawang Community Club Management Committee and he was conferred The Public Service Star and The Public Service Medal in 2017 and 2011 respectively, for his contributions to the community.

Mr Tan graduated from the Florida Institute of Technology, United States, with a Bachelor of Science in Computer Engineering (Hons) and holds a Master of Business Administration (for Senior Executives) from the National University of Singapore.

Board of **Directors**

Victor Song Chern Chean
Non-Independent Non-Executive Director

Mr Victor Song Chern Chean is the Non-Independent Non-Executive Director of the Manager.

Mr Song is one of the founding shareholders of Elite Partners Holdings Pte. Ltd. ("**EPH**") and the Managing Director of EPC. He is responsible for the latter'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 Elite Commercial REIT, the second REIT he was involved in setting up.

Prior to the establishment of EPC, Mr Song was one of the founding members of Viva Industrial Trust ("VIT") which has since merged with ESR-REIT, where he also held the positions of Head of Asset Management and Investment Director of VIT's manager, Viva Industrial Trust Management Pte. Ltd. He was responsible for the business plans and operations of the properties, as well as the formulation and evaluation of acquisition and divestment opportunities. During his tenure at VIT's manager, VIT's total assets under management grew steadily to more than S$1 billion.

Earlier in his career, Mr Song was part of the investment team at SGX-ST-listed Cambridge Industrial Trust (currently known as ESR-REIT), where he was responsible for formulating investment strategies and the execution of investment transactions. In addition, he was a consultant providing management and advisory services to real estate-related contracts, as well as the Operation and Marketing Manager at Lyman Group, where he was responsible for operations and lease management.

Mr Song has 15 years of experience across the entire real estate investment value chain in leasing, asset management and advisory, build-to-suit activities, acquisitions, investment and divestment.

Mr Song graduated from the Royal Melbourne Institute of Technology with a Bachelor of Business (Business Administration). He has also obtained a Certificate of Real Estate Valuation from the International Management Academy and a Certificate of Real Estate Investment Finance from the Asia Pacific Real Estate Association.

Tan Dah Ching
Non-Independent Non-Executive Director

Mr Tan Dah Ching is the Non-Independent Non-Executive Director of the Manager.

Mr Tan is currently the Executive Director for EPC, where he manages the capital markets and fundraising functions. He is also the Non-Executive Independent Director of TSH Corporation Limited, a food and beverage company listed on the SGX Catalist.

Mr Tan has over 15 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.

Mr Tan holds a Bachelor of Engineering (Chemical Engineering) from the National University of Singapore.

Evan Cheah Yean Shin
Non-Independent Non-Executive Director

Mr Evan Cheah Yean Shin is the Non-Independent Non-Executive Director of the Manager.

Mr Cheah joined the Sunway Group following his graduation as an Executive Assistant and was attached to the Sunway Group Finance division from 2001 to 2002, with key roles in investment analysis, due diligence, corporate finance, management accounting and group procurement. In 2003, he was promoted and rotated to Sunway Construction where he was the Finance Manager. In 2006, he became the General Manager, Business Development of Sunway Group's Trading & Manufacturing division. In 2010, he was promoted to be the Executive Director of SunwayMas, a property development company within Sunway Group, in charge of operation matters.

In 2011, Mr Cheah was designated Chief Executive Officer of Sunway Berhad Group's China operations, responsible for the China Corporate Office and the development of new business opportunities for the Sunway Berhad Group in China. In 2013, he assumed the additional role of Executive Director in the President's Office of Sunway, assisting the Group President in overseeing the Trading & Manufacturing, Building Materials, Quarry and Information Technology businesses.

Effective 1 March 2015, he was redesignated as Executive Vice President – President Office with the additional role of assisting the President's Office to identify potential business growth opportunities for Sunway Group and driving the group's synergy.

Mr Cheah graduated with a Bachelor of Commerce and a Bachelor of Business Systems from Monash University in 2001. He is a Chartered Financial Analyst (CFA) Charterholder, a Fellow of Certified Practising Accountants (CPA) Australia, and a Member of Malaysian Institute of Accountants.

Tan Kok Heng
Alternate Director to Evan Cheah Yean Shin

Dr Tan Kok Heng is the alternate director to Mr Evan Cheah Yean Shin.

Dr Tan Kok Heng is currently the Executive Director of Sunway RE Capital Pte Ltd, the real estate investment management arm of Sunway Berhad.

At Sunway, Dr Tan oversees the real estate fund management business, whose responsibilities include deal origination and fund raising, with emphasis in setting up listed and unlisted funds, with the objective of building its overseas property business as well as growing its recurring income.

Prior to 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, as well as being involved in numerous joint ventures.

Before his appointment at SDPB, he also held various executive appointments, with Colliers International (Singapore) Pte Ltd) and CapitaLand Limited.

Dr Tan graduated from the National University of Singapore with a Bachelor of Science (Hons) in Estate Management. He also holds a Graduate Diploma in Financial Management from the Singapore Institute of Management, Master of International Business from the Curtin University of Technology, Australia and Doctorate (Transdisciplinary Studies) from Central Queensland University, Australia. He is also a member of the Singapore Institute of Directors.

Management
Team

1

Shaldine Wang
Chief Executive Officer

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

Ms Wang has over 20 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 the finance-related activities of the Exploration & Production and Offshore & Marine business units.

Preceding that, 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 Cambridge Industrial Trust (now known as ESR-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.

2

Joel Cheah
Chief Financial Officer

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

Mr Cheah is responsible for the finance, capital management, treasury and tax 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.

Mr Cheah has over 13 years of experience in finance, capital markets, treasury and strategic planning. Prior to this, he was the Finance Director of Elite UK Commercial Fund.

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

Mr Cheah also served as the Treasurer at Cambridge Industrial Trust Management, the manager of Cambridge Industrial Trust (currently known as ESR-REIT), where he was responsible for treasury, financing 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.

3

Jonathan Edmunds
Chief Investment Officer

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

Mr Edmunds has more than 18 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.

4

Charissa Liu
Manager, Investor Relations

Ms Charissa Liu is the Manager, Investor Relations of the Manager. Ms Liu is responsible for facilitating timely and effective communication, as well as building and maintaining relations with unitholders, potential investors, analysts and the media. She provides strategic counsel and insight to senior management on investor sentiment and industry conditions.

Ms Liu has over 10 years of experience in investor relations, asset management, corporate communication, brand management and research. Prior to this, she was the Manager, Investor Relations and Asset Management of FEO Hospitality Asset Management Pte. Ltd., as manager of Far East Hospitality Real Estate Investment Trust, where she was the point of contact for the investment community, responsible for developing investor confidence through clear communication. She was also involved in the strategic asset and performance management of the hospitality portfolio, as well as compliance management for the company, ensuring regulatory requirements were met.

Prior to that, Ms Liu held various roles in SATS Ltd. where her most recent position was in the public affairs and branding department. Her responsibilities included investor relations and the building of effective media coverage and publicity for the company. Before that, she was with an independent financial advisory firm where she was responsible for brand management, and a global market research company where she had conducted research projects.

Ms Liu holds a Bachelor of Business Management from the Singapore Management University, with majors in Marketing and Corporate Communications.

Maintaining Resilience
Growing Strategically

Distribution per unit (pence)

4.44

For the financial period from the Listing Date to 31 December 2020


jobcentreplus
job
centre
plus

Financial
Review

Statement of Total Return	FY2020 [a] Actual £'000	FY2020 [b] Forecast £'000	Variance %
Revenue	20,963	20,985	(0.1)
Property operating expenses	(588)	(559)	(5.2)
Net property income	**20,375**	**20,426**	**(0.2)**
Manager's management fees	(1,484)	(1,454)	(2.1)
Trustee's fees	(93)	(92)	(1.1)
Other trust expenses	(3,232)	(3,321)	2.6
Finance costs	(2,354)	(2,540)	7.3
Net change in fair value of investment properties	15,887	-	n.m.
Profit before tax	**29,099**	**13,019**	**123.5**
Tax expense	(5,741)	(2,498)	(129.8)
Profit after tax	**23,358**	**10,521**	**122.0**
Distribution adjustments	(8,515)	4,015	n.m.
Income available for distribution to unitholders	**14,843**	**14,536**	**2.1**
Distribution per Unit (pence)	4.44	4.34	2.3

Notes:

(a) Consolidated financial results from the Listing Date to 31 December 2020 is the first reporting period incorporating the results of the Initial Portfolio held by Elite Commercial REIT. Although Elite Commercial REIT was constituted on 7 June 2018, the initial public offering was completed on 6 February 2020 which was the official listing date of Elite Commercial REIT.

(b) Other than unit issue costs which were charged to the statement of comprehensive income, the forecast results for the period from Listing Date to 31 December 2020 was derived by pro-rating the forecast results as disclosed in the Prospectus.

In FY2020, despite the COVID-19 economic backdrop, Elite Commercial REIT's results exceeded forecast, delivering a strong start. Income available for distribution to unitholders amounted to £14.8 million, which was 2.1% higher than the forecast provided in the Prospectus.

Actual revenue and **net property income** were £21.0 million and £20.4 million respectively, in line with forecast.

Actual manager's management fee was higher by 2.1% when compared to forecast. The increase was due to a higher than forecast income available for distribution to unitholders of 2.1%. The Manager's base fee was 10.0% of income available for distribution to Unitholders, calculated before accounting for the Manager's base fee.

Actual trustee's fee was largely in line with forecast.

Actual other trust expenses was 2.6% lower than forecast as the Manager continued to prudently manage the cost of operating the REIT.

Actual finance costs was 7.3% or £0.2 million lower than forecast largely due to the decline in the benchmark rate of 3-month GBP Libor. This resulted in a cost savings of approximately £0.2 million compared to the forecast.

An independent valuation dated 31 December 2020 was prepared by Colliers International Valuation UK LLP and a **fair value gain** of £15.9 million on investment properties was registered on Elite Commercial REIT's financials. This reflects the underlying intrinsic value of the properties, amidst a pandemic backdrop around the globe.

Within the same valuation report dated 31 December 2020, Colliers International Valuation UK LLP provided the following market conditions explanatory note:

"The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and "lockdowns" applied to varying degrees.

Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks or a "second wave" is possible. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date."

Actual tax expense was higher than forecast by 129.8% mainly due to the deferred tax arising from the change in fair value of investment properties as at 31 December 2020.

Actual profit after tax was 122.0% higher than forecast as a result of fair value gain on investment properties amounting to £15.9 million, net of corresponding deferred taxes on the fair value gain.

The fair value gains on investment properties and deferred tax were non-cash items and adjusted back within the distribution adjustments. As a result, **actual income available for distribution to unitholders** was £14.8 million, 2.1% higher compared to forecast of £14.5 million. The **resultant DPU** was 4.44 pence, 2.3% above forecast DPU of 4.34 pence.

Operational **Review**

Delivering Sustainable Growth and Growing Returns

We are committed to delivering sustainable growth and returns to our Unitholders over the long-term. To realise this, we will be opportunistic with acquisitions and asset enhancements, while adopting a prudent capital management strategy.

In this regard, we made good progress in FY2020, delivering on several key promises made at the time of our listing. With the support of our Sponsors, we will endeavour to build on the value created in its inaugural year.

As at 31 December 2020, we had 97 quality commercial properties across six regions in the UK with an aggregate net internal area of 2.6 million sq ft. Valued at £311.9 million, our properties have strong real estate attributes being well-located, largely freehold and come with quality leases.

Acquisition Growth

Our Approach

Our acquisition growth strategy is supported by a rigorous research-driven selection process and an extensive expertise in the UK with strong sourcing capabilities.

We seek portfolio growth through the acquisition of quality income-producing properties across the UK used mainly for commercial purpose. In this endeavour, we focus on long-term sector trends and fundamental real estate qualities to ensure that our investments are well-sited and can deliver attractive cash flows and yields.

Our in-depth domain knowledge, relationships and access to market information enable us to identify, evaluate and acquire third-party assets across the country. In addition, we are able to leverage our Sponsors' extensive expertise and strong sourcing capabilities in the UK which can help increase potential acquisition opportunities.

Providing greater clarity of growth, we have a ROFR over a portfolio of 66[1] quality commercial properties located across the UK from our Sponsor. These properties share similar characteristics to the assets in our portfolio and are primarily on long-term leases with the UK Government.

While we will grow our portfolio through acquisitions, our strategy also calls for the optimisation of our asset portfolio by divesting properties which have reached a stage that offers limited scope for further growth. This will allow us to recycle the proceeds from the divestment into the acquisition of properties that meet our investment criteria. We believe that our long-term investment approach will deliver enhanced returns to Unitholders and improve opportunities for future income and capital growth.

Our Maiden Acquisition

In October 2020, we proposed the acquisition of 58 commercial buildings located across the UK for £212.5[2] million from our Sponsor's Elite UK Commercial Fund II. Testament to the attractive investment highlights of the portfolio, the proposed transaction was well-received by Unitholders.

▲ *Oates House, Stratford, London*

1. *58 of which have been acquired on 9 March 2021.*
2. *Valuation of the new properties, which represents the aggregate of the individual values of the new properties and the fact that the new properties are held within an SPV.*

Bristol Road South, Birmingham, Midlands

Chantry House, Chester, North West

Subsequent to our financial year-end, Unitholders voted resoundingly in favour of the acquisition at the EGM convened on 25 January 2021. We received 99.99% approval for the accretive acquisition which is expected to increase our market capitalisation by 39% and our total number of assets by 60%. The acquisition was completed on 9 March 2021.

These 58 properties have a net internal area of 1.3 million sq ft and are located in major UK cities such as London, Manchester, Edinburgh and Liverpool. With the acquisition, our exposure to London located properties increases to 14% of the enlarged portfolio, providing opportunities for greater rental and capital growth over the long-term.

Furthermore, our tenant mix is diversified with five new government tenants: UK's Ministry of Defence, National Records of Scotland, Environmental Agency, HM Courts and Tribunals Service and Natural Resources Wales. This extends our exposure to UK's sovereign credit and provides stable cashflows from a uniquely counter-cyclical occupier.

Strengthen Portfolio Quality

36%
of new properties with London exposure

5
new UK Government tenants

Increase Size and Liquidity

60%
increase in total number of properties

39%
increase in market cap

Operational **Review**

Active Asset Management and Asset Enhancement

Our Approach

We are committed to driving organic growth in revenue and net property income through a series of proactive programmes which include active lease management, tenant mix management, minimising risks related to lease renewals and new leases, and asset enhancements. Through this active asset management approach, we will improve and maintain high occupancy levels and achieve stable rental growth over the long-term.

Proactive Lease Management

Our portfolio of assets are primarily leased to the Secretary of State for Housing, Communities and Local Government and is occupied by the Department for Work & Pensions, the AA-rated UK Government's largest public service department.

Our full repairing and insuring (triple net) leases with the UK Government ensures that our tenant is responsible for the full maintenance and repair of external, internal and structural format of our properties, eliminating repair costs and insuring liability for Elite Commercial REIT. These leases have built-in upside from inflation-linked rental uplifts, allowing us to benefit from a rent escalation with the UK Government in 2023. This rental escalation is based on the UK Consumer Price Index ("**CPI**"), subject to an annual minimum increase of 1.0% and maximum of 5.0%. With a long WALE of 7.3 years, our leases provide long-term cash flow stability.

During the year, as part of our proactive tenancy management strategy, we engaged our primary tenant to negotiate on break clauses and lease extensions for two properties which have lease events coming up on 31 March 2021. Our tenant did not exercise the option to break the lease to Lodge House, Bristol, allowing us to extend the tenancy agreement to 31 March 2028. In addition, we reached an agreement with the tenant to extend the break option for John Street, Sunderland by 12 months to 31 March 2022.

Looking ahead, we are focused on the lease break options and on delivering active asset management across the portfolio with an aim to materially increase asset valuations, providing Elite Commercial REIT with increased debt headroom and flexibility for growth.

High-quality AA-rated Tenant

Our primary tenant, DWP has a uniquely counter-cyclical business model which has remained robust in the face of Brexit and UK's battle against COVID-19. The strong relationship which we have established with our AA-rated government tenant continues to provide recession resistant cash flows.

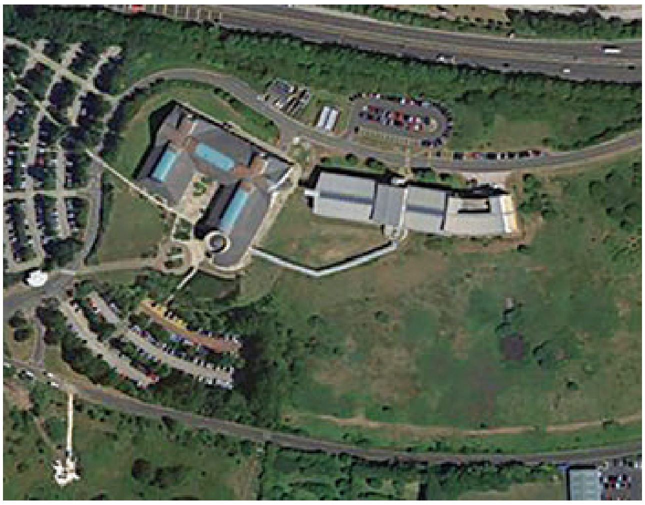
In 2020, we secured advanced rent from our primary tenant for all quarters, demonstrating Elite Commercial REIT's stability of cash flows and low risk of default by an established government tenant.

We will seek to diversify our tenant base with established tenants of similar profile: entities which are government affiliated, possessing strong credit ratings, and have the ability to take on long lease terms. We will focus on improving tenant mix as our acquisition strategy gains traction. Our maiden acquisition is a good case in point. At completion of the acquisition, we have added five new quality government tenants, diversifying our tenant base and extending our exposure to UK sovereign credit.

Asset Enhancement Initiatives

We are focused on identifying asset enhancement opportunities to unlock value from existing assets giving due consideration to the positioning of these properties in our portfolio over the long-term. Through these value accretive asset enhancements, we expect to improve the rental income generation ability and value of our portfolio.

At the time of our IPO, we identified Peel Park, Blackpool as an asset with strong potential for asset enhancement. Currently used by DWP as a technology hub to spearhead DWP's digital and change transformation, Peel Park has approximately 11.7 hectares of undeveloped grassland. This presents us with opportunities to either work with DWP to increase its footprint on the site, or carve out



Aerial view of Peel Park

Peel Park

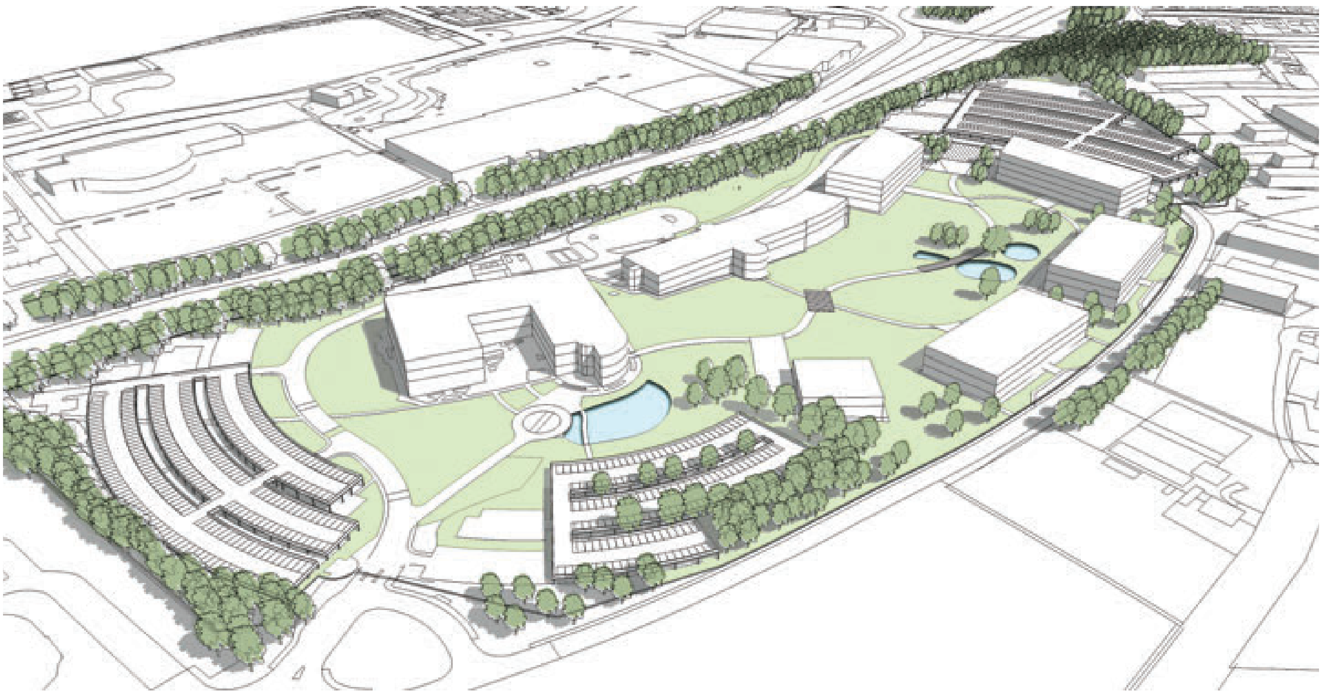
a portion of the land for alternative uses in the future. Furthermore, Peel Park is expected to benefit from Blackpool's Council Plan 2019-2024, which includes the build-out of new visitor attractions, improved transport and housing infrastructure, and a 144 hectare Airport Enterprise Zone.

We appointed an architect to complete summary of the existing site including opportunities and constraints which would influence a masterplan design. The architect has produced an office led masterplan with outline GIA figures and associated parking provision with a phasing diagram to explain how the site could be developed.

We also looked at alternative masterplans to include an elements of datacentre usage, co-living and leisure with an associated schedule with outline GIA figures.

We have initiated a discussion with the tenant as well as with other UK Government agencies to understand how elements of the proposed Masterplan development could be delivered.

While we have identified these growth avenues, we will be opportunistic when embarking on any asset enhancement initiative. We will prudently consider the cost-benefit to Unitholders and the impact on our tenant's operations.



Aerial view of proposed layout for Peel Park

Operational **Review**

We remain well-capitalised, backed by a prudent capital structure, with adequate working capital and debt headroom to meet our ongoing obligations with no refinancing requirements till the financial year ending 2024.

Prudent Capital Management

Our Approach

The crux of our proactive capital management strategy is the optimisation of the REIT's capital structure and cost of capital. We seek to deliver this by employing an appropriate mix of debt and equity to finance acquisitions and asset enhancements. We will periodically assess the levels of diversification of our sources of debt financing, including accessing the capital markets to optimise our gearing levels and maximise returns to Unitholders.

Our practice of continuous monitoring of our exposure to risk allows us to minimise the impact of market volatility and maximise risk-adjusted returns to Unitholders.
On this front, we have utilised interest rate hedging strategies, and where appropriate, foreign exchange hedging strategies to enhance risk-adjusted returns to Unitholders.

Key Financial Indicators

	As at 31 December 2020
Total Debt	£103.2m
Total Assets	£332.9m
Gearing Ratio	31.0%
Interest Coverage Ratio	7.7x[1]
Weighted Average Debt Maturity	3.9 years
Proportion of Interest Rate Fixed	50%
Effective interest rate[2] on Borrowings	~2.4%
Proportion of Unencumbered[3] Properties	100%

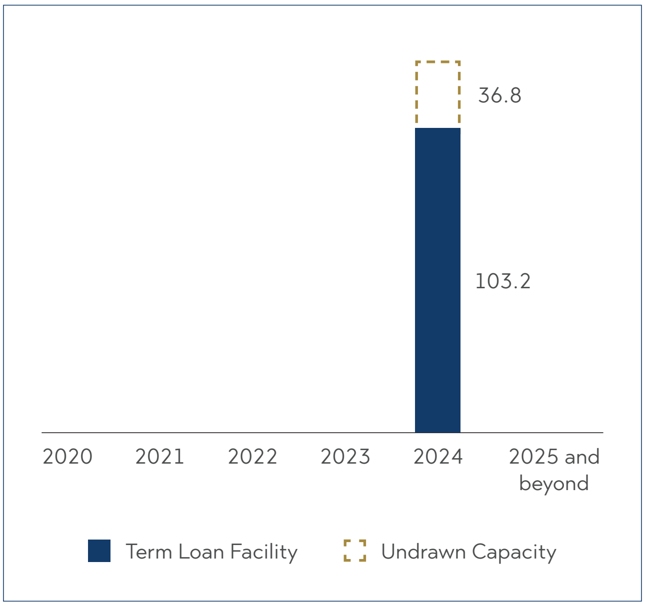
1. *The interest coverage ratio is calculated by dividing the earnings before interests, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties and foreign exchange translation) ("EBITDA"), and before the one-time IPO transaction costs expensed in statement of comprehensive income, by the interest expense and borrowing related fees. Including the one-time IPO transaction costs, the interest coverage ratio calculated by dividing EBITDA by the interest expense and borrowings related fees is 6.9 times.*
2. *Includes amortisation of loan upfront costs and transaction costs; for the financial period from 6 February 2020 to 31 December 2020.*
3. *Unencumbered Properties are properties without land mortgages.*

As at 31 December 2020, the REIT's aggregate leverage was 31.0% well below the regulatory limit of 50%. At the aggregate leverage of 31.0%, we have ample debt headroom, providing the REIT with ample financial flexibility to fund its growth aspirations.

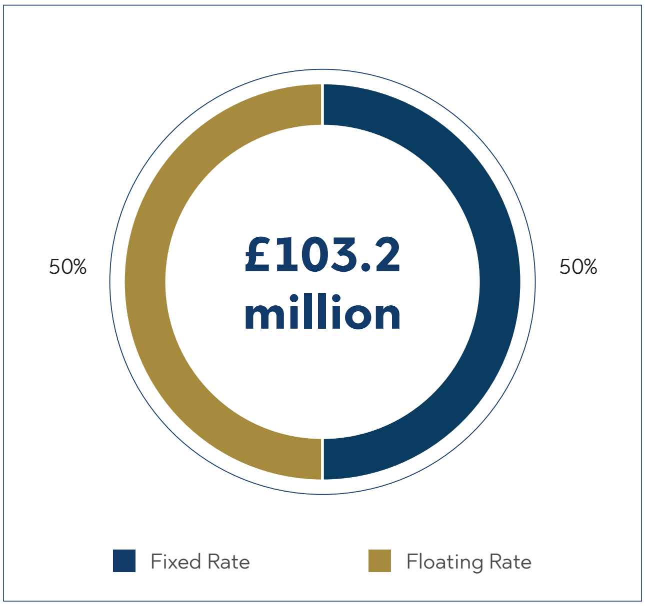
We have in place £140.0 million of senior unsecured loan facilities, of which £103.2 million was drawn. 50% of the drawn loan is a fixed rate loan, bearing an interest rate of 2.275% per annum. The remaining 50% of the drawn loan is a floating rate loan bearing an interest rate of a margin above the 3-month GBP LIBOR.

The REIT's refinancing risk is mitigated as no refinancing is required until 2024, and the interest coverage ratio is 7.7 times. As part of our prudent capital management strategy, we may explore refinancing borrowings ahead of their maturities at lower cost and extend the loan tenor.

Debt Maturity Profile
(£m)



Debt Composition
(As at 31 December 2020)



Risk Management Strategies

The REIT is largely insulated from currency movements between the Pound and Singapore Dollars. This is because the REIT benefits from a natural hedge as its assets and borrowings are predominantly denominated in pounds. The REIT's reporting currency is also in pounds.

The Manager intends to fix at least 50% of the REIT's interest rate exposure, to ensure stability in overall borrowing costs.

About the **Primary Tenant**

Our primary tenant is the Department for Work & Pensions (DWP). Over 99% of gross rental income is derived from our full repairing and insuring (triple net) leases signed with the AA-rated UK Government.

The DWP

The DWP is a British government department responsible for welfare, pensions and child maintenance policy. It is the largest public service department, administering UK's State Pension and a range of working age, disability and ill health benefits. For the 12 months ended 31 March 2020, the DWP served over 20 million claimants and customers with a budget of £191 billion in benefits.[1]

At the end of March 2020, the DWP employed more than 72,186 full-time employees, ensuring that the department was able to effectively engage its customers at every touch point and deliver the right outcomes for the people it serves.

DWP's services are available to four user groups:

Service User Group	People seeking employment	People with a disability or health condition	People planning for or in retirement	Children and families
Primary Service	Jobcentre Plus provides personal tailored employment advice combined with detailed knowledge of local labour markets to match people to suitable job vacancies	Disability and Carers Service provides financial support to disabled people and their carers	Pension Service pays the Basic State Pension and Pension Credit and provides information on related issues	Child Maintenance Group provides the statutory Child Support Schemes, operating as the Child Support Agency and the Child Maintenance Service

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

1. *DWP Annual Report 2019-2020*

With the onset of COVID-19 and the weakening of the UK economy, the DWP continued to play a vital role alongside frontline healthcare workers, supporting millions of citizens who depend on government financial support measures during this difficult period. This demonstrates DWP's uniquely counter-cyclical business which ensures that our properties remain a crucial public infrastructure for the provision of DWP services through economic cycles.

More than 82% of our properties are designated Jobcentre Plus offices which provide front-of-house services to people who are unemployed or unable to work as a result of health issues or disability. DWP's Jobcentre Plus centres match people with employers and jobs, allowing customers to transit from taking benefits to finding work and sustained independence.

Importance of DWP Infrastructure

UK's unemployment rate increased to 5% in the three months ended November 2020, and is projected to hit 7.5% in mid-2021[2]. In the light of a significant increase in unemployment rate, the function of DWP and its 637 Jobcentre Plus offices have become more crucial to UK's social fabric.

In anticipation of growing demand for its services, the DWP continues to enlarge its pool of work coaches. This is expected to increase DWP's need for additional office space as front-line work coaches engage customers in a face-to-face setting. Early signs of higher utilisation of office space have been demonstrated through waivers and extension of options for two properties within our portfolio: Lodge House, Bristol and John Street, Sunderland.

With the DWP as our primary tenant, our properties are a crucial asset in the delivery of an important public service to more than 66 million UK citizens.

2. *Office for Budget Responsibility, Economic and Fiscal outlook scenarios, 25 November 2020.*

Expanding Presence
Increasing Visibility

Acquisition value of 58 commercial properties

£212.5m


jobcentreplus

Portfolio **Overview**

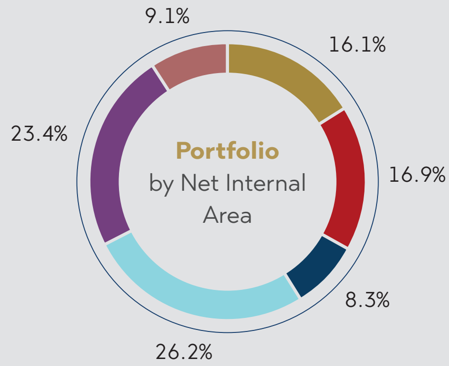
Our portfolio comprises 97 quality commercial buildings with an appraised value of approximately £311.9 million as at 31 December 2020[1]. Located across the UK, these predominantly freehold properties have an aggregate net internal area of approximately 2.6 million sq ft and are accessible via public transportation and major motorways.

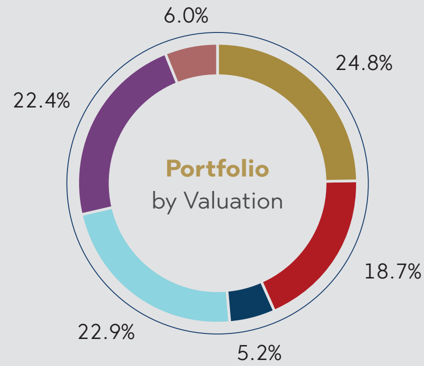
In FY2020[2], the Portfolio generated £21.0 million in gross revenue. Over 99.0% of the portfolio's gross rental income is derived from the current leases with the AA-rated UK Government's Department for Work and Pensions ("DWP"). The DWP plays a crucial role in UK's social infrastructure with the provision of Jobcentre Plus services for the unemployed, Pension Services, Child Maintenance Services, and Disability Services. With the COVID-19 pandemic and Brexit continuing to weigh-on businesses and the UK economy, the DWP and its services continue play an increasingly important social role across the country. Approximately 82.5% or 80 of the REIT's portfolio properties house DWP's front facing Jobcentre Plus offices, whilst 12.4 % or 12 properties function as back offices for DWP's operations, and 5.2% or 5 properties are designated DWP call centres.

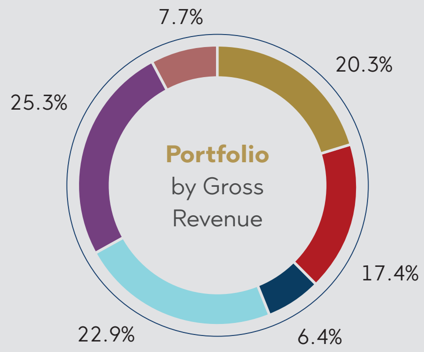
The UK economy suffered a 9.9% decline in GDP in FY2020. In its quarterly report issues in February 2021, the Bank of England forecast the sixth largest economy[3] in the world to grow 5.0% in FY2021. The UK is expected to perform better than other major European economies, driven by the support measures introduced by the government and its demographic advantage. Until 2030, the UK's working-age population is forecast to increase by 2.1% per annum, compared with declines expected in major European countries[4].

In the UK Real Estate market, £44 billion worth of capital was transacted in FY2020, down by almost 20% from FY2019. The office sector accounted for £13 billion or 29.5% of total transactions. Foreign investor interest remained strong with overseas investors accounting for about a third of total transactions.

Region	Number of Properties	Net Internal Area (sqft)	Valuation as at 31 Dec 2020	Gross Revenue[5]
London and South East	16	411,899	£77,350,000	£4,732,034
Midlands and South West	18	433,144	£58,420,000	£4,044,800
Yorkshire and Humber and North East	13	212,026	£16,150,000	£1,480,931
North West	16	669,267	£71,375,000	£5,342,921
Scotland	20	597,377	£69,890,000	£5,906,917
Wales	14	232,333	£18,670,000	£1,790,647
Total	**97**	**2,556,046**	**£311,855,000**	**£23,298,250**

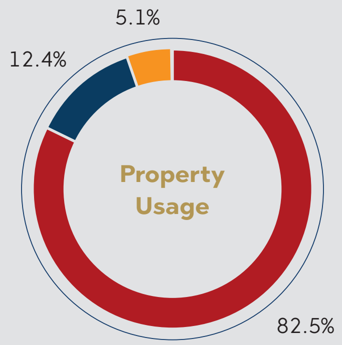




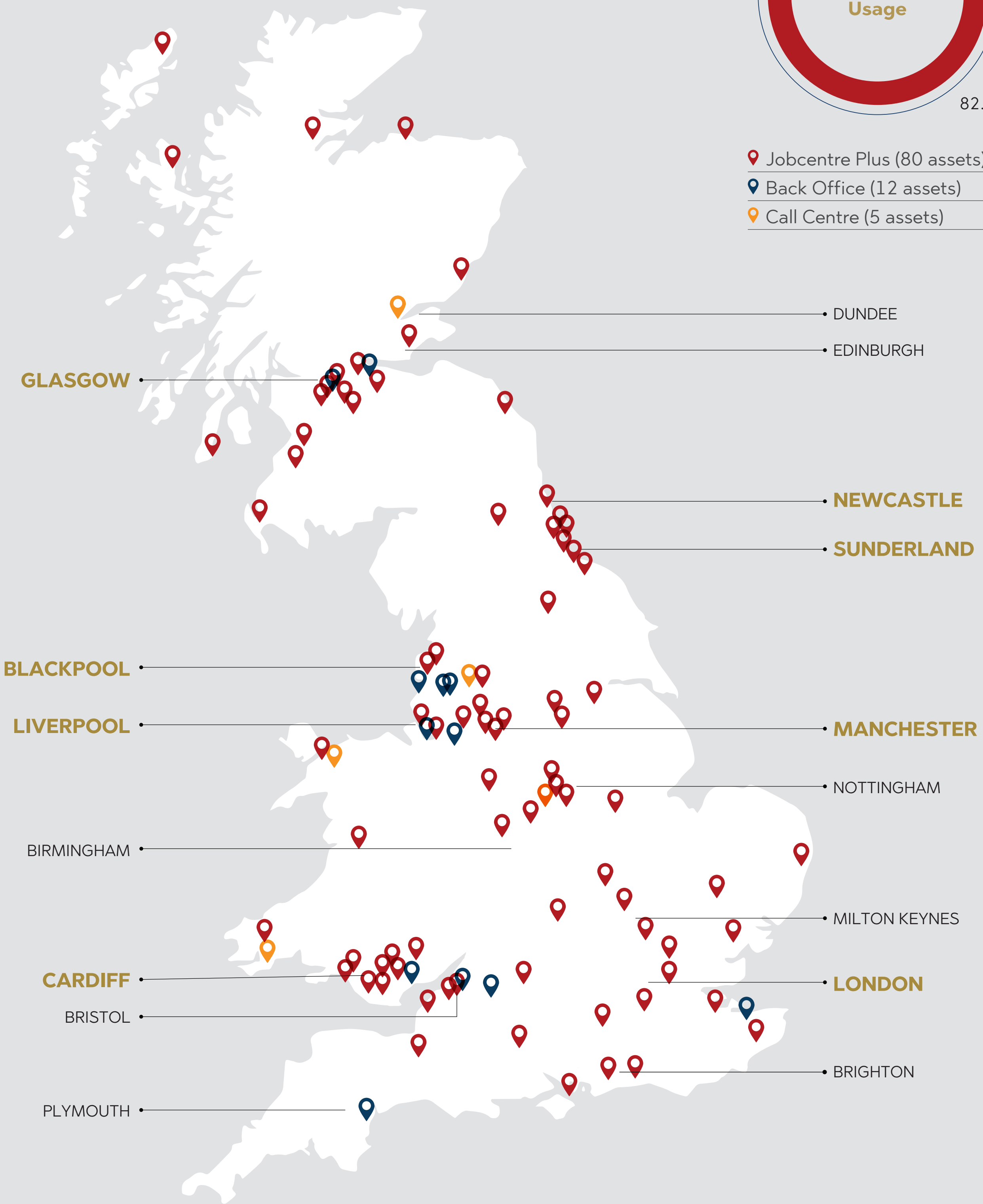


- London and South East
- Midlands and South West
- Yorkshire and Humber and North East
- North West
- Scotland
- Wales

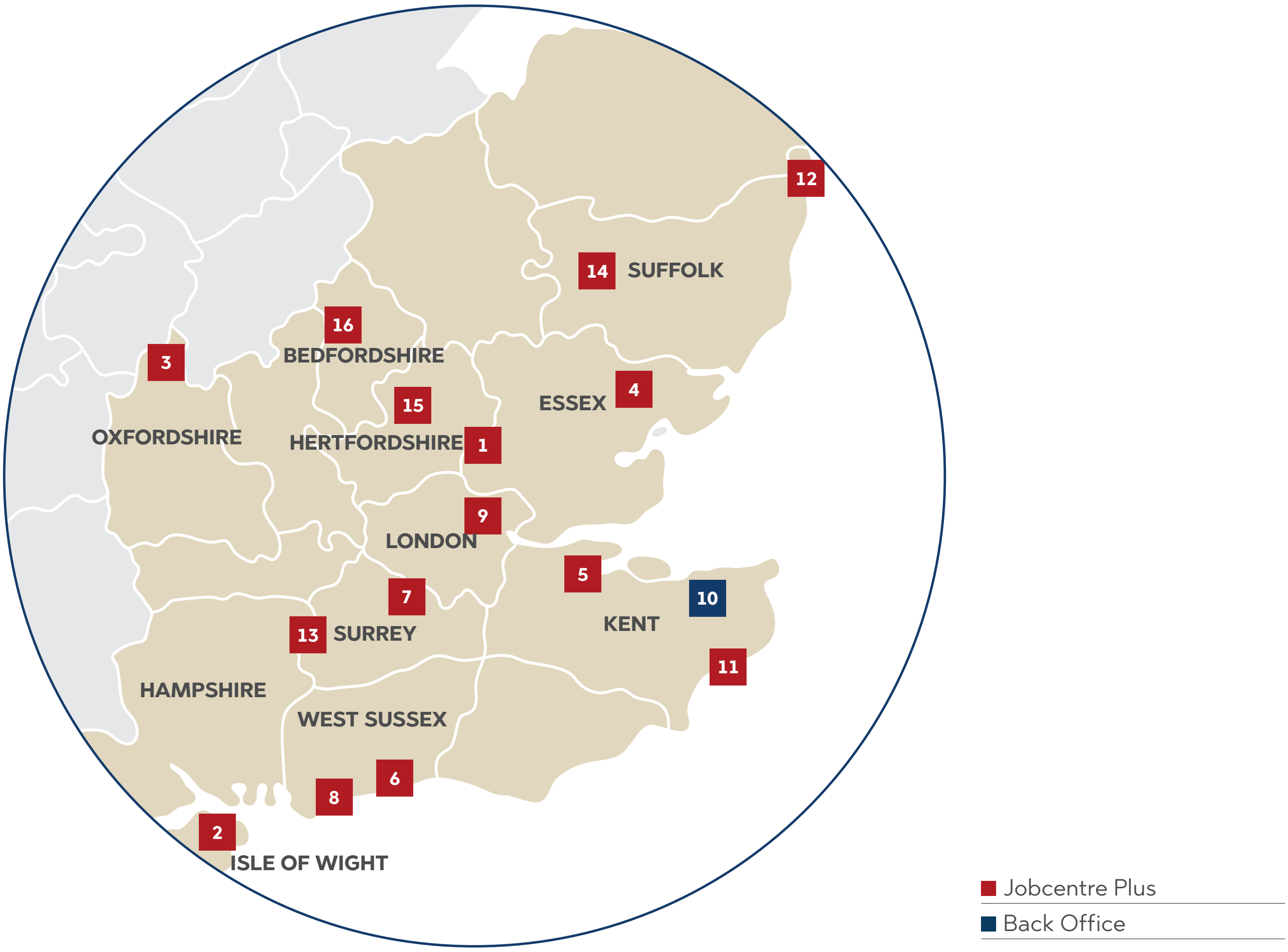
1. *With the acquisition of 58 commercial assets completed in 1Q 2021, the REIT's portfolio consists of 155 properties.*
2. *FY2020 refers to the period from 6 February 2020 (the "Listing Date") to 31 December 2020.*
3. *Based on 2019 data, www.data.worldbank.org.*
4. *Independent Market Research Report 2020, Colliers International Valuation UK LLP.*
5. *Gross revenue for the period 1 January to 31 December 2020.*



Jobcentre Plus (80 assets)
Back Office (12 assets)
Call Centre (5 assets)



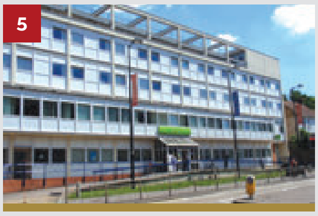
London and South East

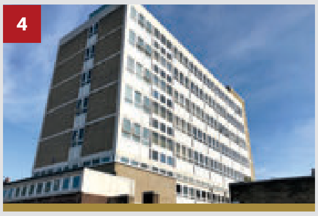


Featured Property:
Nutwood House, Canterbury

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 east of Canterbury town centre and enjoys good connectivity to the M20 motorway and Canterbury West train station.
Nutwood House functions as a back office for the DWP's UK operations.

Net Internal Area	Lease Tenure	Valuation
27,673 sq ft	**Freehold**	**£9.16 million**





	Name of Property[(a)]	Location	Net Internal Area (sqft)	Purchase Price	Valuation as at 31 Dec 2020	Gross[(b)] Revenue
1	Beaufort House, Harlow	Crown Gate, Harlow, CM20 1NA	28,170	£6,411,650	£6,735,000	£433,899
2	Broadlands House, Newport (IOW)	Staplers Road, Newport, Isle of Wight, PO30 2HX	31,930	£8,360,000	£7,980,000	£468,311
3	Crown Building, Banbury	Southam Road, Banbury, OX16 2EX	25,051	£4,112,260	£3,930,000	£253,085
4	Crown Buildings, Colchester	40 Chapel Street South, Colchester, CO2 7AZ	19,152	£3,825,000	£3,655,000	£204,330
5	Crown House, Chatham	The Brook, Chatham, ME4 4LQ	30,317	£6,654,910	£6,710,000	£432,326
6	Crown House, Worthing	High Street, Worthing, BN11 1NG	31,503	£6,100,000	£5,825,000	£326,711
7	East Street, Epsom	50 East Street, Epsom, KT17 1HQ	8,687	£2,554,234	£2,415,000	£143,158
8	Gloucester House, Bognor Regis	High Street, Bognor Regis, PO21 1HH	21,254	£3,029,171	£2,885,000	£214,083
9	High Road, Ilford	564-570 High Road, Ilford, IG3 8EJ	18,741	£5,791,915	£6,535,000	£356,394
10	Nutwood House, Canterbury	Chaucer Road, Canterbury, CT1 1ZZ	27,673	£9,600,000	£9,160,000	£512,000
11	Palting House, Folkestone	Trinity Road, Folkestone, CT20 2RH	36,566	£4,800,000	£4,585,000	£268,840
12	Rishton House, Lowestoft	Clapham Road South, Lowestoft, NR32 1RW	41,656	£2,710,616	£2,890,000	£214,530
13	South Western House, Aldershot	Station Road, Aldershot, GU11 1HP	19,924	£2,241,471	£2,555,000	£164,174
14	St Andrew's House, Bury St Edmunds	St Andrew's Street North, Bury St Edmunds, IP33 1TT	28,863	£3,272,432	£3,320,000	£229,930
15	The Forum, Stevenage	Stevenage, SG1 1EZ	18,609	£4,818,873	£5,010,000	£272,522
16	Wyvern House, Bedford	53-57 Bromham Road, Bedford, MK40 2EH	23,803	£3,162,386	£3,160,000	£187,741

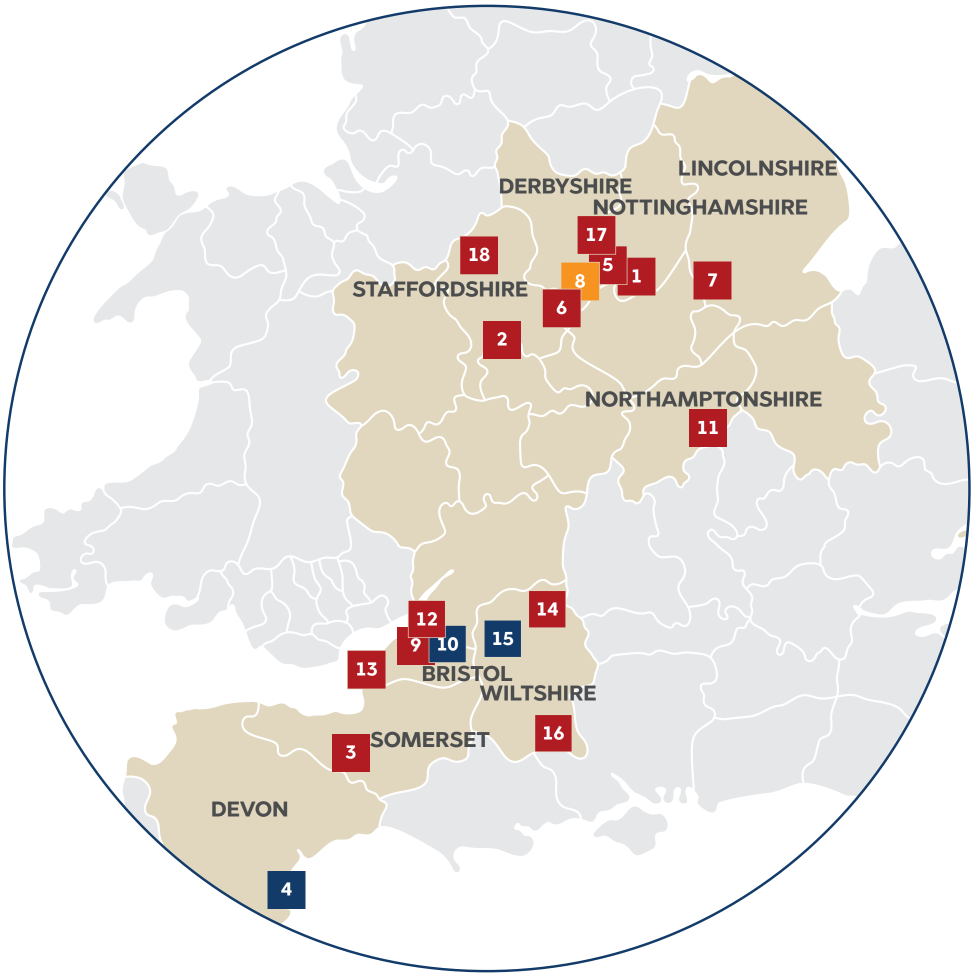
Notes:

(a) All properties in London and South East are freehold properties and are 100% occupied as of 31 December 2020.

(b) Gross revenue is for the period 1 January to 31 December 2020.

Portfolio
Profiles

Midlands and South West



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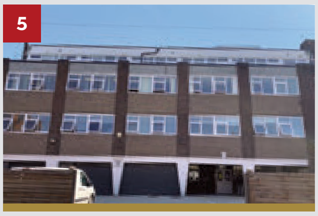
- Jobcentre Plus
- Back Office
- Call Centre

8

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. The property enjoys strong accessibility to the A52 motorway and the Derby Midland Station. Holborn House functions as a DWP Call Centre.

Net Internal Area	Lease Tenure	Valuation
35,120 sq ft	**Freehold**	**£6.30 million**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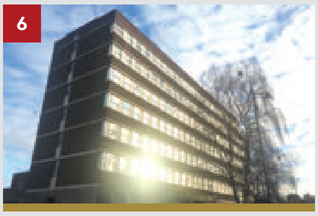
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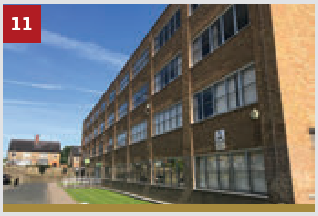
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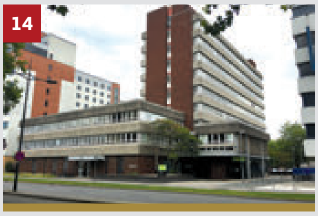
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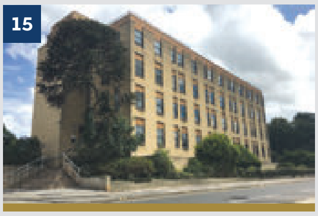
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	Name of Property[a]	Location	Net Internal Area (sqft)	Purchase Price	Valuation as at 31 Dec 2020	Gross[b] Revenue
1	Acacia Walk, Nottingham	3 Acacia Walk, Beeston, Nottingham, NG9 2LW	4,306	£776,117	£785,000	£57,656
2	Beecroft Road, Cannock	Beecroft Road, Cannock, WS11 1JR	31,517	£1,778,118	£1,850,000	£137,015
3	Brendon House, Taunton	Upper High Street, Taunton, TA1 3RL	41,750	£5,560,238	£5,705,000	£381,723
4	Cotswold House, Torquay	Warren Road, Torquay, TQ2 5UX	21,895	£3,250,000	£3,110,000	£206,540
5	Crown Buildings, Ilkeston	58 South Street, Ilkeston, DE7 8TU	18,352	£1,419,019	£1,430,000	£112,904
6	Crown House, Burton On Trent	New Street, Burton On Trent, DE14 3SL	45,897	£1,766,534	£1,790,000	£128,185
7	Crown House, Grantham	49A Castlegate, Grantham, NG31 6SY	24,962	£2,650,000	£2,535,000	£141,407
8	Holborn House, Derby	Wyvern Business Park, Stanier Way, Derby, DE21 6BF	35,120	£6,440,609	£6,300,000	£452,639
9	Kent Street, Bristol	17-19 Kent Street, Bedminster, Bristol, BS3 3NW	6,339	£1,040,000	£1,075,000	£95,083
10	Lodge House, Bristol	Fishponds Road, Bristol, BS16 3HZ	25,979	£4,000,000	£6,550,000	£366,588
11	Lothersdale House, Wellingborough	West Villa Road, Wellingborough, NN8 4TA	32,113	£4,019,589	£4,120,000	£265,055
12	Monks Park Avenue, Bristol	1 Monks Park Avenue, Horfield, Bristol, BS7 0UD	10,183	£2,160,000	£2,070,000	£115,477
13	Regent House, Weston Super Mare	High Street, Weston Super Mare, BS23 1JH	21,704	£2,722,200	£2,685,000	£212,637
14	Spring Gardens House, Swindon	Princes Street, Swindon, SN1 2HY	47,918	£7,807,501	£8,035,000	£617,373
15	St Paul's House, Chippenham	Marshfield Road, Chippenham, SN15 1LA	16,207	£3,695,242	£3,675,000	£272,877
16	Summerlock House, Salisbury	Summerlock Approach, Salisbury, SP2 7RW	17,136	£2,722,200	£2,775,000	£185,327
17	Tannery House, Alfreton	King Street, Alfreton, DE55 7AF	10,226	£1,164,175	£1,100,000	£86,499
18	Upper Huntbach Street, Stoke On Trent	91 Upper Huntbach Street, Hanley, Stoke on Trent, ST1 2BX	21,540	£2,739,576	£2,830,000	£209,815

Notes:
(a) All properties in Midlands and South West are freehold properties and are 100% occupied as of 31 December 2020.
(b) Gross revenue is for the period 1 January to 31 December 2020.

Yorkshire, Humber, North East

■ Jobcentre Plus

Featured Property:
St Andrew's House, Hexham

St Andrew's House is an inverted "L" shaped, detached 2 storey property, located in Hexham, a popular and affluent market town situated in the county of Northumberland. The property is readily accessible via the A69 motorway and the Hexam rail station on the Tyne Valley Line. St Andrew's House functions as a Jobcentre Plus office of the DWP.

Net Internal Area	Lease Tenure	Valuation
21,451 sq ft	**Freehold**	**£2.88 million**

	Name of Property[(a)]	Location	Net Internal Area (sqft)	Purchase Price	Valuation as at 31 Dec 2020	Gross[(b)] Revenue
1	Broadway House, Houghton Le Spring	Frederick Place, Houghton Le Spring, DH4 4AH	20,075	£1,592,777	£1,625,000	£144,085
2	Crown Buildings, Mexborough	Adwick Road, Mexborough, S64 0BD	14,994	£660,278	£665,000	£61,774
3	Elder House, Northallerton	East Road, Northallerton, DL6 1NU	14,517	£978,834	£1,010,000	£94,349
4	Hadrian House, Eston	81 High Street, Eston, Middlesbrough, TS6 9EH	24,219	£1,546,441	£1,595,000	£149,672
5	Hatfield House, Peterlee	St Cuthberts Road, Peterlee, SR8 1PB	19,889	£1,106,256	£1,145,000	£107,062
6	John Street, Sunderland	60-66 John Street, Sunderland, SR1 1QT	17,894	£1,405,000	£1,350,000	£143,151
7	Low Hall, Pontefract	Market Street, Hemsworth, Pontefract, WF9 4HP	14,208	£874,579	£895,000	£76,832
8	Mulberry House, Goole	North Street, Goole, DN14 5RA	6,202	£417,018	£445,000	£36,732
9	Norham House, Berwick Upon Tweed	15 Walkergate, Berwick Upon Tweed, TD15 1DS	7,766	£434,394	£445,000	£43,432
10	Reiverdale House, Ashington	Reiverdale Road, Ashington, NE63 9YU	23,702	£1,181,551	£1,220,000	£113,944
11	St Andrew's House, Hexham	Haugh Lane, Hexham, NE46 3RB	21,451	£3,058,131	£2,875,000	£241,936
12	St John's Square, Seaham	St John's Square, Seaham, SR7 7JE	6,658	£654,486	£680,000	£61,442
13	Ward Jackson House, Hartlepool	Wesley Square, Hartlepool, TS24 8EZ	20,451	£2,328,350	£2,200,000	£206,550

Notes:

(a) All properties in Yorkshire, Humber and North East are freehold properties and are 100% occupied as of 31 December 2020.

(b) Gross revenue is for the period 1 January to 31 December 2020.

Portfolio
Profiles

North West

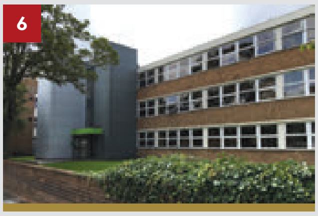
- Jobcentre Plus
- Back Office
- Call Centre

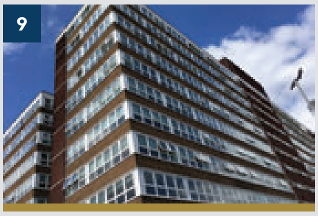
Featured Property:

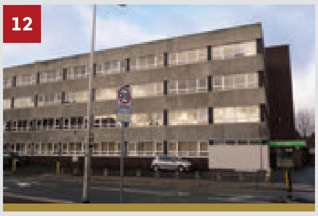
Peel Park, Blackpool

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 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. Peel Park is currently used by the DWP as a technology hub to spearhead the DWP's digital and change transformation.

Net Internal Area	Lease Tenure	Valuation
156,542 sq ft	**Freehold**	**£26.9 million**







	Name of Property[(a)]	Location	Net Internal Area (sqft)	Purchase Price	Valuation as at 31 Dec 2020	Gross[(b)] Revenue
1	Beech House, Hyde	Clarendon Street, Hyde, SK14 2LP	39,550	£2,519,483	£2,375,000	£223,037
2	Blackburn Road, Burnley	BlackburnRoad, Burnley, BB12 7NQ	46,405	£5,971,464	£5,605,000	£472,113
3	Duchy House, Preston	96 Lancaster Road, Preston, PR1 1NS	43,805	£4,185,000	£4,000,000	£244,825
4	Heron House, Stockport	Wellington Street, Stockport, SK1 3BE	43,271	£3,967,462	£4,070,000	£322,490
5	Hilden House, Warrington	Winmarleigh Street, Warrington, WA1 1LA	50,841	£7,083,512	£7,065,000	£560,215
6	Hougoumont House, Liverpool	29 Hougoumont Avenue, Waterloo, Liverpool, L22 0PB	17,082	£1,251,054	£1,255,000	£105,091
7	Lee-Moran House, Burnley	Victoria Street, Burnley, BB11 1DD	17,886	£2,154,592	£2,030,000	£170,407
8	Mitre House, Lancaster	Church Street, Lancaster, LA1 1EQ	64,597	£4,662,491	£4,335,000	£409,806
9	Palatine House, Preston	Lancaster Road, Preston, PR1 1NS	36,257	£3,540,000	£3,385,000	£207,079
10	Peel Park, Blackpool	Brunel Way, Blackpool, FY4 5ES	156,542	£28,210,000	£26,900,000	£1,695,000
11	Roskell House, Fleetwood	11-27 Kemp Street, Fleetwood, FY7 6JX	5,863	£527,064	£535,000	£46,800
12	Roydale House, Leigh	2-10 Windermere Road, Leigh, WN7 1UT	21,022	£1,268,429	£1,300,000	£118,550
13	Silver Street, Bury	Silver Street, Bury, BL9 0DP	9,352	£1,002,001	£945,000	£79,106
14	Springfield House, Liverpool	416 Eaton Road, Liverpool, L12 3HT	10,534	£1,135,215	£1,175,000	£104,253
15	St Martin's House, Bootle	Stanley Road, Bootle, L69 9BN	85,453	£4,008,005	£3,915,000	£387,592
16	Wilmslow Road, Manchester	96 Wilmslow Road, Manchester, M14 5BJ	20,807	£2,484,731	£2,485,000	£196,557

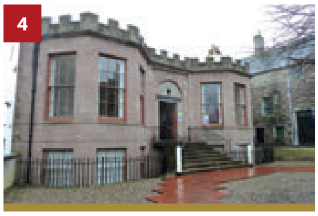
Notes:

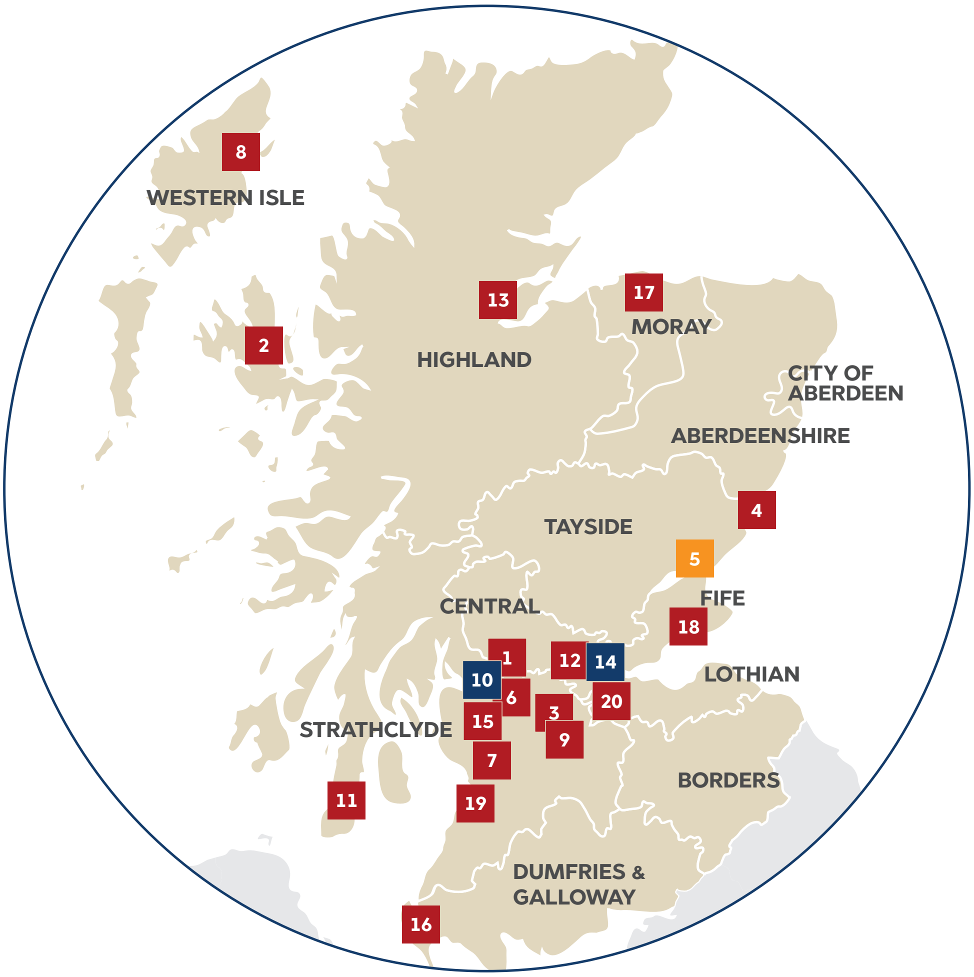
(a) All properties in North West are freehold properties and are 100% occupied as of 31 December 2020.

(b) Gross revenue is for the period 1 January to 31 December 2020.

Portfolio **Profiles**

Scotland



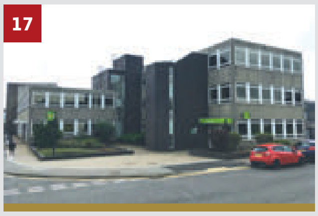


- Jobcentre Plus
- Back Office
- Call Centre

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 on long 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.

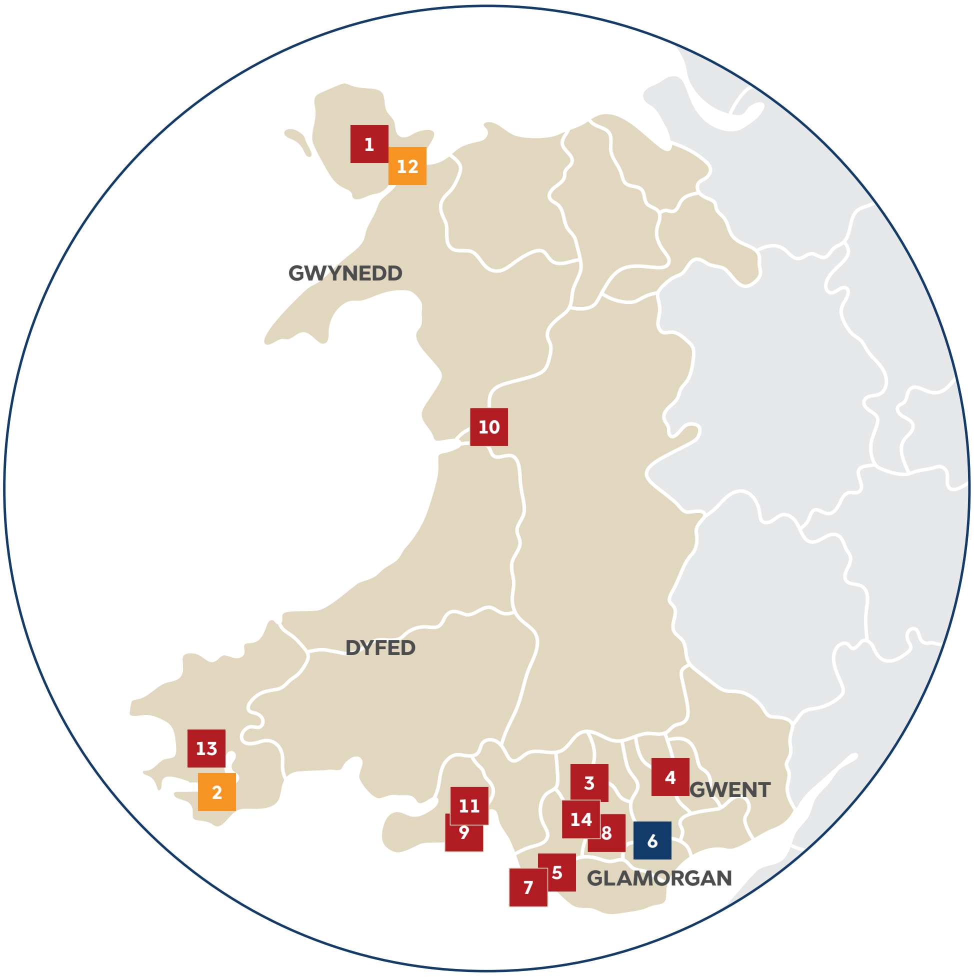
Net Internal Area	Lease Tenure	Valuation
137,287 sq ft	**Freehold**	**£30.3 million**



	Name of Property[(a)]	Location	Net Internal Area (sqft)	Purchase Price	Valuation as at 31 Dec 2020	Gross[(b)] Revenue
1	Atlas Road, Glasgow	200 Atlas Road, Glasgow, G21 4DL	49,788	£4,488,734	£4,010,000	£397,111
2	Bayfield Road, Portree	Bayfield Road, Portree, Isle of Skye, IV51 9EN	1,943	£312,763	£240,000	£24,901
3	Bowling Green Street, Bellshill	417 Main Street, Bellshill, ML4 1HT	23,512	£2,843,830	£2,810,000	£277,847
4	Castlestead House, Montrose	4 Castle Place, Montrose, DD10 8AL	4,246	£428,602	£410,000	£41,363
5	Claverhouse Industrial Park, Dundee	6 Jack Martin Way, Dundee, DD4 9FF	48,269	£3,376,686	£2,995,000	£281,392
6	Coustonholm Road, Glasgow	8 Coustonholm Road, Glasgow, G43 1SS	36,124	£3,625,739	£3,070,000	£303,446
7	Crown Building, Kilmarnock	12 and 14 Woodstock Street, Kilmarnock, KA1 2BN	36,696	£3,434,606	£3,050,000	£301,762
8	Discovery House, Stornoway	2 Castle Street, Stornoway, HS1 2BA	7,276	£1,117,840	£865,000	£93,259
9	Flemington House, Motherwell	600 Windmillhill Street, Motherwell, ML1 2HN	29,381	£2,820,663	£2,540,000	£263,779
10	Glasgow Benefits Centre, Glasgow	Northgate, 96 Milton Street, Glasgow, G4 0DX	137,287	£31,765,000	£30,290,000	£1,940,350
11	Hall Street, Campbeltown	40 Hall Street, Campbeltown, PA28 6BZ	8,288	£567,608	£585,000	£59,758
12	Heron House, Falkirk	Wellside Place, Falkirk, FK1 5SE	25,454	£2,635,321	£2,650,000	£262,181
13	High Street, Dingwall	3 High Street, Dingwall, IV15 9HL	3,438	£330,139	£320,000	£30,808
14	Parklands, Falkirk	Callendar Boulevard, Falkirk, FK1 1XT	81,350	£7,413,651	£6,570,000	£683,789
15	Pollokshaws Road, Glasgow	159-181 Pollokshaws Road, Glasgow, G41 1PU	15,812	£1,957,667	£1,570,000	£154,722
16	St John Street, Stranraer	12 St John Street, Stranraer, DG9 7EL	6,402	£712,406	£610,000	£65,646
17	Trinity Road, Elgin	13-21 Trinity Road, Elgin, IV30 1RJ	17,427	£1,476,938	£1,450,000	£142,946
18	Waggon Road, Leven	9 Waggon Road, Leven, KY8 4PT	4,901	£306,971	£290,000	£27,637
19	Wallacetoun House, Ayr	John Street, Ayr, KA8 0BX	28,299	£3,046,547	£2,870,000	£283,747
20	Whitburn Road, Bathgate	31-33 Whitburn Road, Bathgate, EH48 1HG	31,484	£2,756,951	£2,695,000	£266,327

Notes:
(a) All properties in Scotland are freehold properties and are 100% occupied as of 31 December 2020.
(b) Gross revenue is for the period 1 January to 31 December 2020.

Wales

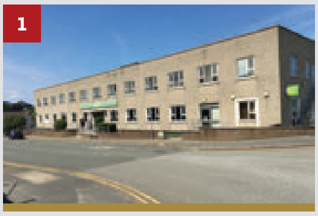


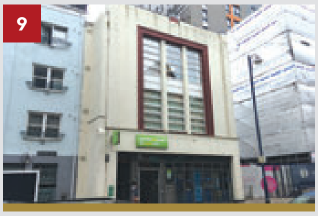
- Jobcentre Plus
- Back Office
- Call Centre

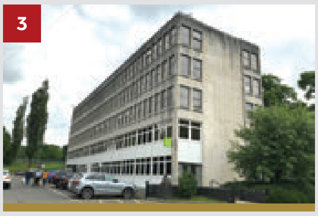
Featured Property:
Parc Menai, Bangor

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 south west of the centre of Bangor, North Wales. Parc Menai can be accessed via the A487 motorway at junction 9 of the North Wales Expressway.

Net Internal Area	Lease Tenure	Valuation
31,674 sq ft	**Leasehold expiring on 19 May 2255**	**£3.67 million**







	Name of Property[a]		Net Internal Area (sqft)	Purchase Price	Valuation as at 31 Dec 2020	Gross[b] Revenue
1	Bridge Street, Llangefni	Bridge Street, Llangefni, LL77 7YJ	9,601	£764,533	£725,000	£63,990
2	Cleddau Bridge Business Park, Pembroke Dock	Pembroke Dock, SA72 6UP	19,418	£1,430,603	£1,275,000	£119,460
3	Crown Buildings, Aberdare	Greenbach Street, Aberdare, CF44 7HU	24,290	£1,262,637	£1,050,000	£102,662
4	Crown Buildings, Abertillery	Portland Street, Abertillery, NP13 1YF	9,159	£411,226	£405,000	£37,117
5	Crown Buildings, Bridgend	Angel Street, Bridgend, CF31 4AA	46,058	£4,286,017	£3,975,000	£376,304
6	Crown Buildings, Caerphilly	Claude Road, Caerphilly, CF83 1WT	21,000	£1,540,649	£1,400,000	£124,374
7	Dock Street, Porthcawl	Dock Street, Porthcawl, CF36 3BL	3,023	£318,555	£285,000	£25,699
8	Hannah Street, Porth	35 Hannah Street, Porth, CF39 9RB	7,018	£660,278	£680,000	£64,763
9	High Street, Swansea	37-38 High Street, Swansea, SA1 1LS	19,609	£2,160,384	£1,995,000	£188,006
10	Maengwyn Street, Machynlleth	43-45 Maengwyn, Machynlleth, SY20 8EB	3,655	£173,757	£145,000	£12,421
11	Oldway House, Swansea	Clase Road, Morriston, Swansea, SA6 8BT	14,575	£1,251,054	£1,120,000	£104,611
12	Parc Menai, Bangor	Parc Menai, Bangor, LL57 4FD	31,674	£3,973,254	£3,670,000	£384,196
13	Quay Street, Haverfordwest	16-20 Quay Street, Haverfordwest, SA61 1BH	8,603	£839,828	£805,000	£75,000
14	Thistle House, Tonypandy	Llwynypia Road, Tonypandy, CF40 2EP	14,650	£1,198,926	£1,140,000	£112,044

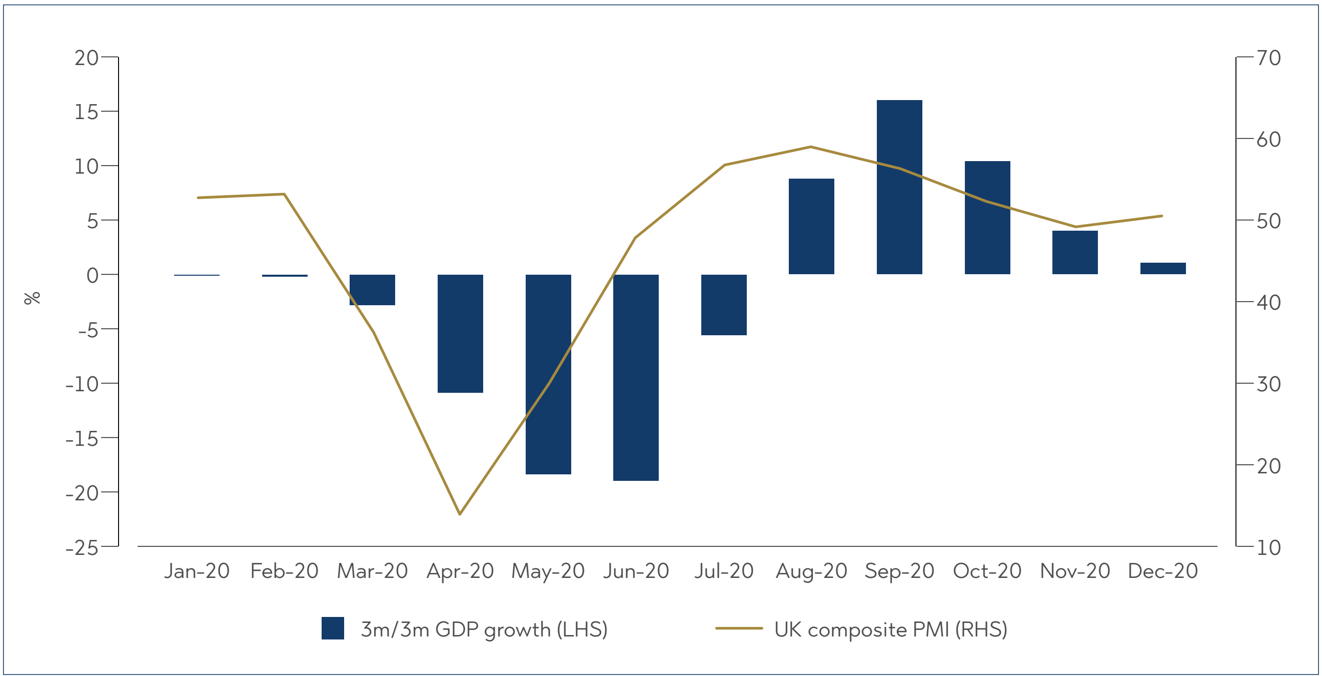
Notes:
(a) All properties in Wales are freehold properties except for Parc Menai, Bangor, which is on a long leasehold tenure expiring on 19 May 2255 (c.235 years remaining). All properties are 100% occupied as of 31 December 2020.
(b) Gross revenue is for the period 1 January to 31 December 2020.

Independent Market Report
by Colliers

Economy

UK GDP fell 2.6% month-on-month ("m/m") in November, better than consensus expectations of a 4.6% drop. However, it is widely agreed amongst forecasters that the UK is currently in its second technical recession within a year as lockdown measures and travel restrictions once again impact activity. Oxford Economics believes that GDP will fall by more than 4% quarter-on-quarter ("q/q") in Q1 2021, having suffered an estimated decline of 1% q/q in Q4 2020. Although disappointing, this will be a far smaller decline than during the first lockdown in 2020 when GDP fell 19% q/q, as businesses have generally adapted well to lockdown measures. The roll-out of different vaccines and ongoing government support (such as the extension of the furlough scheme and new business grants) is intended to help the economy rebound strongly in Q2 2021. The sterling has recently traded around 1.37 against USD, above the 1.25 levels seen throughout most of the summer months. The price of gold has remained below the $2,000 mark, but is still more than 20% higher than a year ago. Gilts or government bonds trade at around 0.44%, down from 0.85% at the start of 2020 and CPI inflation remains below target at 0.3% in November and 0.80% in December.

UK GDP growth and PMI data

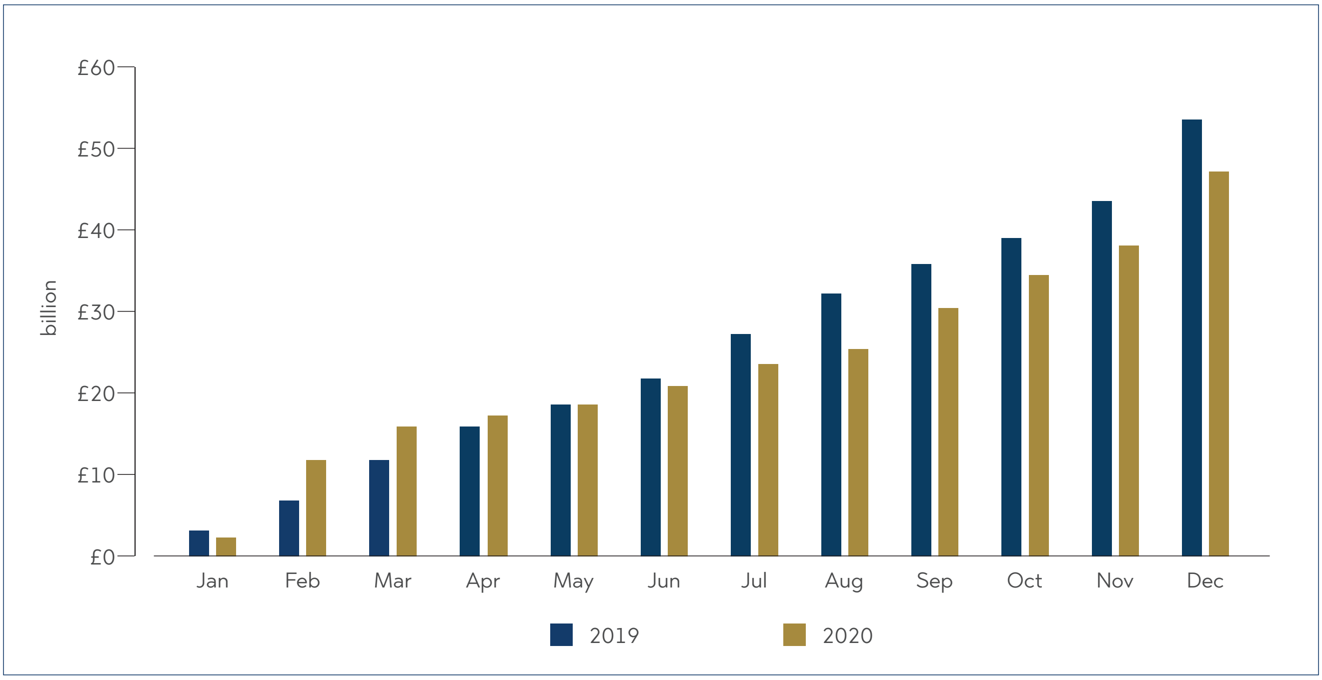


Sources: ONS, IHS Markit

Investment Market

Although there was an end-of year surge in investment activity, preliminary data suggests that this surge was far weaker than in previous years. Investment volumes reached £6.7bn in December, down from £10.1bn in December 2019, but nonetheless more than 50% above the 2020 monthly average. The 2020 annual total stands at £44bn, down by almost 20% from the 2019 level and the weakest since 2012. Overseas investors accounted for over 50% of all investment, its highest ever share. The industrial and office sectors accounted for over £2bn worth of investment each in December, while alternatives/mixed-use volumes stood at £0.9bn. Interest in retail assets remained limited. The two largest deals of the month were office assets in London (£552m and £401m), followed by two industrial schemes (£335m and £316m). With the exception of retail and leisure, yields are generally stable for now. Mild compression is evident for supermarkets and prime office and industrial assets.

Investment transaction volumes (cumulative)



Sources: Property Data Ltd., Colliers International, December 2020.

The following extracts from the MSCI total rolling 12-month return index for the dates shown help to illustrate the current All-Property total return (%) in the context of market highs and lows over the past 14 years.

07/2006	05/2009	10/2014	05/2016	07/2016	12/2016	03/2018	03/2020	06/2020	09/2020	12/2020
22.2	(26.5)	20.2	10.5	5.5	2.6	11.3	0.1	(2.7)	(2.7)	(1.0)

The MSCI results table below show how total returns continue to be impacted by the Covid-19 market conditions albeit with some signs of improvement overall.

Total Returns to Q4	All Property	Retail	Office	Industrial	Residential	Hotel	Other (Healthcare & Leisure)
1 Month	1.00%	0.10%	0.00%	2.50%	1.70%	0.40%	-0.10%
3 Month	2.00%	-0.60%	-0.10%	6.50%	1.20%	0.80%	-1.70%
6 Month	2.70%	-1.50%	0.40%	8.80%	2.00%	0.50%	-2.00%
12 Month	-1.00%	-10.80%	-0.90%	8.70%	2.80%	-6.30%	-9.50%

Note: As at December 2020

Considering the yield shift impact on total returns, the following table showing highs and lows of the MSCI All-Property Equivalent Yields (%) index provides context to the recent market. The All- Property yield having held steady around 6.0% from Q4 2017 until Q4 2019, has increased by circa + 20 basis points over last four quarters.

12/2006	04/2009	03/2016	07/2016	10/2017	06/2018	12/2019	03/2020	06/2020	09/2020	12/2020
5.4	9.3	6.0	6.3	6.0	5.8	6.0	6.1	6.3	6.3	6.2

Independent Market Report
by Colliers

Offices: Office investment volumes topped £2bn in December, bringing the 2020 total to £13bn. This is 27% below the 2019 figure and 42% below the five-year average of £22.3bn. Cross border capital accounted for 62% of all office investment, up slightly from 58% in 2019. The regional markets made up one-third of all activity by value, broadly consistent with previous years. The largest December deal was Sun Venture's purchase of 1&2 New Ludgate for £552m at 4% Initial Yield ("IY"), comprising 389,615 sq ft of office and retail accommodation.
The next largest deal by value was Allianz Real Estate's purchase of the Marylebone Portfolio for £401m at 4.32% IY. The portfolio includes three building with a combined floorspace of 310,000 sq ft.

Occupier Market

Central London: Overall, London take-up in 2020 was down by just over 50% year-on- year. Transaction levels will remain subdued in Q1 2021 with only forced movers likely to be in the market. At the same time, vacancy is rising sharply across the wider London market, as the slowdown in deal executions begins to impact on absorption. London vacancy is now at 7.5%, slightly above the 20-year average (7.2%). So far, there is still little evidence of downward pressure on headline rents, although we expect to see modest declines in 2021.

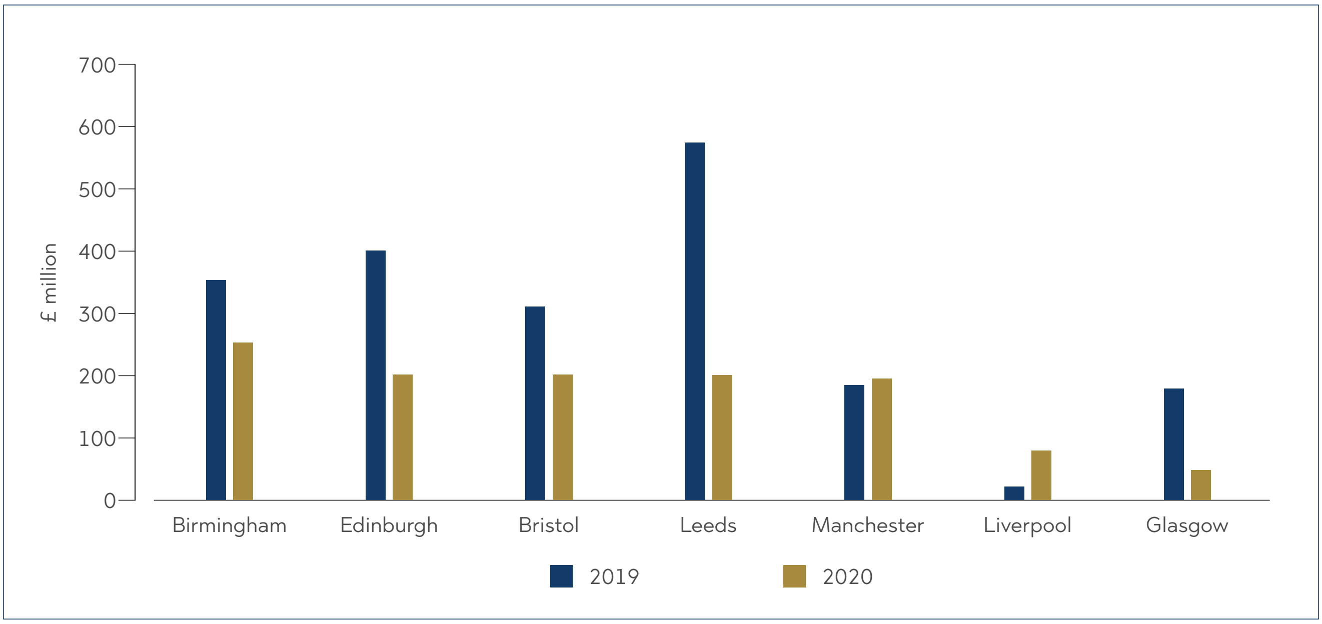
Regional CBDs: BP is downsizing in Aberdeen and is understood to be vacating its 192,000 sq ft office space at 1-4 Wellheads Avenue and leasing 100,000 sq ft of space at Aberdeen International Business Park. This represents Aberdeen's largest deal since 2014. Elsewhere, Barings' Landmark office in the centre of Manchester has found another occupier, with Allianz under offer to take one floor of 13,000 sq ft. Grant Thornton only recently agreed a 15-year lease of just over 13,000 sq ft and CBRE took 32,000 sq ft in early 2020. In Liverpool, financial services firm Sedulo took 6,200 sq ft at Exchange Flags.
The November MSCI index on average signals sustained rental growth across the regions, although the rate of increase has slowed.

Office transactions	Value	Deals	October selected yields
London	£2bn	27	3.75% - 4.25%
Regional	£150m	22	6.25% Maidenhead / 6.95% Addlestone

Regional Offices

The regional office markets suffered a particularly sharp decline in investment sales, with transactional volumes falling from £6.0bn in 2019 to £4.1bn in 2020. This 32% decline is far larger than the 20% shortfall for all asset classes combined. Across the regional cities, Birmingham attracted the most capital (£256m), followed by Oxford (£234m), Edinburgh (£205m), Bristol (£203m), Cambridge (£201m), Leeds (£200m) and Manchester (£197m). In terms of performance against the 2019 levels, Uxbridge, Salford, Theale and Bracknell are amongst the strongest growth markets.

Office investment sales volumes across the Big 7

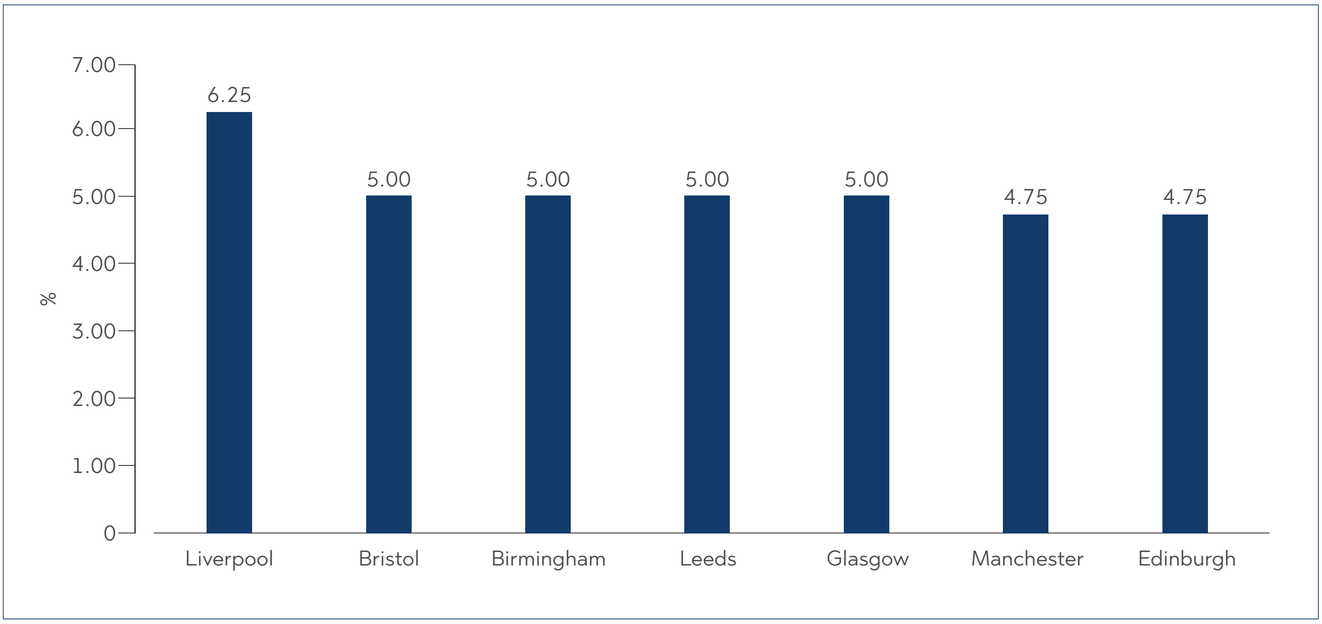


Source: PropertyData

The largest regional office deal in 2020 was the sale of Oxford's The Life and Mind Building to Legal & General Retire for £200m. The building is due to open in 2024. The next largest deals were Legal & General Property's acquisition of 200,000 sq ft of office space (+350 Build-To-Rent units) at Sheffield's West Bar Square for £150m, Fraser Property's purchase of Bedfont Lakes Business Park at Heathrow for £135m (7.77% IY) and the sale of Edinburgh's 1-3 Lochside Crescent to Hyundai Asset Management for £133m, at 4.85% IY. Prime yields across the Big 7 are generally stable, ranging from 4.75% in Manchester and Edinburgh to 6.25% in Liverpool. It should however be noted that in February 2021, Aberdeen went under offer on Temple Quay House in the central Bristol business district at a price of £75m, or a 3.7% yield. This is likely the lowest yield paid for a sub 20-year income office investment in the UK regions.

All-office total returns are expected to show growth of 2.3% this year comprised of 3.9% income return and capital growth of -1.6% (0.1% residual). South East and Rest of UK will perform better than the London markets, with total returns expected to increase by 3.5% and 3.7% respectively this year. With yields recompressing in 2021 and rental growth returning in 2022, all office total returns will average 5.1% p.a. over the forecast horizon.

Prime yield across the Big 7



Source: Colliers International

2020 office take-up across the Big 7 was down by 41% against annual total for 2019, with particularly sharp declines recorded in Leeds (-55%) and Liverpool (-66%). Birmingham performed relatively better with a 38% in take-up, while Bristol saw a more modest fall of 44%. In contrast, take-up in Edinburgh ended the year 47% above the take-up for the corresponding period, helped by investment management firm Baillie Gifford's pre-letting of Buildings 4 and 5 at The Haymarket development (280,000 sq ft). Vacancy rates have increased across the CBDs but prime rents are generally static.

Office Rents across the Big 7

Prime Rent (psf/year)	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Bristol	£35.00	£35.00	£35.00	£37.50	£37.50	£37.50	£37.50	£37.50
Birmingham	£33.00	£34.00	£34.00	£34.50	£34.50	£34.50	£34.50	£34.50
Leeds	£30.00	£30.00	£30.00	£32.00	£32.00	£32.00	£32.00	£32.00
Liverpool	£22.00	£23.00	£23.00	£23.00	£23.00	£23.00	£23.00	£23.00
Manchester	£37.00	£37.50	£37.50	£37.50	£37.50	£37.50	£37.50	£37.50
Edinburgh	£34.00	£35.00	£35.00	£35.00	£35.00	£35.00	£35.00	£35.00
Glasgow	£32.50	£32.50	£32.50	£32.50	£32.50	£32.50	£32.50	£32.50

Source: Colliers International

Focus On Long-Term Income

While current examples are limited, from the evidence available there is a definite, and increasing gap between, long strong income and less secure or shorter income, which is to be expected in uncertain times, and particularly when vacancy rates are rising as they are now.

Recent UK Investment Deals – Long Term Secure Income

London	%	
14-26 Great Smith Street	3.97	A re-gear which will see the UK Government sign a new 25-year, index-linked lease
35 Great Smith Street	3.90	The property is let in its entirety to The Secretary of State for Housing, Communities and Local Government for a further 5.5 years at a current rent of £1,245,000 p.a. with a fixed increase at the March 2020 review to £1,280,000 p.a.
21 Dartmouth Street	3.75	Let in entirety to The Corporate Officer of The House of Commons on a new 20-year term (tenant break at year 15)
Average Initial Prime Yield	**4.37**	

Leeds	%	
Quarry House, Quarry Hill	4.50	Let to The Secretary of State for Housing, Communities and Local Government for 25 years
7-8 Wellington Place	4.30	Pre-let to The Secretary of State for Communities and Local Government for a term of 25 years
Average Initial Prime Yield	**5.00**	

Bristol	%	
Temple Quay House	3.70	The UK Government has occupied the property since it was built in 2001 and an extension to the lease to 2037 has been signed recently.
Average Initial Prime Yield	**5.00**	

Source: Colliers International

The above deals demonstrate the premium in operation for secure income deals. All these buildings are let on long leases to the Government and in each case, the initial yields are on average between 50 to 125 basis points below the market norm for prime stock, although the difference can be far greater compared to secondary stock.

While there are minimal lots currently on the market with long term Government income, there are other schemes being marketed with strong covenants on longer term leases. For example in London, Athene House, EC4, in the City core, which has 14 year income to Deloitte, has been on the market and attracting interest in the range of 4-4.25%, compared to Dorset House, Salisbury Square, EC4, which is on the market for £39m and 6%. The latter is multi-let 2-5 year type income, with some capital expenditure requirements.

While any comparison must allow for the differing location of Dorset House, which is not as desirable as Athene House, there is evidence to suggest that pre-COVID, the former would have been on the market a closer to 5.25/5.50%. While prime secure income remains priced at a premium, at the same time we are starting to see some additional value in the secondary market, which is likely to lead to greater transparency on pricing.

Investor Relations and **Unit Price Performance**

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 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 presentation slides, news releases, announcements and annual reports. This provides investors and members of the public with ease of accessibility to Elite Commercial REIT's latest updates and information. The website is refreshed regularly, and viewers can subscribe to email alerts to receive Elite Commercial REIT's announcements in a prompt fashion.

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 and provide 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, providing reassurance by posting updates on the latest developments and addressing queries raised.

Since listing on 6 February 2020, the REIT Manager had engaged in post-results briefings with research analysts and investors, and group and one-on-one online meetings, engaging with around 100 analysts and institutional investors. Apart from this, in 2020, the REIT Manager had participated in a number of webinars organised for retail investors, hosted by organisations such as UOB Kay Hian, Phillip Securities, KGI Securities, The Edge Singapore, and The Securities Investors Association (Singapore) together with the SGX, some of which were attended by more than 120 investors in a single session. The REIT Manager had also increased outreach and coverage in the year via other channels such as radio interviews with the CEO hosted by MoneyFM, and meetings with financial bloggers.

Elite Commercial REIT is presently actively covered by three brokerage firms namely, CGS-CIMB, UOB Kay Hian, and UBS. The REIT Manager continues to engage other non-covering brokers to enhance their understanding of the REIT's investment proposition, portfolio performance and value. As a member of the REIT Association of Singapore (REITAS), the REIT Manager endeavours to build stronger relations and awareness amongst the investment community, through knowledge sharing.

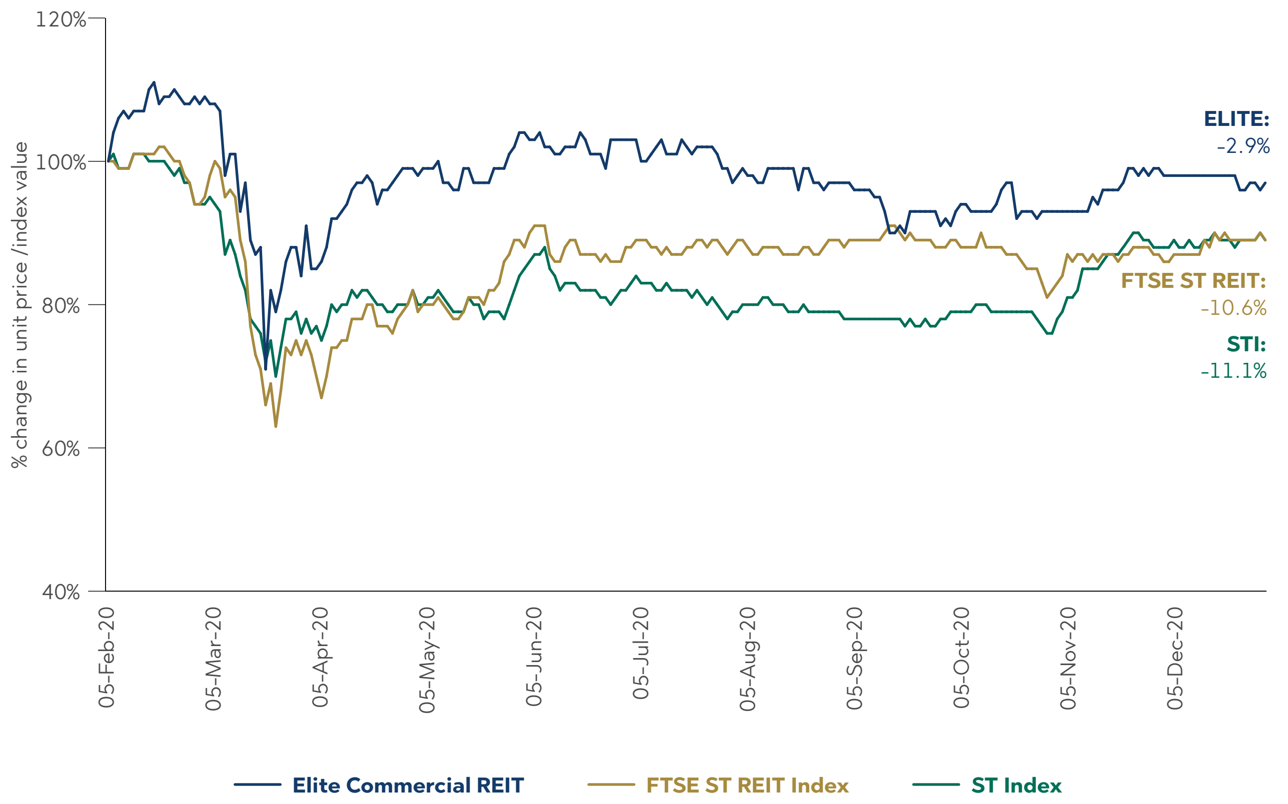
Unitholders, analysts, fund managers, the media and members of the public may reach out to our investor relations team for more information on Elite Commercial REIT.

Ms Charissa Liu
Manager, Investor Relations
Tel: +65 6955 9977
Email: charissa.liu@elitecreit.com

Investor Relations and
Unit Price Performance

Resilient Trading Amid COVID-19 & Brexit

Unit Price and Key Index Performance
From 6 February 2020 (Listing Date) to 31 December 2020



Note: Percentage change in unit price for Elite Commercial REIT is based on IPO price of GBP0.68 and indices are based on 5 February 2020 closing price.

Unit Price Performance	
Opening Price as at 6 February 2020	£0.68
Closing Price as at 31 December 2020	£0.66
Lowest Price	£0.485
Highest Price	£0.755
Total Trading Volume	110.9 mil units
Average Daily Trading Volume	0.49 mil units

FY2020 Investor Relations Calendar

Key Events/ Engagements

1Q 2020

January/ February
Pre-IPO investor roadshows and meetings, media interviews and analyst briefings

6 February
Listed on the SGX-ST

2Q 2020

11 May
1Q 2020 Management Discussion & Analysis (MD&A) announcement

20 May
Investors and Trading Representatives Briefing with KGI Securities

3Q 2020

23 July
1H 2020 Results Briefing with analysts, investors and financial bloggers

28 July
Trading Representatives Briefing with CGS-CIMB

28 July
Webinar with UBS wealth managers

29 July
Retail investors and Trading Representatives Webinar with Phillip Securities

3 August
Webinar with CIMB private banking and institutional clients

4Q 2020

19 October
Announcement of proposed acquisition of 58 properties, media interviews and analyst briefings

19 October
Webinar with retail investors hosted by UOB Kay Hian

9 November
3Q 2020 Management Discussion & Analysis (MD&A) announcement

10 November
Investment Webinar "Corporate Connect" with SIAS-SGX

16 November
Radio Interview on MoneyFM 89.3 (The Breakfast Huddle show)

20-21 November
REIT Investment Forum with The Edge:
20 Nov – Presentation on Elite Commercial REIT
21 Nov – Live Panel Discussion

8 December
Webinar with Phillip Securities retail clients and trading representatives

Corporate Social **Responsibility**

As a company with global perspectives, we are cognisant of the importance of making a positive contribution to Elite Commercial REIT's stakeholders. Our focus on sustainability and value creation, guide the way we conduct our business and ensures that we deliver sustainable value in communities where we operate.

Following our listing in February 2020, the onset of COVID-19 and the nationwide lockdowns and social distancing restrictions of FY2020 hindered the implementation of our corporate social responsibility ("**CSR**") plans. Our detailed CSR plans and sustainability policies and practices will be shared in our inaugural sustainability report in FY2021.

Serving with Willing Hearts

At the end of FY2020, the authorities commenced Phase 3 of Singapore's re-opening, easing social distancing restrictions which paved the way for a safe restart of community activities.

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 the 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.

Sustainable Environment Management

The quality and environmental credentials of our portfolio are crucial to the ongoing resilience of our business. We are actively investigating ways to improve the energy rating of the buildings and also to improve the condition of our properties to better serve our tenants and maintain rents at competitive rates.

Some of the initiatives that we are exploring include introducing new ground source or air source heating systems, which would reduce power usage. We are working with the tenant to allow for new glazing and energy saving lighting systems, which will also improve energy efficiency in the properties. Our initiatives are a testament to our continuous effort towards sustainability and the creation of value.

Stewardship of Human Capital

The Manager is made up of highly skilled and experienced professionals. We are committed to growing the knowledge, expertise, and leadership skills of our people as the success of our business is intrinsically linked to their individual success and well-being. Our priorities are focused on attracting and retaining quality employees who are dedicated to our values and who play a key role in the success of Elite Commercial REIT. In this endeavour, we will advance gender diversity and promote equal opportunity across our business, building a diverse workforce with new perspectives to drive the success of our business. We pride ourselves in providing our employees a nurturing workplace that is diverse, inclusive and promotes a healthy active lifestyle.

The well-being of our people impacts their overall effectiveness. We encourage our employees to lead an active and healthy lifestyle, and proactively promote this through our internal communication. Our employees are provided with health and insurance benefits, ensuring that they are protected.

With the onset of COVID-19, our business continuity plans were put into action to ensure the well-being and safety of our people. We adopted separation of workforce to ensure social distancing and provided IT support arrangements for our people on diverse working arrangements. We distributed masks and hand sanitisers, and enhanced health and sanitation procedures at our offices and assets. We stepped up our communication to keep our people updated on the latest developments and safety measures.

Serving as volunteers at the Willing Hearts' Soup Kitchen

Team-bonding activity

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**"), 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, Chapter 289 of Singapore (the "**SFA**") on 22 January 2020.

ELITE COMMERCIAL REIT AND CORPORATE GOVERNANCE

The framework of relevant legislations and guidelines governing Elite Commercial 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 ;
(iv) The Code of Corporate Governance 2018 (the "**2018 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 unitholders of the Elite Commercial REIT ("**Unitholders**"), and engagement with stakeholders.

This corporate governance report ("**CG Report**") sets out Elite Commercial REIT's corporate governance framework and practices with specific reference to the principles and the provisions of the 2018 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, Chapter 50 of Singapore ("**Companies Act**").

For the financial year ended 31 December 2020 ("**FY2020**"), save as stated in the CG Report, Elite Commercial REIT has complied with the core principles of corporate governance laid down by the 2018 Code and also, in all material respects, with the provisions that underpin the principles of the 2018 Code. Where the REIT Manager's practices vary from any provisions of the 2018 Code, we have 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.

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1:
The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

ROLE OF THE BOARD

The board of directors of the REIT Manager (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 Elite Commercial REIT.

Corporate **Governance Report**

The key roles and responsibilities of the Board are to:

- Set strategic objectives and direction, and provide guidance to the management of the REIT Manager ("**Management**") in executing those objectives;
- Approve the business plans in relation to Elite Commercial 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 Elite Commercial 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 Code of Conduct ("**Code of Conduct**") (further elaborated below and on page 84 of the CG Report); and
- Consider the perceptions of stakeholders that will affect Elite Commercial REIT's reputation.

CULTURE

All the Directors of the REIT Manager (the "**Directors**") are to discharge their duties and responsibilities objectively as fiduciaries in the best interests of Elite Commercial REIT at all times and hold the Management accountable for performance.

The REIT Manager has in place a Code of Conduct which set 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.

Where a Director has a conflict of interest in a particular matter, he will be required to recuse himself from the 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. Other measures to manage conflict of interest risks can be found under pages 59 and 77 of this CG Report.

BOARD COMMITTEES

In the discharge of its functions, the Board is supported by two board committees which also serve to ensure that there are appropriate checks and balances. These committees are the Audit and Risk Committee ("**ARC**") and the Nominating and Remuneration Committee ("**NRC**") (collectively known as "**Board Committees**"). Each of the Board Committees is chaired by independent directors ("**IDs**") and reports to the Board. 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. However, the Board retains overall responsibility for all decisions made by the Board Committees. 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 64, 68, 76-77 of this CG Report.

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 Elite Commercial REIT, and approve the release of half-yearly and full-year financial results, and quarterly business updates.

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 ample time ahead of the meetings. This would also enable any Director who is unable to attend a meeting to provide input and raise queries on the agenda items. 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 Committee 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 insight 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 half-yearly 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 Elite Commercial REIT. The Board and Board Committees papers given to the Directors include updates on Elite Commercial REIT's operating and financial performance, strategic plans, regulatory and compliance updates and any other matters for discussion. On a quarterly basis, Management also provides the Board with a brief update on the operating performance of Elite Commercial REIT, to enable the Board to exercise effective oversight over the REIT.

The Directors of the Board have separate and independent access to Management and the Company Secretary 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 all 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 affecting the Company. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Where exigencies prevent a Director from attending a Board meeting in person, the Constitution of the REIT Manager permits the Director to participate via audio or video conference. The Board and Board Committees may also make decisions by way of resolutions in writing. In each meeting where matters requiring the Board's approval are to be considered, all members of the Board 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 or she will be required to recuse himself or herself from the 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 number of meetings of the Board, ARC and NRC held during FY2020, as well as the attendance of every Director and Chief Executive Officer at these meetings are set out in the table below:

	Board Meetings	ARC Meetings	NRC Meeting
Total Number of meetings	3	3	1
Board members			
David Lim Teck Leong	2	2	1
Nicholas David Ashmore	3	2#	N.A.
Koo Tsai Kee	3	3	1
Tan Huay Lim	3	3	N.A.
Evan Cheah Yean Shin	3	2#	N.A.
Victor Song Chern Chean	3	1#	N.A.
Tan Dah Ching	3	1#	N.A.
Tan Hai Peng Micheal	3	1#	1
Tan Kok Heng*	3#	2#	N.A.
Chief Executive Officer			
Shaldine Wang	3	3	1

\# *Attendance by Invitation*
* *Dr Tan Kok Heng is an Alternate Director to Mr Evan Cheah*

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

Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of REIT Manger and Elite Commercial REIT. As disclosed on page 66, 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 FY2020.

In fulfilling its responsibilities to Elite Commercial 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.

ORIENTATION AND TRAINING FOR DIRECTORS

The NRC exercises oversight on the orientation, training and professional development of Directors, in order to ensure that they understand Elite Commercial REIT's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). 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 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 Elite Commercial REIT. The appropriate orientation sessions had been 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 Elite Commercial REIT's strategic objectives, business, operations, responsibilities of key management personnel, and financial and governance practices; and
- Site visits to Elite Commercial REIT's properties.

In addition to the above, copies of the minutes of immediate past 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.

In accordance with SGX Listing Rule 210(5)(a) which states the requirement for first-time directors of an issuer on the Exchange to undertake training as prescribed by the Exchange, all the first-time directors of Elite Commercial REIT (Mr Nicholas David Ashmore, Mr Koo Tsai Kee, Mr Victor Song Chern Chean, Mr Evan Cheah Yean Shin and Dr Tan Kok Heng) have completed the mandatory training modules provided by the Singapore Institute of Directors ("**SID**") – the Listed Entity Directors ("**LED**") programme, Modules 1 to 4. Additionally, Mr Koo has completed LED Modules 7 and 8 on Nominating Committee Essentials and Remuneration Committee Essentials respectively, as he was appointed as Chairman of the NRC.

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.

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 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 FY2020, the Board also received updates on MAS and SGX-ST regulatory changes as well as their implications on Elite Commercial REIT and the REIT Manager. 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.

The Board is regularly updated either during Board meetings or at specially convened meetings (with the attendance of professional advisors, consultants, auditors and Management) on areas that may affect Elite Commercial REIT's business and developments. The Management also provides the Board with timely information through regular updates on financial results, market trends in the UK's commercial real estate sector, and business developments.

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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 company.

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 ensuring effective decision making by taking into account the scope and nature of the operations of Elite Commercial REIT.

REVIEW OF DIRECTORS' INDEPENDENCE

The Board presently comprises eight directors and one alternate director, four of whom are IDs. All the directors are non-executive directors. The composition of the Board therefore complies with Provision 2.3 of the 2018 Code which requires a majority of the board to be made up of non-executive directors. In addition to the Chairman being independent, at least half of the directors on the Board are non-executive and independent. This enables the 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 Manager.

In FY2020, 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 Elite Commercial 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 Elite Commercial REIT.

During FY2020, each of the IDs had been independent from the Management of the REIT Manager and Elite Commercial REIT, as well as from every substantial shareholder of the REIT Manager, and every substantial Unitholder of Elite Commercial REIT. This is in accordance with the guidance in the Securities and Futures (Licensing and Conduct of Business) Regulations (SFR), Regulation 13E(b)(i).

BOARD DIVERSITY POLICY AND COMPOSITION

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.

Elite Commercial REIT was newly-listed in February 2020. All the IDs were appointed on the same date. 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 accounting and auditing, business advisory, corporate finance, corporate governance, investment and fund management, construction, real estate and property development, management consulting and commercial litigation. The Directors engage in open and constructive debate and regularly challenge Management on its assumptions and proposals. The Directors also review the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance. Management has benefited from the Directors' invaluable views and experiences. The Board continues to seek to introduce greater diversity as it progressively reviews the composition of the Board and its Board Committees. 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 Elite Commercial REIT's operations.

INDEPENDENT DIRECTORS

The IDs schedule to meet as and when required to discuss matters without the presence of Management and the non-independent directors. In 2020, the IDs had such meetings chaired by Mr David Lim, Chairman and Independent Director.

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 Chief Executive Officer ("**CEO**") of the REIT Manager are held by two different individuals in order 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.

There is a clear separation of the roles and responsibilities between the Chairman and the CEO of the REIT Manager. Mr David Lim Teck Leong 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.

Ms Shaldine Wang is principally responsible for the management and conduct of the business of the REIT Manager. She has full executive responsibilities over the business direction and operational decisions in managing Elite Commercial REIT.

Provision 3.3 of the 2018 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 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 Whistle-Blowing 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.

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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.

NOMINATING AND REMUNERATION COMMITTEE (NRC)

The Board established its NRC when the REIT was listed in February 2020. 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 members of the NRC are Mr Koo Tsai Kee (Chairman of NRC), Mr David Lim Teck Leong and Mr Tan Hai Peng Micheal.

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;
- 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 when circumstances require, if a director is independent, having regard to the circumstances set forth in Provisions 2.1 and 2.2 of the 2018 Code and SGX Listing Rules 210 (5)(d);
- 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 principal commitments;
- Reviewing Elite Commercial 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 2018 Code.

[NOTE: The roles and responsibilities of the NRC with regards to remuneration matters are detailed in the section under (B) 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 Chief Executive Officer 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 on in the Board Diversity Policy 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.

REVIEW OF DIRECTORS' INDEPENDENCE BY THE NRC

The Board presently comprises eight directors and one alternate director, four of whom are IDs. All the directors are non-executive directors. The composition of the Board therefore complies with Provision 2.3 of the 2018 Code which requires a majority of the board to be made up of non-executive directors. In addition to the Chairman being independent, at least half of the directors on the Board are non-executive and independent. This enables the 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.

The NRC formally assesses the independence of each Director in accordance with the guidance provided in the 2018 Code, the Listing Manual and the CIS Code on an annual basis. Under the 2018 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 Elite Commercial REIT. None of the IDs have been a substantial shareholder of the REIT Manager, or substantial Unitholder of Elite Commercial 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. In particular, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which will come into effect on 1 January 2022, a director will not be independent if, *inter alia*, he has been a director for an aggregate period of more than nine years and his continued appointment as an independent director has not been sought and approved in separate resolutions by certain classes of Unitholders (a "**two-tier unitholders' vote**"). There is currently no ID who has served on the Board for more than nine years. In the event that any ID has served on the Board for an aggregate period of nine years or more, the NRC will subject the independence of such a Director to particular rigorous review. In addition, such a Director will also seek approval for his continued appointment as an ID under a two-tier unitholders' vote in a general meeting.

The IDs complete an annual confirmation of independence, whereby they are required to critically assess their own independence including independence from the major shareholder and management, which the NRC takes into account for the purposes of this review. The Board has considered and determined, taking into account the views of the NRC, that Mr David Lim Teck Leong, Mr Koo Tsai Kee, Mr Tan Huay Lim and Mr Nicholas David Ashmore have demonstrated independence in character and judgement in the discharge of their responsibilities as directors in FY2020, 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. Based on the annual review of the Directors' independence conducted by the NRC, the criteria of independence as set out in the 2018 Code and SGX Listing Rule 210 (5)(d), 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 and Mr Nicholas David Ashmore are independent.

In FY2020, 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 Elite Commercial 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 Elite Commercial REIT.

During FY2020, each of the IDs had been independent from the management of the REIT Manager and Elite Commercial REIT, as well as from every substantial shareholder of the REIT Manager, and every substantial Unitholder of Elite Commercial REIT. This is in accordance with the guidance in the Securities and Futures (Licensing and Conduct of Business) Regulations (SFR), Regulation 13E(b)(i).

REVIEW OF DIRECTORS' TIME COMMITMENTS

All directors are required to commit sufficient time and attention to the affairs of Elite Commercial 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.

The 2018 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 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 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 Manager. A director's capacity is determined by metrics such as his/her attendance at Board and Board Committee meetings and contributions to the effective supervision of Elite Commercial 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 of the directors confirms that he is able to devote sufficient time to discharge his duties as director of the REIT Manager.

Based on every Director's attendance record for Board and Board Committees meetings (set out on page 60) and contributions outside of formal Board and Board Committees meetings, the NRC is satisfied that all Directors are able to and have committed sufficient time and discharged their duties adequately for the financial year ended 31 December 2020.

Key information regarding the Directors such as academic and professional qualifications, committee membership, date of appointment, and details about the present and past directorships of each Director are set out on pages 14-17. The Directors' unitholdings in Elite Commercial REIT are set out on page 151.

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 and legal matters;
- The Board should have diversity in terms of gender and age;
- More than half of the Board should comprise independent directors if the Chairman is not an independent director; and
- The candidate is fit and proper in accordance with MAS' fit and proper guidelines, taking into account his or her track record, capabilities and such other relevant experience as may be determined by the Board.

Given the selection criteria, the search for potential candidates would be initiated by considering recommendations from Board members and Management, and conducting an external search for candidates that fit the criteria.

The NRC will then shortlist and interview the candidates. Shortlisted candidates are evaluated by the Chairman of the Board and IDs so that recommendations made on proposed candidates are objective and well-supported. Candidates are evaluated and selected based on their relevant expertise and potential contributions. Other factors including the current and mid-term needs and goals of Elite Commercial REIT are also considered. 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.

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.

The criteria for evaluation of the Board's performance includes board composition, access to information, board process, risk management, strategy and planning, board accountability, and engagement with CEO and Management. These performance criteria are approved by the Board, and are generally unchanged from year to year so that trends may be determined.

On an annual basis, the Directors are required to complete evaluation questionnaires for the Board and its Board Committees and an individual director self-assessment questionnaire. 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 the preceding year included (1) Board composition, (2) Board processes, internal control & risk management, (3) Board access to information, (4) Board accountability and committee effectiveness. The evaluation questionnaires for the Board also required the Board to consider whether the creation of value for Unitholders has been taken into consideration in its decision-making process.

Each Director is given sufficient opportunity to bring to the Board his or her perspective to enable balanced and well-considered decisions to be made.

The results of the evaluation questionnaires are first reviewed by the NRC Chairman 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 formal annual assessment is conducted entirely by the NRC and does not rely on any external facilitator.

The Board, in consultation with the NRC, is satisfied that the Board has met its performance objectives for the year under review.

(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 company, taking into account the strategic objectives of the company.

DISCLOSURE ON REMUNERATION

Principle 8:

The company 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.

NOMINATING AND REMUNERATION COMMITTEE (NRC)

The NRC members are appointed by the Board from amongst its members, all of whom are non-executive directors, and the majority of whom (including the Chairman of the NRC) are independent directors. The members of the NRC are Mr Koo Tsai Kee (Chairman of NRC), Mr David Lim Teck Leong and Mr Tan Hai Peng Micheal.

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 Elite Commercial 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 company;
- Reviewing and recommending to the Board, for endorsement by the Board:
    - A framework of remuneration for the Board and key executive officers 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 key executive officers 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 Elite Commercial REIT and relevant interested parties.

The NRC seeks to ensure that a significant and appropriate proportion of executive directors' and key management personnel'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 longer-term quantifiable goals. The corporate and individual performance-related elements of remuneration have been established to align the interests of key management personnel with those of Unitholders and other stakeholders with the aim of providing for the long-term interests of Unitholders and to promote the long-term success of Elite Commercial REIT. In addition, the NRC reviews the achievements of the REIT Manager 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.

Where necessary, the Board modifies the framework of remuneration to align the REIT Manager's compensation with the interests of the Unitholders. The remuneration packages are also appropriately structured to attract, retain and motivate the Directors to provide good stewardship of the REIT Manager and key management personnel to successfully manage Elite Commercial REIT for the long term.

Remuneration of the directors, executive officers and employees of the REIT Manager is not paid out of the deposited property of Elite Commercial REIT, but paid by the REIT Manager from the fees it receives.

KEY MANAGEMENT EXECUTIVES' REMUNERATION FRAMEWORK

The remuneration of key management personnel is structured to take into account:

- The strategic objectives and goals of Elite Commercial REIT
- Corporate and individual performance, both in terms of financial and non-financial performance of Elite Commercial 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 key management personnel of the REIT Manager, for the financial year ending 31 December 2021, take into consideration (amongst others):

- Elite Commercial 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 Elite Commercial REIT. Structuring the level of remuneration as such aligns the interests of key management personnel with that of the Unitholders and promotes the long-term success of Elite Commercial REIT.

The remuneration of key management personnel comprises a fixed and a variable component. The fixed component comprises fixed salary and compulsory employer contribution to the employees' Central Provident Fund. The variable component comprises short-term cash and cash-in-kind bonuses based on the achievement of KPIs.

The remuneration of the CEO and each of the key management personnel 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 independent directors 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 for non-executive directors comprises a base fee for serving as a director and additional fee for serving as Chairman or member on each Board Committee. It also 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.

The directors' fees (including the Chairman) are paid in the form of cash.

Directors' fees are reviewed and endorsed by the NRC. The framework for determining the Directors' fees is shown in the table below:-

Main Board	Chairman	S$45,000 per annum[1]
	Director	S$40,000 per annum
Audit & Risk Committee	Chairman	S$25,000 per annum
	Member	NIL
Nominating & Remuneration Committee	Chairman	S$15,000 per annum
	Member	NIL

1. *In addition, the Chairman is also entitled to the Director's Fees as a Main Board Director.*

INDUSTRY BENCHMARKING AND ENGAGEMENT OF CONSULTANT

In determining the remuneration of its directors and key management personnel, the REIT Manager benchmarks against the industry and seeks views on market practices and trends by engaging an independent remuneration consultant, Aon Hewitt. The consultant is not related to the REIT Manager, its controlling shareholder, its related corporations or any of its Directors. The REIT Manager also takes reference from market practices in the formulation and review of its remuneration policies.

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 Elite Commercial 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 Elite Commercial 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 key management personnel and non-executive directors are in alignment with the long-term interests and risk management policies of Elite Commercial 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.

DISCLOSURE OF REMUNERATION

Directors' fees

The exact remuneration payable to each individual Director for the financial year ended 31 December 2020 is as follows:-

Name of Director	Fee
David Lim Teck Leong	S$83,375
Tan Huay Lim	S$63,757
Koo Tsai Kee	S$53,949
Nicholas David Ashmore	S$39,235
Evan Cheah Yean Shin	S$39,235
Victor Song Chern Chean	S$39,235
Tan Dah Ching	S$39,235
Tan Hai Peng Michael	S$39,235

Level and Mix of Remuneration of the CEO and other Key Management Personnel

The REIT Manager is cognisant of the requirement to disclose (i) the remuneration of the CEO and each individual Director on a named basis; and (ii) the remuneration of at least the top five key management personnel (who are not Directors or the CEO), on a named basis, in bands of S$250,000 and (iii) the aggregate remuneration of its CEO and top five key management personnel (who are not Directors or the CEO); and (iv) any other forms of remuneration and other payments and miscellaneous staff benefits paid to key management personnel (who are not Directors or the CEO) (as required under 8.3 of the 2018 Code). The Board has assessed and elected not to disclose the above remuneration 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 Unitholders, opted not to disclose the remuneration of its CEO and top five key management personnel (who are not Directors or the CEO) so as to minimise potential staff movement which would cause undue disruptions to the management team of Elite Commercial REIT;

(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 Elite Commercial 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 Unitholders. Conversely, the REIT Manager is of the view that such non-disclosure will not be prejudicial to the interests of 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 the top five key management personnel (who are not Directors or the CEO) and their performance; and

(iv) there is no misalignment between the remuneration of the CEO and key management personnel and the interests of the Unitholders as their remuneration is paid out from the fees the REIT Manager receives from Elite Commercial REIT, rather than borne by Elite Commercial REIT.

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 key management personnel. An appropriate proportion of the remuneration of CEO and key management personnel is structured so as to link the remuneration with the achievement of the corporate and individual performance targets in an objective and equitable way and reflects the degree of responsibility held by each employee. The REIT Manager seeks to ensure that the variable component is aligned with the interests of its stakeholders and promotes the long-term success of the REIT.

The REIT Manager is accordingly of the view that its practice is consistent with Principle 8 of the 2018 CG Code 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 Elite Commercial 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 Elite Commercial REIT, and whose remuneration exceeded S$100,000 during the financial year ended 31 December 2020. According to the Listing Manual, "immediate family" refers to spouse, child, adopted child, step-child, brother, sister and parent.

The key management personnel were remunerated wholly in cash in FY2020.

DISCLOSURE OF REMUNERATION

Based on an assessment of market practices, the REIT Manager has determined that it is currently not necessary to establish an employee share scheme. The NRC will continuously reassess the need to implement employee share schemes.

(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 company and its shareholders.

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 Elite Commercial REIT's assets. The Board affirms its responsibility for Elite Commercial REIT's system of risk management and internal controls, and for reviewing the adequacy and effectiveness of Elite Commercial 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 levels of risk tolerance and risk policies and oversees the design, implementation and monitoring of the risk management and internal control systems in order to achieve strategic objectives and value creation.

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 risk management framework, the extent of risk tolerance and the risk parameters based on Elite Commercial REIT's current operations have been set and approved by the Board after taking into consideration Elite Commercial REIT's strategic objectives. The risk parameters guide Management on managing the risks of Elite Commercial REIT and these parameters will remain unchanged for as long as there is no change in Elite Commercial REIT's operating profile.

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

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.

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.

In managing conflicts of interest risk, the REIT Manager has instituted the following procedures:

- The REIT Manager will not manage any other REIT which invests in the same type of properties as Elite Commercial REIT;
- 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;
- All resolutions in writing of the Directors in relation to matters concerning Elite Commercial REIT must be approved by at least a majority of the Directors (excluding any interested Director), including at least one Independent Director;
- 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;
- 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 such matters, the quorum must comprise a majority of the directors and must exclude such interested director;
- 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 Elite Commercial REIT in competition with the Sponsors and/or their subsidiaries;
    - competition for tenants between properties owned by Elite Commercial 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. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude nominee directors of the Sponsors and/or their subsidiaries;
- 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
- 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 Elite Commercial 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 Elite Commercial 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 Elite Commercial 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.

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 Elite Commercial REIT and the Unitholders of Elite Commercial REIT.

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 Elite Commercial 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 REIT Manager has incorporated into its annual internal audit plan to review IPT entered into by Elite Commercial REIT 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 Elite Commercial 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 Elite Commercial 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 Elite Commercial 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 Elite Commercial REIT's Unitholders at a meeting duly convened and held in accordance with the provisions of the Trust Deed.

Where matters concerning Elite Commercial REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of Elite Commercial 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 Elite Commercial REIT and the Unitholders of Elite Commercial REIT, 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.

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, Elite Commercial 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 Elite Commercial REIT's net tangible assets.

Elite Commercial 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 Elite Commercial 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; and (b) there were no additional IPT (excluding transactions of less than S$100,000 each) entered into during the period under review.

The entry into and the fees and charges payable by Elite Commercial 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 Elite Commercial REIT.

BOARD'S COMMENT ON INTERNAL CONTROLS AND RISK MANAGEMENT

The Board receives half-yearly certification of assurance from the Chief Executive Officer, Chief Financial Officer and Chief Investment Officer of the REIT Manager, and the Head of Compliance and Finance Director, and Group Compliance Officer of Elite Partners Holdings Pte. Ltd. ("**EPH**"), which assures that to the best of their knowledge, the accounting records have been properly maintained and the financial statements 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 and other key management personnel also provide a certification of assurance to the Board that Elite Commercial REIT's risk management and internal control systems, to the extent that they address the financial, operational, compliance and information technology risks faced by Elite Commercial REIT in its current business environment, have been adequately designed and are operating effectively in all material aspects, as at 31 December 2020.

Based on the risk management and internal control systems established and adhered to by Elite Commercial REIT, the assurance received from the CEO, CFO and other key management personnel, 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 Elite Commercial 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 Elite Commercial REIT in its business environment.

The Board notes that the internal controls and risk management system established provides reasonable though not absolute assurance against material misstatement of loss and that Elite Commercial 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 Elite Commercial REIT.

ROLE AND DUTIES OF COMPLIANCE MANAGER

The Manager has outsourced the compliance function to EPH which has a centralised compliance function[1]. EPH reports to the CEO, the ARC and the Board of the REIT Manager on matters pertaining to Elite Commercial REIT and the REIT Manager. EPH's Head of Compliance, Mr Lee Geok Heng, has more than ten 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 Manager is of the view that EPH's compliance team possesses the necessary skill and experience required to advise Elite Commercial REIT on its compliance matters.

1. *The cost of such outsourcing of the role of compliance officer will be borne by the REIT Manager out of its own funds and not out of Unitholders' funds.*

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.

AUDIT COMMITTEE

Principle 10:
The Board has an Audit Committee which discharges its duties objectively.

AUDIT AND RISK COMMITTEE

The ARC members are appointed by the Board from among its members, all of whom (including the Chairman of the ARC) are independent directors. The members of the ARC are Mr Tan Huay Lim (Chairman of the ARC), Mr David Lim Teck Leong and Mr Koo Tsai Kee.

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 audit, accounting and financial management expertise and experience, having served as a partner in KPMG Singapore for 23 years until his retirement in September 2015. In particular, he is also 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 2018 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 Elite Commercial REIT and any formal announcements relating to Elite Commercial 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 Elite Commercial 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 Elite Commercial 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 Elite Commercial 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 Elite Commercial REIT's annual report on its internal controls and risk management framework;

(vi) Reviewing, on a regular basis, Elite Commercial 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 Elite Commercial 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 auditors 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 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 Elite Commercial REIT;

(xiv) Reviewing, on an annual basis, the adequacy and effectiveness of the internal audit function in the overall context Elite Commercial 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 Elite Commercial 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.

During the year under review, three 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 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 S$770,500, and these were audit and attestation fees related.

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 2021, the ARC had taken into consideration the Audit Quality Indicators Framework introduced by ACRA. 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 re-appointment of KPMG LLP as the external auditors of Elite Commercial REIT at the forthcoming annual general meeting.

The Board confirms that Elite Commercial 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 Elite Commercial REIT.

WHISTLE BLOWING POLICY

The REIT Manager has established a Whistle Blowing 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 Whistle Blowing 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 Whistle Blowing Policy deals with defalcation, impropriety, or wrongdoing by employees in situations including but not limited to suspected fraud, corruption, and unlawful or dishonest conduct.

Whistle-blowers are given the option to remain anonymous and may report via an email address: whistleblow@elitecreit.com or postal address to Elite Commercial REIT's office (with attention to Elite Commercial REIT's Audit and Risk Committee Chairman). Establishing these policies reflects the REIT Manager's commitment to conduct its business within a framework that fosters the highest ethical standards.

The Whistle Blowing 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 and Ethics. The Whistle Blowing Policy is also publicly disclosed on Elite Commercial REIT's website.

There have been no incidents reported or complaints submitted pertaining to whistle-blowing for FY2020.

REVIEWS CONDUCTED BY THE ARC

During the year under review, the ARC performed independent reviews of the semi-annual and full-year financial results of Elite Commercial REIT before recommending to the Board for approval on the release of the financial statements and SGX announcements relating to Elite Commercial 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 the year ended 31 December 2020:

Valuation of investment properties

The valuation of the investment properties is a key risk due to its significance in the context of the net assets value of Elite Commercial REIT and that the valuation methodology requires significant judgement about the market rents of the investment properties which is inherently subjective.

The ARC reviewed the objectivity 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 the Management and the external auditors in reviewing the reasonableness of the key assumptions and the underlying key data including the capitalisation 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) and has considered the impact of COVID-19.

The ARC was satisfied with the valuation process and concurred with the Management's assessment to support the carrying value of the investment properties.

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 and approved the internal audit plan and scope of the internal auditor's work and its audit programme. It reviewed the findings during the year and Management's responses thereto and it satisfied itself to the adequacy of the internal audit function. In addition, the ARC reviewed the IPT to ensure compliance with the Listing Manual and the Property Funds Appendix.

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. Elite Commercial 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 (IIA). The internal auditor is independent of management and reports directly to the Chairman of the ARC and administratively to the CEO.

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.

During the year under review, the Group Compliance Department in EPH assisted in administering the Whistle Blowing Policy of the REIT Manager. The department reports to the ARC on any whistle-blowing reports or incidents.

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.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11:
The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Engagement with Shareholders

Principle 12:
The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

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 company are served.

The Board is responsible for providing a balanced and understandable assessment of Elite Commercial REIT's performance, position and prospects. In this regard, Management provides timely, complete, adequate information to the Board through the most expedient means. On a quarterly basis, Management provides the Board with a set of management accounts and analysis, as well as an update on Elite Commercial REIT's operating performance.

The Board embraces openness and transparency in the management of Elite Commercial REIT, whilst preserving the commercial interests of Elite Commercial REIT. Financial reports, press releases, media and analyst presentations and other price-sensitive information are disseminated to Unitholders through announcements via SGXNET and Elite Commercial 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 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.

As Elite Commercial REIT was listed on 6 February 2020, there was no Annual General Meeting ("**AGM**") held in FY2020. The first AGM will be held on 22 April 2021.

The Board is responsible to Unitholders for providing a balanced and understandable assessment of Elite Commercial 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 Unitholders through announcements via SGXNET, press releases and REIT Manager's website. Physical copies of the Annual Report and the circulars are sent to all Unitholders upon request and the electronic copies are made available on SGXNET and Elite Commercial REIT's website.

Provision 11.4 of the 2018 Code provides that the company's constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders. Principle 11 of the 2018 Code provides, *inter alia*, that the company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. Voting in absentia by email, mail or fax is not implemented currently, which constitutes a variation from Provision 11.4 of the 2018 Code. Having considered that 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.

The description below sets out the alternative arrangements for general meetings of Elite Commercial REIT in light of the COVID-19 pandemic.

Due to the COVID-19 restrictions and advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore that were in effect at the relevant time, the first extraordinary general meeting ("**EGM**") to obtain Unitholders' approval of a proposed acquisition, as an interested person transaction, and all associated resolutions, was held on 25 January 2021 by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Temporary Measures Order**"). Alternative arrangements relating to attendance at the EGM (including arrangements by which the EGM could be electronically accessed via live audio-visual webcast or live audio-only stream, submission of questions in advance of the EGM, addressing of substantial and relevant questions prior to or at the EGM and voting by appointing the chairman of the meeting as proxy at the EGM) were set out in the REIT Manager's announcement dated 28 December 2020, 4 weeks before the EGM. Hard copies of the proxy forms were mailed out to all Unitholders and the electronic copy was issued via SGXNET and Elite Commercial REIT's corporate website, AGM and EGM page (https://investor.elitecreit.com/agm_egm.html). In addition, a circular containing details of the matters proposed for Unitholders' consideration and approval was issued via SGXNET and Elite Commercial REIT's corporate website as well. Unitholders could also request for a hard copy of the circular to be mailed to them if they so wished. Responses to the substantial and relevant questions submitted by the Unitholders were released on SGXNET and Elite Commercial REIT's website on the day of, and prior to the time of the EGM. The minutes of the EGM were published on SGXNET and Elite Commercial REIT's website within one month after the date of EGM.

In view of the prevailing COVID-19 situation in Singapore, the forthcoming 1st Annual General Meeting ("**AGM 2021**") will be held on 22 April 2021 by way of electronic means pursuant to the COVID-19 Temporary Measures Order. Alternative arrangements relating to attendance at the AGM 2021 by way of electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions relating to the AGM 2021 in advance of the meeting, addressing of substantial and relevant questions prior to, or at the AGM 2021 and voting by appointing the chairman of the meeting as proxy at the AGM 2021, are set out in the REIT Manager's announcement dated 6 April 2021.

Corporate **Governance Report**

An electronic copy of this Annual Report for FY2020 has 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. In view of the prevailing COVID-19 situation, the Annual Report, Notice of AGM and Proxy form are made available to Unitholders by electronic means via publication on Elite Commercial REIT's website and on SGXNET. Nonetheless, for ease of reference by Unitholders, A5 booklets containing a cover letter to Unitholders with instructions on how to download the full annual report and to register to observe and/or listen to the AGM proceedings, the Notice of AGM, Proxy form and Letter from Chairman and CEO will be mailed out to Unitholders. Should Unitholders wish to have a printed copy of the Annual Report, they may also submit a request via email to Elite Commercial REIT's Unit Registrar, details of which are indicated in the A5 booklets and corporate website.

The description below sets out Elite Commercial REIT's usual practice for Unitholder meetings when there are no pandemic risks and the COVID-19 Temporary Measures Order is not in operation.

General meetings of Unitholders will be convened at least once annually in accordance with applicable laws and regulations. At general meetings, Unitholders will be allowed to participate effectively by putting forth any questions they may have on the resolutions to be debated and decided upon.

At general meetings, all Unitholders are entitled to attend, participate effectively and vote in person or by proxy, if they are unable to attend in person. Unitholders are informed of such meetings through the annual report or circulars sent to all Unitholders and/or notices published in the newspapers and via SGXNET. The rules governing such meetings and voting procedures are set out in the notice of general meetings.

Unitholders are informed of AGMs or EGMs through notices or proxy forms mailed to them. The announcements and electronic copies of these materials are also issued via SGXNET and on Elite Commercial REIT's corporate website. The Board encourages active Unitholder 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 Elite Commercial 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. Having considered that 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.

All Directors, key management personnel of the REIT Manager and representatives from the Trustee are present to address Unitholders' queries at the AGMs and EGMs. The external auditor is also present to answer Unitholders' questions about the conduct of audit and the content of the auditors' report. As the forthcoming AGM would be the REIT's first AGM, there is therefore no records of directors' attendance at previous AGMs to disclose.

Proxy forms must be deposited at the office of Boardroom Corporate & Advisory Services Pte. Ltd., the Unit Registrar of Elite Commercial 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. All the resolutions at the AGM and EGM 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.

After the general meetings, announcements of the voting results are also made through SGXNET and on Elite Commercial 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 capture the attendance of Board members at the meetings, matters approved by Unitholders, voting results and substantial and relevant comments or queries from Unitholders relating to the agenda of the meetings, together with responses from the Board and Management.

Elite Commercial REIT's distribution policy is to distribute 100.0% of the REIT's Annual Distributable Income for the period from the Listing Date to the end of Projection Year 2021. Thereafter, Elite Commercial REIT will distribute at least 90.0% of its Annual Distributable Income for each financial year. The actual level of distribution will be determined at the 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 Unitholders beyond the end of Projection Year 2021 may be greater than 90.0% to the extent that the Manager believes it to be appropriate, having regard to Elite Commercial REIT's funding requirements, other capital management considerations and the overall stability of distributions. The Manager also has the discretion to distribute any additional amounts (including capital). In determining whether to distribute additional amounts (including capital), the Manager will consider a range of factors including but not limited to Elite Commercial 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 Manager has established an Investor Relations Policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with Unitholders.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET and on Elite Commercial 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 road shows and conferences; and
- Elite Commercial 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.

The REIT Manager has established Elite Commercial REIT's corporate website 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 sending a message directly to Elite Commercial 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. Elite Commercial REIT maintains a current and updated corporate website at www.elitecreit.com. An email alert option is available to subscribers who wish to be notified of newly posted announcements, press releases, presentations and publications. In this way, the REIT Manager hopes 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 Environment, Social and Governance ("**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 Manager adopts the principle and belief that to build confidence among stakeholders, sustainable value must be delivered. Elite Commercial REIT's Annual Report for FY2021 will include a section on sustainability. This section will detail Elite Commercial REIT's approach in identifying its material stakeholders, as well as addressing stakeholders' concerns and methods of engagement. It will also set out the key areas of focus in relation to the management of stakeholder relationships during the reporting period.

(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 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 Elite Commercial REIT's results and property valuations, in a prescribed embargo period immediately preceding, and up to the time of each public announcement of Elite Commercial REIT's financial results and property valuations during a financial year;
- 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 Practice on Securities Dealings in FY2020.

Pursuant to Section 137ZC of the SFA, the REIT Manager is required to, *inter alia*, announce to the 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.

CORRUPTION AND BRIBERY PREVENTION POLICY

The REIT Manager adopts a strong stance against bribery and corruption. There are detailed guidelines and procedures listed in Elite Commercial REIT's Code of Conduct with regards to the giving and receiving of gifts (monetary or otherwise), kickbacks, concessionary offers, lavish entertainment, and business dealings that may place the employee under any real or apparent obligation or indebtedness to any party. In relation to these guidelines, all employees of the REIT Manager are required to make a declaration on an annual basis where they pledge to be compliant and uphold the core values in line with the Code of Conduct, which include not engaging in any corrupt or unethical practices. This serves as a reminder to all employees to maintain the highest standards of integrity in their work and business dealings. 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.

The Code of Conduct is accessible by all employees of the REIT Manager. New employees of the REIT Manager are briefed on the Code of Conduct and are required to read and acknowledge the guidelines listed therein when they join the REIT Manager.

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, Chapter 389 of Singapore, its subsidiary legislation, the Code on Collective Investment Schemes and the Listing Manual, 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 92 to 148, 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
12 March 2021

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 92 to 148, comprising the consolidated statement of financial position of the Group and statement of financial position of the Trust as at 31 December 2020, 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 2020, 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.

Victor Song Chern Chean
Director

Singapore
12 March 2021

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 2020, 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 92 to 148.

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 2020 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 97 commercial properties located in United Kingdom. The investment properties represent the single largest category of assets on the consolidated statements of financial position, with a carrying value of approximately £311.9 million as of 31 December 2020.

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.

Recognising the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, the valuer has highlighted the importance of the valuation date of the valuations in its valuation report.

Our response

We evaluated the qualifications and competence 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 expected 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 generally-recognised professional bodies for valuers and has considered its own independence in carrying out its work. The valuation methodologies used are in line with generally accepted market practices and the key assumptions used were generally comparable to available market data. Where the assumptions were outside of the expected 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.

Independent
Auditors' Report

Unitholders of Elite Commercial REIT

(Constituted under a Trust Deed dated 7 June 2018 (as amended))

Auditors' responsibilities for the audit of the financial statements (cont'd)

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
Public Accountants and
Chartered Accountants

Singapore
12 March 2021

Statements of
Financial Position

As at 31 December 2020

	Note	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Non-current assets					
Investment properties	4	**311,855**	295,968	**–**	–
Investments in subsidiaries	5	**–**	–	**90,852**	29,952
Notes receivable	6	**–**	–	**111,751**	70,135
		311,855	295,968	**202,603**	100,087
Current assets					
Trade and other receivables	7	**881**	7,145	**3,190**	57
Cash and cash equivalents	8	**20,153**	19,655	**4,660**	368
		21,034	26,800	**7,850**	425
Total assets		**332,889**	322,768	**210,453**	100,512
Non-current liabilities					
Loans and borrowings	9	**101,906**	118,923	**–**	–
Deferred tax liabilities	13	**5,920**	2,349	**–**	–
		107,826	121,272	**–**	–
Current liabilities					
Loans and borrowings	9	**–**	86,445	**–**	–
Financial derivatives	12	**–**	4,549	**–**	4,549
Trade and other payables	10	**2,541**	3,140	**1,178**	720
Deferred income	11	**5,364**	5,377	**–**	–
Current tax liabilities		**–**	831	**–**	–
		7,905	100,342	**1,178**	5,269
Total liabilities		**115,731**	221,614	**1,178**	5,269
Net assets		**217,158**	101,154	**209,275**	95,243
Represented by:					
Unitholders' funds					
Units in issue and to be issued	14	**208,689**	95,000	**208,689**	95,000
Unit issue costs	15	**(5,903)**	(256)	**(5,903)**	(256)
Retained earnings		**14,372**	6,410	**6,489**	499
		217,158	101,154	**209,275**	95,243
Unit in issue and to be issued ('000)	14	**334,858**	95,000	**334,858**	95,000
Net asset value per Unit attributable to unitholders (£)	16	**0.65**	1.06	**0.62**	1.00

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of **Comprehensive Income**

Year ended 31 December 2020

	Note	Period from 6/2/2020 (Listing Date) to 31/12/2020 £'000	Year ended 31/12/2020 £'000	Year ended 31/12/2019 £'000
Revenue	17	**20,963**	**23,266**	23,289
Property operating expenses	18	**(588)**	**(596)**	(467)
Net property income		**20,375**	**22,670**	22,822
Manager's management fees	19	**(1,484)**	**(3,702)**	(4,273)
Trustee's fees		**(93)**	**(96)**	(37)
Other trust expenses	20	**(3,232)**	**(3,455)**	(748)
Finance income	21	**-**	**4,549**	1,186
Finance costs	21	**(2,354)**	**(5,589)**	(13,057)
Net finance costs		**(2,354)**	**(1,040)**	(11,871)
Net change in fair value of investment properties	4	**15,887**	**15,887**	6,505
Profit before tax for the period/year		**29,099**	**30,264**	12,398
Tax expense	22	**(5,741)**	**(5,996)**	(3,283)
Profit after tax for the period/year		**23,358**	**24,268**	9,115
Earnings per Unit (cents)				
Basic	24	**7.01**	**7.83**	9.59
Diluted	24	**6.98**	**7.79**	9.59

The accompanying notes form an integral part of these financial statements.

Statement of Movements in **Unitholders' Funds**

Year ended 31 December 2020

	Units in issue and to be issued £'000	Unit issue costs £'000	Retained earnings £'000	Total £'000
Group				
At 1 January 2019	95,000	(256)	(2,705)	92,039
Total comprehensive income for the year				
Profit for the year	–	–	9,115	9,115
Total comprehensive income for the year	–	–	9,115	9,115
At 31 December 2019	95,000	(256)	6,410	101,154
At 1 January 2020	95,000	(256)	6,410	101,154
Total comprehensive income for the period from 1 January 2020 to 6 February 2020 (Listing Date)				
Profit for the period	–	–	910	910
Total comprehensive income for the period from 1 January 2020 to 6 February 2020 (Listing Date)	–	–	910	910
Transactions with unitholders, recognised directly in unitholders' funds from 1 January 2020 to 6 February 2020 (Listing Date)				
Distribution to unitholders	–	–	(9,805)	(9,805)
Redemption and cancellation of Units	(18,915)	–	–	(18,915)
Total transactions with unitholders from 1 January 2020 to 6 February 2020 (Listing Date)	(18,915)	–	(9,805)	(28,720)
At 6 February 2020 (Listing Date)	76,085	(256)	(2,485)	73,344
Total comprehensive income for the period from 6 February 2020 (Listing Date) to 31 December 2020				
Profit for the period	–	–	23,358	23,358
Total comprehensive income for the period from 6 February 2020 (Listing Date) to 31 December 2020	–	–	23,358	23,358
Transactions with unitholders, recognised directly in unitholders' funds from 6 February 2020 (Listing Date) to 31 December 2020				
Issue of Units on the Listing Date	130,910	–	–	130,910
Issue costs	–	(5,647)	–	(5,647)
Units issued and to be issued for Manager's management fee and lease management fee paid/payable in Units	1,694	–	–	1,694
Distribution to unitholders	–	–	(6,501)	(6,501)
Total transactions with unitholders from 6 February 2020 (Listing Date) to 31 December 2020	132,604	(5,647)	(6,501)	120,456
At 31 December 2020	208,689	(5,903)	14,372	217,158

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of
Cash Flows

Year ended 31 December 2020

	Note	Period from 6/2/2020 (Listing Date) to 31/12/2020 £'000	2020 £'000	2019 £'000
Cash flows from operating activities				
Profit before tax		**29,099**	**30,264**	12,398
Adjustments for:				
Finance income		**–**	**(4,549)**	(1,186)
Finance costs		**2,354**	**5,589**	13,057
Management fee paid/payable in Units		**1,484**	**1,484**	–
Lease management fee paid/payable in Units		**210**	**210**	–
Listing costs expensed in statement of comprehensive income		**1,721**	**1,721**	–
Change in fair value of investment properties		**(15,887)**	**(15,887)**	(6,505)
Unrealised foreign exchange gain		**(5)**	**(4)**	–
Operating income before working capital changes		**18,976**	**18,828**	17,764
Changes in:				
Trade and other receivables		**(437)**	**6,392**	(5,150)
Trade and other payables		**(1,807)**	**(212)**	173
Deferred income		**2,300**	**(13)**	5,377
Cash generated from operating activities		**19,032**	**24,995**	18,164
Tax paid		**(2,572)**	**(3,381)**	(3,667)
Net cash generated from operating activities		**16,460**	**21,614**	14,497
Cash flows from investing activities				
Interest received		**–**	**–**	4
Net cash generated from investing activities		**–**	**–**	4
Cash flows from financing activities				
Proceeds from issuance of Units		**130,910**	**130,910**	–
Redemption of existing Units		**(18,915)**	**(18,915)**	–
Listing and unit issue costs		**(7,368)**	**(7,368)**	–
Interest paid		**(3,449)**	**(3,814)**	(4,495)
Proceeds from bank loans		**–**	**–**	181,000
Repayment of bank loans		**(105,623)**	**(105,623)**	(177,421)
Distribution to unitholders		**(16,306)**	**(16,306)**	–
Payment of transaction costs related to loans and borrowings		**–**	**–**	(1,661)
Settlement of interest rate swaps		**–**	**–**	(907)
Decrease / (Increase) in restricted cash		**5,123**	**9,823**	(5,739)
Net cash used in financing activities		**(15,628)**	**(11,293)**	(9,223)
Net increase in cash and cash equivalents		**832**	**10,321**	5,278
Cash and cash equivalents at Listing Date / 1 January 2020 / 1 January 2019		**18,144**	**8,655**	3,377
Cash and cash equivalents at 31 December	8	**18,976**	**18,976**	8,655

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of **Cash Flows**

Year ended 31 December 2020

Significant non-cash transactions

For the period from Listing Date to 31 December 2020 and year ended 31 December 2020, there were the following significant non-cash transactions:

(i) 1,675,112 Units, amounting to approximately £1,062,000, were issued to the Manager as satisfaction of the management fee paid to the Manager.

(ii) 238,639 Units, amounting to approximately £151,000, were issued to the Manager as satisfaction of the lease management fee paid to the Manager.

The accompanying notes form an integral part of these financial statements.

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 12 March 2021.

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 17 January 2020, the Trust changed its name from Elite UK Commercial Fund to Elite Commercial REIT and the Manager was changed from Elite Partners Capital Pte. Ltd. to Elite Commercial REIT Management Pte. Ltd.. On 6 February 2020 (the "Listing Date"), the Units in the Trust were listed on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST).

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

<u>Prior to the Listing Date</u>

As agreed between the Manager and the Trustee, the Manager was entitled to a management fee equal to 1.5% per annum of the value of investment properties less the property management fee payable to the property manager.

The Manager's management fee was payable to the Manager out of the assets of the Trust on a monthly basis.

For all acquisitions or disposals of properties or investments, the Manager was entitled to receive an acquisition fee of 1.0% of the purchase price and a divestment fee of 0.5% of the sale price.

Notes to the Financial Statements

1. GENERAL (CONT'D)

(i) Manager's management fees (cont'd)

From the Listing Date

Pursuant to the Trust Deed, the Manager is entitled to the following:

- Management fees comprising a base fee of 10% 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 period/year (calculated before accounting for the base fee and performance fee) and a performance fee of 25% 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% 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.

1. **GENERAL (CONT'D)**

(ii) Property management fees

Under the property management agreement in respect of each property, 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 quarterly in advance.

(iii) Trustee's fees

Prior to the Listing Date

Pursuant to the Trust Deed, the Trustee was entitled to receive, for its own account out of the Deposited Assets (as defined in the Trust Deed), a remuneration subject to an amount as prescribed in the Trust Deed, excluding out-of-pocket expenses and goods and services tax. Deposited Assets refers to all the assets of the Trust, including all its investments for the time being held or deemed to be held upon the trust of the Trust Deed and the receivables of the Trust.

The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed until the Trust is finally wound up. The Trustee shall be entitled to transaction fees and safekeeping fees, and the actual fees payable shall be agreed in writing between the Trustee and the Manager from time to time.

The Trustee's fee was payable monthly.

From the Listing Date

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.

Notes to the **Financial Statements**

1. GENERAL (CONT'D)

(iv) Lease management fees

From the Listing Date

Under the lease management agreement in respect of each property, 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:

- one month's gross rent, for securing a tenancy of three years or more;
- 0.5 month's gross rent, for securing a tenancy of fewer than three years; and
- 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.

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.

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 Chief Investment Officer and team have overall responsibility for all significant fair value measurements, including Level 3 fair values, and report directly to the Chief Executive Officer.

The Chief Investment Officer and team regularly review significant unobservable inputs and valuation adjustments. If third party information, the Chief Investment Officer 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 Group'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 26 – Valuation of financial instruments

2. BASIS OF ACCOUNTING (CONT'D)

2.5 Change in accounting policies

Revised standards

The Group has applied the following IFRSs, amendments to and interpretations of IFRS for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References to Conceptual Framework in IFRS Standards;*
- *Definition of Business* (Amendments to IFRS 3);
- *Definition of Material* (Amendments to IAS 1 and IAS 8); and
- *Interest Rate Benchmark reform* (Amendments to IFRS 9, IAS 39 and IFRS 7)

The application of these amendments to standards and interpretations did not have a material effect on the Group's 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,

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

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.

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 non-controlling interests and other components of equity. Any resulting gain or loss is recognised in 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.

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, 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.

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 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(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 substantially all of the risks and rewards of ownership of the financial asset are transferred or in which 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.

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(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.

(vii) Compound financial instruments

Compound financial instruments issued by the Group comprises a convertible loan denominated in US Dollars that can be converted to Units in the Trust at the option of the holder under certain circumstances, where the number of Units to be issued will vary with changes in fair value. The convertible loan comprises a liability for the principal and interest and a derivative liability. The liability component of the convertible loan is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity conversion option is accounted for as a derivative and is recognised initially at the difference between the fair value of the convertible loan as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability component and the derivative component in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound instrument is measured at amortised cost using the effective interest method. The separated derivative component of a compound instrument is measured at FVTPL.

Interest related to the liability component is recognised in statement of comprehensive income. On conversion at maturity, the liability is reclassified to equity and no gain or loss is recognised.

(viii) Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Trust that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees contracts are accounted for as insurance contracts. A provision is recognised based on the Trust's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing the individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

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 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 meets the definition of investment property and is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with Group's accounting policies.

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.

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.

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'.

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.

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.

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 to sell. 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.

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, amortisation of debt-related transactions 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 is recognised in 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, 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 and it is probable that the temporary differences will not reverse in the foreseeable future.

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.

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 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The Group is in the process of assessing the impact of the new IFRS, interpretations and amendments to IFRS on the financial statements.

4. INVESTMENT PROPERTIES

	2020 £'000	2019 £'000
At beginning of the year	**295,968**	289,463
Net change in fair value recognised in profit or loss	**15,887**	6,505
At end of the year	**311,855**	295,968

Investment properties comprise 96 freehold and 1 long leasehold commercial properties situated throughout England, Scotland, and Wales which are mainly leased to the UK Government via 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 7.3 (2019: 8.3) years at the reporting date.

The carrying values of the Group's investment properties are set out below:

	Carrying value	
	2020 £'000	**2019 £'000**
England		
London		
East Street, Epsom	**2,415**	2,347
High Road, Ilford	**6,535**	5,552
Midlands		
Tannery House, Alfreton	**1,100**	1,030
Crown House, Burton On Trent	**1,790**	1,570
Beecroft Road, Cannock	**1,850**	1,635
Holborn House, Derby	**6,300**	5,900
Crown House, Grantham	**2,535**	2,192
South Street, Ilkeston	**1,430**	1,212
Acacia Walk Beeston, Nottingham	**785**	727
Upper Huntbach Street, Stoke On Trent	**2,830**	2,542
Lothersdale House, Wellingborough	**4,120**	3,432
North East		
Reiverdale, Ashington	**1,220**	1,167
Norham House, Berwick Upon Tweed	**445**	432
Hadrian House, Easton	**1,595**	1,442
Ward Jackson House, Hartlepool	**2,200**	2,140
St. Andrew's House, Hexham	**2,875**	2,512
Broadway House, Houghton, Houghton Le Spring	**1,625**	1,445
Hatfield House, Peterlee	**1,145**	992
St. John's Square, Seaham	**680**	560
John Street, Sunderland	**1,350**	1,100
Balance carried forward	**44,825**	39,929

4. INVESTMENT PROPERTIES (CONT'D)

	Carrying value 2020 £'000	Carrying value 2019 £'000
Balance brought forward	**44,825**	39,929
England (cont'd)		
North West		
Peel Park, Blackpool	**26,900**	25,950
St Martin's House, Bootle	**3,915**	4,040
Lee-Moran House, Burnley	**2,030**	2,007
Blackburn Road, Burnley	**5,605**	5,612
Silver Street, Bury	**945**	965
Roskell House, Fleetwood	**535**	457
Beech House, Hyde	**2,375**	2,405
Mitre House, Lancaster	**4,335**	5,112
Roydale House, Leigh	**1,300**	1,267
Springfield House, Liverpool	**1,175**	1,015
Hougoumount House, Liverpool	**1,255**	1,237
Wilmslow Road, Manchester	**2,485**	2,422
Palatine House, Preston	**3,385**	2,992
Duchy House, Preston	**4,000**	3,535
Heron House, Stockport	**4,070**	3,677
Hilden House, Warrington	**7,065**	6,767
South East		
South Western House, Aldershot	**2,555**	2,260
Crown Building, Banbury	**3,930**	3,440
Wyvern House, Bedford	**3,160**	2,587
Gloucester House, Bognor Regis	**2,885**	2,950
St Andrew's House, Bury St Edmunds	**3,320**	3,000
Nutwood House, Canterbury	**9,160**	8,680
Crown Building, Chatham	**6,710**	5,877
Colchester Crown Buildings, Colchester	**3,655**	3,465
Palting House, Folkestone	**4,585**	4,230
Beaufort House, Harlow	**6,735**	5,860
Rishton House, Lowestoft	**2,890**	2,597
Broadlands House, Newport (IOW)	**7,980**	7,490
The Forum, Stevenage	**5,010**	4,690
Crown House, Worthing	**5,825**	5,405
Balance carried forward	**184,600**	171,920

4. INVESTMENT PROPERTIES (CONT'D)

	Carrying value 2020 £'000	Carrying value 2019 £'000
Balance brought forward	**184,600**	171,920
England (cont'd)		
South West		
Kent Street Bedminster, Bristol	**1,075**	989
Monks Park Avenue, Bristol	**2,070**	1,873
Lodge House, Bristol	**6,550**	3,555
St Paul's House, Chippenham	**3,675**	3,190
Summerlock House, Salisbury	**2,775**	2,303
Spring Gardens House, Swindon	**8,035**	7,450
Brendon House, Taunton	**5,705**	4,968
Cotswold House, Torquay	**3,110**	2,930
Regent House, Weston Super Mare	**2,685**	2,553
Yorkshire and Humber		
Mulberry House, Goole	**445**	398
Crown Buildings, Mexborough	**665**	613
Elder House, Northallerton	**1,010**	968
Low Hall, Pontefract	**895**	760
Scotland		
Wallacetoun House, Ayr	**2,870**	2,795
Whitburn Road, Bathgate	**2,695**	2,655
Bowling Green Street, Bellshill	**2,810**	2,950
Hall Street, Campbeltown	**585**	543
High Street, Dingwall	**320**	305
Claverhouse Industrial Park, Dundee	**2,995**	2,990
Trinity Road, Elgin	**1,450**	1,483
Heron House, Falkirk	**2,650**	2,648
Parklands, Falkirk	**6,570**	7,678
Pollokshaws Road, Glasgow	**1,570**	1,708
Coustonholm Road, Glasgow	**3,070**	3,408
Atlas Road, Glasgow	**4,010**	4,333
Glasgow Benefits Centre, Glasgow	**30,290**	30,695
Crown Building, Kilmarnock	**3,050**	3,055
Waggon Road, Leven	**290**	285
Castlestead House, Montrose	**410**	408
Flemington House, Motherwell	**2,540**	2,563
Bayfield Road, Portree	**240**	278
Discovery House, Stornoway	**865**	983
St John Street, Stranraer	**610**	630
Balance carried forward	**293,185**	276,863

4. INVESTMENT PROPERTIES (CONT'D)

	Carrying value	
	2020 £'000	2019 £'000
Balance brought forward	**293,185**	276,863
Wales		
Crown Buildings, Aberdare	**1,050**	1,145
Crown Buildings, Abertillery	**405**	400
Parc Menai, Bangor[1]	**3,670**	4,125
Crown Buildings, Bridgend	**3,975**	4,033
Crown Buildings, Caerphilly	**1,400**	1,330
Quay Street, Haverfordwest	**805**	783
Bridge Street, Llangefni	**725**	690
Maengwyn Street, Machynlleth	**145**	163
Cleddau Bridge Business Park, Pembroke Dock	**1,275**	1,310
Hannah Street, Porth	**680**	635
Dock Street, Porthcawl	**285**	313
Oldway House, Swansea	**1,120**	1,085
High Street, Swansea	**1,995**	1,993
Thistle House, Tonypandy	**1,140**	1,100
	311,855	295,968

1 *This is a leasehold property with a 250-year lease term from 20 May 2005.*

4. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

The carrying values of the investment properties as at 31 December 2019 were based on the average of the independent professional valuations undertaken by Colliers International Valuation UK LLP and Knight Frank UK LLP. The carrying values of the investment properties as at 31 December 2020 were based on independent professional valuation undertaken by Colliers International Valuation UK LLP. The independent valuers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

Recognising the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, the valuer has highlighted the importance of the valuation date of the valuations in its valuation report in respect of the valuations as at 31 December 2020.

The valuations were based on the income capitalisation method. The valuation method used in determining the fair value involve certain estimates including that relating to 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.

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).

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
Income capitalisation method	Yield rate: - 2020: 5.11% to 10.26% - 2019: 5.55% to 12.98%	The estimated fair value would increase (decrease) if the yield rate is lower (higher).

5. INVESTMENTS IN SUBSIDIARIES

	Trust 2020 £'000	Trust 2019 £'000
Equity investment	**90,852**	29,952

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of constitution/business	Equity interests held by the Group 2020 %	Equity interests held by the Group 2019 %
Regal Sheen Investment Limited[1]	British Virgin Islands	**100**	100
Elite UK Commercial Holdings Limited[2]	United Kingdom	**100**	100
Elite Kist Limited[2]	United Kingdom	**100**	–
Elite UK Commercial Investments Limited[2]	United Kingdom	**100**	100
Elite UK Commercial Limited[2]	United Kingdom	**100**	100
Elite Gemstones Properties Limited[2]	United Kingdom	**100**	100

[1] *Not required to be audited under the laws of the country of incorporation*

[2] *Audited by other member firm of KPMG International*

Included in investments in subsidiaries is an amount of £1,952,000 (2019: £1,952,000) relating to the fair value of a warrant instrument that the Trust granted to the lender of the convertible loan (Note 9) to allow the lender to convert 30% of the repayment amount into the Units in the Trust. The convertible loan was entered into by a subsidiary. The instrument granted by the Trust, in relation to the convertible loan, was deemed to be part of the Trust's investment in the subsidiary.

As at 31 December 2020, the shares of a subsidiary, Elite Gemstones Properties Limited, have been pledged as security for credit facilities granted to the Group (Note 9). As at 31 December 2019, the shares of certain subsidiaries, Regal Sheen Investment Limited, Elite UK Commercial Holdings Limited and Elite Gemstones Properties Limited, were pledged as security for the credit facilities granted to the Group (Note 9).

6. NOTES RECEIVABLE

The Trust has subscribed to loan notes issued by a subsidiary, Elite UK Commercial Holdings Limited, which will mature on 16 November 2023. The unsecured notes carry interest at a fixed interest rate of 5% (2019: 9%) per annum.

Under the terms of the loan notes, the Trust, as a noteholder, has the right, at its sole discretion, to require the issuer, Elite UK Commercial Holdings Limited, to purchase all of its notes at specified put option exercise dates, being 16 November 2021 and 16 November 2022. At the reporting date, the Trust does not intend to require the issuer to redeem the loan notes that it holds.

7. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2020 £'000	**2019 £'000**	**2020 £'000**	**2019 £'000**
Trade receivables	**127**	6,991	**–**	–
Other receivables	**578**	47	**562**	57
Interest receivable	**–**	–	**2,622**	–
Tax receivable	**128**	–	**–**	–
	833	7,038	**3,184**	57
Prepayments	**48**	107	**6**	–
	881	7,145	**3,190**	57

As at 31 December 2020, other receivables of the Group and the Trust relate mainly to input goods and services tax receivable from the relevant tax authority.

8. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Cash at banks	**20,153**	19,655	**4,660**	368
Restricted cash	**(1,177)**	(11,000)	**–**	–
Cash and cash equivalents in the statement of cash flows	**18,976**	8,655	**4,660**	368

The restricted cash relates to the reserve funds required to be maintained under the terms of the secured bank loans.

9. LOANS AND BORROWINGS

	Group	
	2020	**2019**
	£'000	**£'000**
Secured bank loans	**103,200**	181,000
Convertible loan	**–**	26,257
Less: Unamortised transaction costs	**(1,294)**	(1,889)
	101,906	205,368
Current	**–**	86,445
Non-current	**101,906**	118,923
	101,906	205,368

As at 31 December 2020, the Group has loan facilities comprising:

- A £125.0 million (2019: £181.0 million) secured term loan facility. At the reporting date, £103.2 million (2019: £181.0 million) was drawn down.
- A £15.0 million (2019: £15.0 million) bridge loan facility. At the reporting date, the facility is unutilised.

In addition to the above facilities, the Group had a USD33.0 million convertible loan facility as at 31 December 2019. The convertible loan facility was fully drawn down as at 31 December 2019 and was fully repaid during 2020.

As at 31 December 2019 and 31 December 2020, the bank loans were secured on the shares of a subsidiary, Elite Gemstones Properties Limited (Note 5).

9. LOANS AND BORROWINGS (CONT'D)

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				
2020				
Secured bank loans	**LIBOR* + margin**	**2024**	**51,600**	**50,953**
Secured bank loan	**2.28%**	**2024**	**51,600**	**50,953**
			103,200	**101,906**
2019				
Secured bank loans	LIBOR* + margin	2020 – 2024	131,000	129,825
Secured bank loan	2.28%	2024	50,000	49,551
			181,000	179,376
Convertible loan	9.00%	2020	27,142	25,992
			208,142	205,368

* *London Interbank Offered Rate*

Convertible loan

The Group obtained a mezzanine term loan facility ("Convertible Loan") on 13 November 2018, which related to a 2-year fixed term loan of approximately £25.0 million (USD33.0 million) with a nominal interest rate of 9% per annum drawn down by the Trust's directly-owned subsidiary, Elite UK Commercial Holdings Limited. The mezzanine term loan was secured on the shares of subsidiaries, Elite UK Commercial Holdings Limited and Regal Sheen Investment Limited.

The lender had an option to convert 30% of the repayment amount into the Units in the Trust or the listed entity at the same valuation as the investors that were committing capital to the Trust in the event of the listing of the Trust as a business trust or a real estate investment trust ("REIT") in Singapore and/or such other recognised stock exchange in a suitable jurisdiction or the sale of the assets of the Trust to a business trust or a REIT to be listed. As at 31 December 2019, this option was classified as a financial derivative liability (Note 12).

Accrued interest at the end of each 12-month interest period was capitalised and formed part of the principal of the Convertible Loan.

As at 31 December 2020, the Group has fully repaid the Convertible Loan and the option was derecognised.

9. LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			Derivative liabilities		
	Loans and borrowings £'000	Convertible loan £'000	Interest payable £'000	Embedded derivative liability relating to convertible loan £'000	Interest rate swaps at FVTPL £'000	Total £'000
Balance at 1 January 2019	175,968	23,532	751	1,819	186	202,256
Changes from financing cash flows						
Proceeds from borrowings	181,000	–	–	–	–	181,000
Repayment of borrowings	(177,421)	–	–	–	–	(177,421)
Payment of transaction costs related to loans and borrowings	(1,651)	(10)	–	–	–	(1,661)
Settlement of interest rate swaps	–	–	–	–	(907)	(907)
Interest paid	–	–	(4,495)	–	–	(4,495)
	1,928	(10)	(4,495)	–	(907)	(3,484)
Non-cash changes						
Effects of changes in foreign exchange rates	–	(1,142)	(40)	–	–	(1,182)
Amortisation of transaction costs related to loans and borrowings	1,509	338	–	–	–	1,847
Interest expense	–	943	6,816	–	–	7,759
Change in fair value of derivative	–	–	–	2,730	721	3,451
Capitalisation of interest	–	2,329	(2,329)	–	–	–
Others	(29)	2	–	–	–	(27)
	1,480	2,470	4,447	2,730	721	11,848
Balance at 31 December 2019	179,376	25,992	703	4,549	–	210,620

9. LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities			Derivative liabilities	
	Loans and borrowings £'000	**Convertible loan £'000**	**Interest payable £'000**	**Embedded derivative liability relating to convertible loan £'000**	**Total £'000**
Balance at 1 January 2020	179,376	25,992	703	4,549	210,620
Changes from financing cash flows					
Repayment of borrowings	(77,800)	(27,823)	–	–	(105,623)
Interest paid	–	–	(3,814)	–	(3,814)
	(77,800)	(27,823)	(3,814)	–	(109,437)
Non-cash changes					
Effects of changes in foreign exchange rates	–	681	13	–	694
Amortisation of transaction costs related to loans and borrowings	330	265	–	–	595
Interest expense	–	885	3,259	–	4,144
De-recognition of embedded derivatives	–	–	–	(4,549)	(4,549)
Others	–	–	23	–	23
	330	1,831	3,295	(4,549)	907
Balance at 31 December 2020	101,906	–	184	–	102,090

10. TRADE AND OTHER PAYABLES

	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Trade payables	**27**	872	**27**	647
Interest payable	**184**	703	**–**	73
Accrued operating expenses	**1,367**	473	**235**	–
Other payables	**963**	1,092	**–**	–
Amount due to subsidiaries (non-trade)	**–**	–	**916**	–
	2,541	3,140	**1,178**	720

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

11. DEFERRED INCOME

Deferred income relates to the advance rental received from the tenants.

12. FINANCIAL DERIVATIVES

	Note	Group 2020 £'000	Group 2019 £'000	Trust 2020 £'000	Trust 2019 £'000
Derivative liabilities					
Embedded derivative relating to convertible loan	9	**–**	4,549	**–**	4,549

As at 31 December 2020, the Group has fully repaid the convertible loan and the embedded derivative relating to convertible loan has been derecognised.

13. DEFERRED TAX LIABILITIES

The movement in deferred tax liabilities during the financial year/period is as follows:

	At date of constitution £'000	Recognised in profit or loss (Note 22) £'000	At 31 December 2019 £'000	Recognised in profit or loss (Note 22) £'000	At 31 December 2020 £'000
Group					
Deferred tax liabilities					
Investment properties	1,263	1,086	2,349	3,571	5,920

Under IAS 12 *Income taxes*, deferred tax is not recognised for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss. In 2018, the Group's acquisition of a subsidiary was accounted for as an acquisition of assets and not a business combination, and neither affected accounting or taxable profit at the point of acquisition. Accordingly, the initial recognition exemption in IAS 12 applies. As at 31 December 2020, the Group has not recognised deferred tax liabilities of £15.9 million (2019: £15.9 million) relating to temporary differences on the initial recognition of assets and liabilities of the subsidiary acquired in 2018.

14. UNITS IN ISSUE AND TO BE ISSUED

	2020		2019	
	Number of Units '000	£'000	Number of Units '000	£'000
Units issued and fully paid				
At beginning of the year	**95,000**	**95,000**	95,000	95,000
Issue of new Units:				
- sub-division of Units	**72,522**	**–**	–	–
- arising from the initial public offering	**192,514**	**130,910**	–	–
- Manager's management fees paid in Units	**1,675**	**1,062**	–	–
- Lease management fees paid in Units	**239**	**151**	–	–
Redemption and cancellation of Units	**(27,816)**	**(18,915)**	–	–
Total issued Units	**334,134**	**208,208**	95,000	95,000
Units to be issued				
- Manager's management fees paid in Units	**636**	**422**	–	–
- Lease management fees paid in Units	**88**	**59**	–	–
Total issuable Units	**724**	**481**	–	–
Total issued and issuable Units at the end of the year	**334,858**	**208,689**	95,000	95,000

14. UNITS IN ISSUE AND TO BE ISSUED (CONT'D)

During the year, there were the following movements in the Units issued:

- 95,000,000 Units were sub-divided into 167,521,580 Units prior to the Listing Date;
- 27,815,685 Units were redeemed at £0.68 per Unit, amounting to approximately £18,915,000, prior to the Listing Date;
- 192,514,100 Units were issued at £0.68 per Unit, amounting to approximately £130,910,000, as part of the initial public offering of the Trust;
- 1,675,112 Units and 238,639 Units were issued at Unit prices ranging from £0.57 to £0.70 per Unit, amounting to approximately £1,062,000 and £151,000 respectively, as satisfaction of the Manager's management fee and lease management fee payable in Units respectively; and
- 636,385 Units and 87,893 Units will be issued at £0.66 per Unit, amounting to approximately £422,000 and £59,000 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 2020 to 31 December 2020.

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.

15. UNIT ISSUE COSTS

	2020 £'000	2019 £'000
Listing and unit issue costs incurred[1]:		
– Financial advisory fee, underwriting and commission	**3,834**	–
– Professional and other fees	**3,790**	256
	7,624	256
Unit issue costs capitalised in unitholders' funds	**5,903**	256
Listing costs expensed in statement of comprehensive income	**1,721**	–
	7,624	256

[1] *Included in listing and issue costs as at 31 December 2020 are audit fees paid to the auditors of the Group amounting to £246,000 (2019: Nil), for services rendered in connection with the initial public offering of the Units.*

16. NET ASSET VALUE PER UNIT

	Group		Trust	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Net asset value per Unit is based on:				
Net assets attributable to unitholders	**217,158**	101,154	**209,275**	95,243
Total issued and to be issued Units as at 31 December ('000) (Note 14)	**334,858**	95,000	**334,858**	95,000
Net asset value per Unit (£)	**0.65**	1.06	**0.62**	1.00

17. REVENUE

Rental relates to rental income derived from the Group's investment properties.

Over 99% (2019: 99%) of the contracted rental income under the current leases is derived from the UK Government via The Secretary of State for Housing, Communities and Local Government with DWP occupying each property under a group sharing arrangement.

18. PROPERTY OPERATING EXPENSES

	Period from 6/2/2020 (Listing Date) to 31/12/2020 £'000	Year ended 31/12/2020 £'000	Year ended 31/12/2019 £'000
Property management fee	**217**	**241**	236
Insurance	**161**	**145**	231
Lease management fee	**210**	**210**	–
	588	**596**	467

For the year ended 31 December 2020, an aggregate of 326,532 (2019: Nil) Units were issued or will be issued to the Manager as satisfaction of the lease management fee incurred.

19. MANAGER'S MANAGEMENT FEE

	Period from 6/2/2020 (Listing Date) to 31/12/2020 £'000	Year ended 31/12/2020 £'000	Year ended 31/12/2019 £'000
Base fee	**1,484**	**1,907**	4,273
Performance fee	**–**	**1,795**	–
	1,484	**3,702**	4,273

For the year ended 31 December 2020, an aggregate of 2,311,497 (2019: Nil) Units were issued or will be issued to the Manager as satisfaction of the management fees incurred.

The performance fee of £1.8 million (2019: Nil) relates to the fee paid to the Manager prior to the Listing Date. No performance fee is payable to the Manager for the financial period from the Listing Date to 31 December 2020.

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20. OTHER TRUST EXPENSES

	Period from 6/2/2020 (Listing Date) to 31/12/2020 £'000	Year ended 31/12/2020 £'000	Year ended 31/12/2019 £'000
Audit fees paid/payable to:			
– auditors of the Trust	**109**	**122**	51
– other auditors	**60**	**66**	78
Valuation fees	**230**	**255**	35
Listing costs expensed in statement of comprehensive income	**1,721**	**1,721**	–

21. FINANCE INCOME AND FINANCE COSTS

	Period from 6/2/2020 (Listing Date) to 31/12/2020 £'000	Year ended 31/12/2020 £'000	Year ended 31/12/2019 £'000
Interest income from cash and cash equivalents	**–**	**–**	4
Net foreign exchange gain	**–**	**–**	1,182
De-recognition of embedded derivative	**–**	**4,549**	–
Finance income	**–**	**4,549**	1,186
Amortisation of transaction costs relating to loans and borrowings	**(298)**	**(595)**	(1,847)
Commitment fee	**(133)**	**(133)**	–
Interest expense on loans and borrowings	**(1,923)**	**(4,144)**	(7,759)
Net fair value loss on financial derivatives			
– interest rate swaps	**–**	**–**	(721)
– embedded derivative relating to convertible loan	**–**	**–**	(2,730)
Net foreign exchange loss	**–**	**(694)**	–
Others	**–**	**(23)**	–
Finance costs	**(2,354)**	**(5,589)**	(13,057)
Net finance costs recognised in statement of comprehensive income	**(2,354)**	**(1,040)**	(11,871)

22. TAX EXPENSE

	Period from 6/2/2020 (Listing Date) to 31/12/2020 £'000	Year ended 31/12/2020 £'000	Year ended 31/12/2019 £'000
Current taxation			
Current period/year	**2,287**	**2,542**	2,057
(Over)/under provision in respect of prior years	**(117)**	**(117)**	140
	2,170	**2,425**	2,197
Deferred taxation			
Origination of temporary differences	**3,153**	**3,153**	1,086
Under provision in respect of prior years	**127**	**127**	–
Effect of changes in tax rate	**291**	**291**	–
	3,571	**3,571**	1,086
Income tax expense	**5,741**	**5,996**	3,283
Reconciliation of effective tax rate			
Profit for the period/year before tax	**29,099**	**30,264**	12,398
Tax calculated using Singapore tax rate of 17% (2019: 17%)	**4,946**	**5,144**	2,108
Effect of different tax rates in foreign jurisdictions	**542**	**510**	208
Effect of change in tax rate on deferred tax	**291**	**291**	–
Income not subject to tax	**(357)**	**(831)**	(108)
Expenses not deductible for tax purposes	**310**	**873**	6
Tax losses not allowed to be carried forward	**–**	**–**	929
Under provision in respect of prior years	**9**	**9**	140
	5,741	**5,996**	3,283

23. AMOUNT AVAILABLE FOR DISTRIBUTION

	Period from 6/2/2020 (Listing Date) to 31/12/2020 £'000
Total return for the period from Listing Date to 31 December 2020 attributable to unitholders	**23,358**
Distribution adjustments (Note A)	**(8,515)**
Amount available for distribution to unitholders at end of the year	**14,843**
Distribution to unitholders:	
Distribution of GBP 0.0195 per Unit for the period from 6 February 2020 (Listing Date) to 30 June 2020	**(6,501)**
Amount available for distribution to unitholders at end of the year	**8,342**
Distribution per Unit (pence)	**4.44**

Note A

Distribution adjustments relate to the following items:

Manager's management fee payable in Units	**1,484**
Lease management fee payable in Units	**210**
Trustee's fee	**93**
Amortisation of debt-related upfront fee and transaction costs	**298**
Listing costs expensed in statement of comprehensive income	**1,721**
Change in fair value of investment properties	**(15,887)**
Deferred tax expense	**3,571**
Others	**(5)**
Distribution adjustments	**(8,515)**

24. EARNINGS PER UNIT

Basic earnings per Unit

The calculation of basic earnings per Unit has been based on the profit attributable to unitholders and the weighted average number of Units outstanding.

	Period from 6/2/2020 (Listing Date) to 31/12/2020 £'000	Year ended 31/12/2020 £'000	Year ended 31/12/2019 £'000
Profit for the period attributable to unitholders	**23,358**	**24,268**	9,115
	'000	**'000**	**'000**
Weighted average number of Units:			
– Units issued on Listing Date/1 January 2019/ date of constitution	**139,706**	**95,000**	95,000
– Effect of Units arising from sub-division	**–**	**65,587**	–
– Effect of Units arising from redemption and cancellation	**–**	**(25,156)**	–
– Effect of Units arising from initial public offering	**192,514**	**173,578**	–
– Effect of Units issued and to be issued as payment of Manager's management fee and lease management fee payable in Units	**1,001**	**903**	–
Weighted average number of Units	**333,221**	**309,912**	95,000

24. EARNINGS PER UNIT (CONT'D)

Diluted earnings per Unit

The calculation of diluted earnings per Unit has been based on the profit attributable to unitholders and the weighted average number of Units outstanding after adjustment for the effects of all dilutive potential Units.

	Period from 6/2/2020 (Listing Date) to 31/12/2020 £'000	Year ended 31/12/2020 £'000	Year ended 31/12/2019 £'000
Profit for the period attributable to unitholders	**23,358**	**24,268**	9,115
	'000	**'000**	**'000**
Weighted average number of Units:			
– Weighted average number of Units (basic)	**333,221**	**309,912**	95,000
– Effect of Units issued and to be issued as payment of Manager's management fee and lease management fee payable in Units	**1,637**	**1,735**	–
Weighted average number of Units (diluted)	**334,858**	**311,647**	95,000

25. 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 no other significant related party transactions during the period.

26. 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.

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% (2019: 99%) of the Group's revenue is derived from the leases to the UK Government via The Secretary of State for Housing, Communities and Local Government with DWP occupying each property under a group sharing arrangement. Except as disclosed, there is no significant concentration of credit risk.

Expected credit loss assessment as at 31 December 2020

At the reporting date, the Group's trade receivables are 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.

26. FINANCIAL RISK MANAGEMENT (CONT'D)

Other receivables and notes receivables

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.

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 £20.2 million (2019: £19.7 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.

26. FINANCIAL RISK MANAGEMENT (CONT'D)

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 following are the contractual maturities of non-derivative 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
Group				
31 December 2020				
Non-derivative financial liabilities				
Loans and borrowings	**101,906**	**(111,088)**	**(2,154)**	**(108,934)**
Trade and other payables	**2,541**	**(2,541)**	**(2,541)**	**–**
	104,447	**(113,629)**	**(4,695)**	**(108,934)**
31 December 2019				
Non-derivative financial liabilities				
Loans and borrowings	205,368	(224,425)	(93,869)	(130,556)
Trade and other payables	3,140	(3,140)	(3,140)	–
	208,508	(227,565)	(97,009)	(130,556)
Trust				
31 December 2020				
Non-derivative financial liabilities				
Trade and other payables	**1,178**	**(1,178)**	**(1,178)**	**–**
31 December 2019				
Non-derivative financial liabilities				
Trade and other payables	720	(720)	(720)	–

26. FINANCIAL RISK MANAGEMENT (CONT'D)

Intra-group financial guarantees

As at 31 December 2019, the Trust has an outstanding guarantee, with a maximum exposure of approximately £29.6 million (USD39.3 million), to a lending facility in respect of a convertible loan granted to one of its subsidiaries. The period in which the financial guarantee would expire was within 1 year.

On 6 February 2020, the subsidiary repaid the convertible loan and accordingly, the financial guarantee was extinguished.

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 2020 and 2019, 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.

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 rates, remain constant.

* *100 basis point is equivalent to 1 percentage point*

	2020		**2019**	
	100 bp increase £'000	**100 bp decrease £'000**	**100 bp increase £'000**	**100 bp decrease £'000**
Group				
Variable rate instruments	**(516)**	**516**	(1,310)	1,310

26. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk

The Group was exposed to foreign currency risk on its convertible loan. The currency giving rise to this risk is US Dollar (USD).

The Group exposure to foreign currency is as follows:

	2020 USD £'000	2019 USD £'000
Group		
Convertible loan	–	25,992

Sensitivity analysis

A 10% (2019: 10%) strengthening of Pound Sterling (GBP) against USD at the reporting date would increase profit or loss (before any tax effect) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2020 Profit or loss £'000	2019 Profit or loss £'000
Group		
USD	–	2,599

A 10% (2019: 10%) weakening of GBP against USD would have had equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

26. 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.

	Carrying amount			Fair value			
	Financial assets at amortised cost £'000	Other financial liabilities £'000	Total carrying amount £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Group							
31 December 2020							
Financial assets not measured at fair value							
Trade and other receivables*	833	–	833				
Cash and cash equivalents	20,153	–	20,153				
	20,986	–	20,986				
Financial liabilities not measured at fair value							
Trade and other payables	–	(2,541)	(2,541)				
Loans and borrowings	–	(101,906)	(101,906)	–	(96,114)	–	(96,114)
	–	(104,447)	(104,447)				

26. 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
Group								
31 December 2019								
Financial assets not measured at fair value								
Trade and other receivables*	7,038	–	–	7,038				
Cash and cash equivalents	19,655	–	–	19,655				
	26,693	–	–	26,693				
Financial liabilities measured at fair value								
Embedded derivative relating to convertible loan	–	(4,549)	–	(4,549)	–	–	(4,549)	(4,549)
Financial liabilities not measured at fair value								
Trade and other payables	–	–	(3,140)	(3,140)				
Loans and borrowings								
- bank loans	–	–	(179,376)	(179,376)	–	(167,355)	–	(167,355)
- convertible loan	–	–	(25,992)	(25,992)	–	–	(26,720)	(26,720)
	–	–	(208,508)	(208,508)				

* *Excluding prepayments*

26. 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 2020								
Financial assets not measured at fair value								
Notes receivable	**111,751**	**–**	**–**	**111,751**				
Trade and other receivables	**3,184**	**–**	**–**	**3,184**				
Cash and cash equivalents	**4,660**	**–**	**–**	**4,660**				
	119,595	**–**	**–**	**119,595**				
Financial liabilities not measured at fair value								
Trade and other payables	**–**	**–**	**(1,178)**	**(1,178)**				
31 December 2019								
Financial assets not measured at fair value								
Notes receivable	70,135	–	–	70,135				
Trade and other receivables	57	–	–	57				
Cash and cash equivalents	368	–	–	368				
	70,560	–	–	70,560				
Financial liabilities measured at fair value								
Derivative	–	(4,549)	–	(4,549)	–	–	(4,549)	(4,549)
Financial liabilities not measured at fair value								
Trade and other payables	–	–	(720)	(720)				

26. FINANCIAL RISK MANAGEMENT (CONT'D)

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Embedded derivative relating to convertible loan	Discounted cash flows and market comparison technique: The fair value of the embedded derivative is the difference between the fair value of the convertible loan (determined using the market comparison technique) and the fair value of the liability component of the convertible loan (determined using the discounted cash flows approach). The fair value of the convertible loan requires the Manager to estimate the expected cash flows over the life of the convertible loan to investors, which are not evidenced by observable market data. Such cash flows are discounted at the market rate of interest at the measurement date.	Discount rate: 2019: 12.2%	The estimated fair value of the embedded derivative relating to convertible loan would increase if the discount rate was higher.
Liability component of convertible loan	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.	Discount rate: 2019: 12.2%	The estimated fair value varies inversely against the interest rates.
Bank loan	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.	Discount rate: 1.5% (2019: 2.3%)	The estimated fair value varies inversely against the interest rates.

26. FINANCIAL RISK MANAGEMENT (CONT'D)

Measurement of fair values (cont'd)

(ii) Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	2020 £'000	2019 £'000
Embedded derivative relating to convertible loan		
At beginning of the year	**(4,549)**	(1,819)
Changes in fair value recognised in statement of comprehensive income	**–**	(2,730)
De-recognition of embedded derivative	**4,549**	–
At end of year	**–**	(4,549)

Sensitivity analysis

If the discount rate applied in arriving at the embedded derivative relating to the convertible note were to increase/decrease by 1.0% with all other variables held constant, the fair value of the embedded derivative relating to the convertible loan would increase/decrease by £61,000 and £63,000, respectively in 2019.

27. CAPITAL MANAGEMENT

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 2019 and 31 December 2020. There is no substantial changes in the Group's approach to capital management during the year.

The Group is subject to the aggregate leverage limit and interest coverage ratio as stated in the Property Fund Guidelines of the Code of Collective Investment Scheme issued by Monetary Authority of Singapore ("CIS Code"). The CIS Code stipulates that the borrowings and deferred payments (together, the "Aggregate Leverage") of a property fund should not exceed 45.0% of the deposited property and minimum interest ratio of 2.5 times.

27. CAPITAL MANAGEMENT (CONT'D)

On 16 April 2020, the MAS announced that the Aggregate Leverage limit for Singapore REITs ("S-REITs") will be raised from 45.0% to 50.0% with immediate effect. In its public consultation last year, the MAS has proposed for S-REITs to have a new minimum interest coverage ratio ("ICR") of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45.0% limit (up to 50.0%). However, the MAS has deferred the new ICR requirement to 1 January 2022 in light of the current COVID-19 pandemic situation.

As at 31 December 2020, the Group's aggregate leverage ratio was 31.0% with an interest coverage ratio of 7.7 times*. The Group has complied with the Aggregate Leverage limit and minimum interest coverage ratio during the financial period.

* *The interest coverage ratio is computed based on the financial information for the period 6 February 2020 (Listing Date) to 31 December 2020. 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"), and the one-time IPO transaction costs expensed in statement of comprehensive income, by the interest expense and borrowing related fees.*

Including the one-time IPO transaction costs, the interest coverage ratio calculated by dividing EBITDA by the interest expense and borrowings related fees is 6.9 times.

28. LEASES

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 2020 was £23.3 million (2019: £23.3 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	2020 £'000	**2019 £'000**
Operating leases under IFRS 16:		
- Less than one year	**22,844**	23,220
- One to two years	**22,688**	22,821
- Two to three years	**10,349**	22,663
- Three to four years	**6,361**	10,381
- Four to five years	**6,347**	6,361
- More than five years	**14,240**	20,604
	82,829	106,050

29. FINANCIAL RATIOS

	2020 %	2019 %
Expenses to weighted average net assets[1]	**2.85%**	–
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, income tax expense of the Group. There is no performance component in the Manager's management fee during the period.*

(2) *The annualised ratios is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.*

30. SUBSEQUENT EVENTS

There were the following significant events subsequent to the reporting date:

- On 1 February 2021, the Manager declared a distribution of £0.0249 per Unit to unitholders in respect of the period from 1 July 2020 to 31 December 2020, amounting to £8.3 million.

- On 26 February 2021, the Manager declared a distribution of £0.0090 per Unit to unitholders in respect of the period from 1 January 2021 to 8 March 2021, amounting to £3.0 million.

- On 9 March 2021, the Group completed the acquisition of all the issued shares of Elite Amphora Limited and Elite Cask Limited, which hold 58 properties located across the United Kingdom (the "Acquisition"). The total acquisition outlay was estimated to be approximately £218.0 million, comprising:

  (i) Purchase consideration for the shares acquired of approximately £59.3 million;

  (ii) Shareholders' loans assumed of £39.4 million;

  (iii) Repayment of existing bank loans of £113.8 million owed by Elite Amphora Limited and Elite Cask Limited to certain financial institutions;

  (iv) Estimated acquisition fee of approximately £2.1 million; and

  (v) Estimated professional and other fees and expenses of approximately £3.4 million.

  The total acquisition outlay was financed with (i) the issue of 131,444,312 new Units to the vendor at an issue price of £0.68 per new Unit amounting to £89.4 million; (ii) external bank borrowings of £124.8 million; (iii) issue of Units to the Manager as payment of the acquisition fee amounting to £2.1 million; and (iv) internal cash resources of £1.7 million.

- On 11 March 2021, 3,198,495 Units have been issued at an issue price of £0.6645 to the Manager as payment of the acquisition fee in relation to the Acquisition.

Statistics of **Unitholdings**

As at 8 March 2021

ISSUED AND FULLY PAID UNITS

Issued and Fully Paid-Up Units: 334,858,024 units (voting rights: one vote per unit)

There is only one class of Units in Elite Commercial REIT.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	1	0.03	53	0.00
100 - 1,000	1,515	45.85	1,498,776	0.45
1,001 - 10,000	1,494	45.22	5,480,500	1.64
10,001 - 1,000,000	274	8.29	16,825,316	5.02
1,000,001 AND ABOVE	20	0.61	311,053,379	92.89
TOTAL	**3,304**	**100.00**	**334,858,024**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	144,742,157	43.22
2	DB NOMINEES (SINGAPORE) PTE LTD	37,410,606	11.17
3	SUNWAY RE CAPITAL PTE LTD	27,205,965	8.12
4	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	24,255,529	7.24
5	RAFFLES NOMINEES (PTE.) LIMITED	20,057,883	5.99
6	DBS NOMINEES (PRIVATE) LIMITED	11,543,325	3.45
7	TAN KIM SENG	9,616,126	2.87
8	DBSN SERVICES PTE. LTD.	5,181,671	1.55
9	TAN FUH GIH	5,047,045	1.51
10	TAN WEI MIN	4,588,216	1.37
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,952,177	1.18
12	HSBC (SINGAPORE) NOMINEES PTE LTD	3,555,498	1.06
13	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	3,429,600	1.02
14	OCBC SECURITIES PRIVATE LIMITED	1,938,100	0.58
15	ABN AMRO CLEARING BANK N.V.	1,901,000	0.57
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,797,365	0.54
17	UOB KAY HIAN PRIVATE LIMITED	1,307,000	0.39
18	CHIN PHAK LIN	1,230,000	0.37
19	LOH SOK BENG	1,147,058	0.34
20	TAN AH LING	1,147,058	0.34
	TOTAL	**311,053,379**	**92.88**

Statistics of **Unitholdings**

As at 8 March 2021

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 8 MARCH 2021

Based on the information available to the Manager, the unitholdings of Substantial Unitholders of Elite Commercial REIT as at 8 March 2021 are as follows:

Name of Substantial Unitholders	No. of Units Direct Interest	%	No. of Units Deemed Interest	%
Ho Lee Group Trust	35,882,406	10.72	–	–
Tan Hai Peng Micheal	147,095	0.04	38,987,418[1]	11.69
Tan Thuan Teck	–	–	38,766,735[2]	10.72
Tan Hai Seng Benjamin	–	–	38,766,735[2]	10.72
Tan Yong Hiang Priscilla	–	–	35,882,406[3]	10.72
Seow Whye Pheng	–	–	35,882,406[3]	10.72
Seow Hywe Min	–	–	35,882,406[3]	10.72
Seow Whye Teck	–	–	35,882,406[3]	10.72
Seow Hwye Tiong	–	–	35,882,406[3]	10.72
Loh Guik Kiang	–	–	35,882,406[3]	10.72
Sunway RE Capital Pte. Ltd.	27,205,965	8.12	–	–
Sunway City Sdn. Bhd.	–	–	27,205,965[4]	8.12
Sunway Berhad	–	–	27,205,965[4]	8.12
Sungei Way Corporation Sdn. Bhd.	–	–	27,205,965[4]	8.12
Active Equity Sdn. Bhd.	–	–	27,205,965[4]	8.12
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling	–	–	27,205,965[4]	8.12
UBS Group AG	–	–	22,059,933[5]	6.59
UBS AG	–	–	22,059,933[5]	6.59

Notes:

(1) *Tan Hai Peng Micheal ("**Micheal**") holds 35.975% 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 246,300 Units in Elite Commercial REIT. EPH holds 68% of the share capital of the Manager, which holds 2,638,029 Units in Elite Commercial REIT. Therefore, Micheal is deemed to be interested in 2,884,329 Units held by EPH and the Manager.*

*Ho Lee Group Trust ("**HLGT**") holds 35,882,406 Units. Micheal is a beneficiary of HLGT, and therefore is deemed to be interested in the 35,882,406 Units held by HLGT.*

Micheal is also deemed interested in the 220,683 Units held by his wife, Kan Phui Lin.

(2) *Tan Thuan Teck holds 21.3% of the share capital of TLH. Tan Hai Seng Benjamin holds 35.975% 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 246,300 Units in Elite Commercial REIT. EPH holds 68% of the share capital of the Manager, which holds 2,638,029 Units in Elite Commercial REIT. Therefore, each of Tan Thuan Teck and Tan Hai Seng Benjamin are deemed to be interested in 2,884,329 Units held by EPH and the Manager.*

HLGT holds 35,882,406 Units. Tan Thuan Teck and Tan Hai Seng Benjamin are beneficiaries of HLGT, and therefore are each deemed to be interested in the 35,882,406 Units held by HLGT.

(3) *Tan Yong Hiang Priscilla, Seow Whye Pheng, Seow Hwye Min, Seow Whye Teck, Seow Hwye Tiong and Loh Guik Kiang are beneficiaries of HLGT. Accordingly, each of Tan Yong Hiang Priscilla, Seow Whye Pheng, Seow Hwye Min, Seow Whye Teck, Seow Hwye Tiong and Loh Guik Kiang 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 56.91% interest in Sunway Berhad. SWCSB is 100% owned by Active Equity Sdn. Bhd. ("**AESB**"). Tan Sri Dato' Seri Jeffrey Cheah Fook Ling holds 60% interest in AESB.*

SCSB, Sunway Berhad, SWCSB, AESB and Tan Sri Dato' Seri Jeffrey Cheah Fook Ling are therefore deemed interested in the Units held by Sunway RE by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.

(5) *Deemed interests arising by virtue of (a) UBS Group AG and UBS Group having an interest, or (b) Section 7(4) or 7(4A) of the Companies Act in Units over which subsidiaries/affiliates of UBS Group AG and UBS Group have an interest, or by reason of the ability to exercise voting discretion and to acquire/dispose of shares.*

Statistics of **Unitholdings**

As at 8 March 2021

UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 8 MARCH 2021

Based on the Register of Directors' Unitholdings, the direct and deemed interests of each Director in Units issued by Elite Commercial REIT as at 8 March 2021 are as follows:

Name of Directors	No. of Units Direct Interest	%	No. of Units Deemed Interest	%
David Lim Teck Leong	500,000	0.15	–	–
Tan Hai Peng Micheal	147,095	0.04	38,987,418[(1)]	11.69
Victor Song Chern Chean	–	–	2,884,329[(2)]	0.86
Tan Dah Ching	34,053	0.01	–	–
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 35.975% 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 246,300 Units in Elite Commercial REIT. EPH holds 68% of the share capital of the Manager, which holds 2,638,029 Units in Elite Commercial REIT. Therefore, Micheal is deemed to be interested in 2,884,329 Units held by EPH and the Manager.*

*Ho Lee Group Trust ("**HLGT**") holds 35,882,406 Units. Micheal is a beneficiary of HLGT, and therefore is deemed to be interested in the 35,882,406 Units held by HLGT.*

Micheal is also deemed interested in the 220,683 Units held by his wife, Kan Phui Lin.

(2) *Victor Song Chern Chean holds 22.5% of the share capital of EPH, which holds 246,300 Units in Elite Commercial REIT. EPH holds 68% of the share capital of the Manager, which holds 2,638,029 Units in Elite Commercial REIT. Therefore, Victor Song Chern Chean is deemed to be interested in 2,884,329 Units held by EPH and the Manager.*

FREE FLOAT

Disclosure pursuant to Rule 1207(9)(e) of the SGX-ST Listing Manual

Based on information available to the Manager as at 8 March 2021, approximately 80.0% 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.

Interested Person Transactions
(“IPTs”)

Name of Entity	Nature of Relationship	06-Feb-20 to 31-Dec-20 Aggregate value of all IPTs during the financial year under review £’000	Aggregate value of all IPTs under the IPT mandate or shareholders’ mandate for IPTs under 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 in units		1,484	–
Lease management fee paid and payable in units		210	–
Perpetual (Asia) Limited	Trustee fees paid and payable		
Trustee of the REIT		93	–
Establishment fee on listing day		11	–

Use of Proceeds from
Initial Public Offering ("IPO")

The following table sets out the use of IPO proceeds in accordance to the intended sources and applications of the total proceeds from the IPO and the issuance of the Cornerstone Units.

	Amount allocated £'000	Amount utilised £'000	Balance[2] £'000
As at 31 Dec 2020			
Partial repayment of existing facility agreements/ loans[1]	101,940	101,940	–
Redemption of certain Private Trust Units	18,915	18,915	–
Transaction costs	8,305	7,368	937
Working capital	1,750	–	1,750
	130,910	128,223	2,687

(1) *The Deutsche Bank Loan was partially repaid, and the Pierfront Loan was fully repaid by the Listing Date.*

(2) *The balance is mainly from lower IPO transaction costs. These savings have been reallocated for general working capital purposes.*

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 First Annual General Meeting ("**AGM**") of the unitholders of Elite Commercial REIT ("**Unitholders**") will be convened and held by way of electronic means on Thursday, 22 April 2021 at 4.30 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 2020 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 INSTRUMENTS**

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 percentage 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.

(Please see Explanatory Note)

(Ordinary Resolution 3)

By Order of the Board

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

Josephine Toh
Company Secretary

Singapore
6 April 2021

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 percentage 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.

Notes:

1. **In view of the prevailing COVID-19 situation in Singapore and advisories issued by the relevant authorities, the AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.** The alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out below. Any reference to a time of day is made by reference to Singapore time.

2. Printed copies of this Notice of AGM will be sent to Unitholders. It may also be accessed 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.

3. Unitholders will be able to observe and/or listen to the AGM proceedings through a live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers. In order to do so, Unitholders must pre-register at Elite Commercial REIT's pre-registration website at the URL https://septusasia.com/elitecreit-agm-registration from now till 19 April 2021, 4.30 p.m., to enable the Manager to verify their status as Unitholders.

   Following the verification, authenticated Unitholders will receive an email, which includes their login credentials as well as instructions on how to access the live audio-visual webcast or live audio-only stream of the AGM proceedings, by 21 April 2021, 4.30 p.m.. Unitholders who do not receive an email by 21 April 2021, 4.30 p.m. but have registered by the deadline on 19 April 2021 should contact Elite Commercial REIT's service provider, Septus Singapore Pte. Ltd., at (65) 6641-7315 (during office hours) or email webcast@septusasia.com.

4. Unitholders may also submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in advance of the AGM. In order to do so, their questions must be submitted in the following manner by 19 April 2021, 4.30 p.m.:

   (a) if submitted electronically, be submitted via Elite Commercial REIT's pre-registration website at the URL https://septusasia.com/elitecreit-agm-registration

(b) if submitted by post, be deposited at the office of the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. Unitholders who submit questions via email or by post to the Unit Registrar 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).

The Manager will endeavour to address all substantial and relevant questions submitted in advance of the AGM prior to or during the AGM. The Manager will publish the responses to the substantial and relevant questions which the Manager is unable to address during the AGM, on Elite Commercial REIT's website and on SGXNET prior to the AGM. The Manager will publish the minutes of the AGM on Elite Commercial REIT's website and on SGXNET, and the minutes will include the responses to the substantial and relevant questions which are addressed during the AGM.

Unitholders will not be able to ask questions at the AGM live during the webcast or audio-stream, and therefore it is important for Unitholders who wish to ask questions to submit their questions in advance of the AGM.

5. If a Unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. The Proxy Form is available on Elite Commercial REIT's website and on the SGX-ST's website at the URLs https://investor.elitecreit.com/agm_egm.html and https://www.sgx.com/securities/company-announcements, respectively. Printed copies of the Proxy Form will also be sent to Unitholders.

   In appointing the Chairman of the AGM as proxy, a Unitholder must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. The Proxy Form must be submitted to the Manager c/o the Unit Registrar Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

   (a) if submitted by post, be lodged at the office of the Unit Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or

   (b) if submitted electronically, be submitted via email to the Unit Registrar at Elite2021@boardroomlimited.com

   in either case, by 19 April 2021, 4.30 p.m., being 72 hours before the time fixed for the AGM.

   A Unitholder who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before sending it by email to the email address provided above.

7. Persons who hold Units through relevant intermediaries (as defined below), and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings through live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such Units as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

   In addition, SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS Operators to submit their votes by 13 April 2021, 4.30 p.m., being 7 working days before the date of the AGM.

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore 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; or

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity.

   A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for AGM in order for the Depositor to be entitled to attend and vote at the AGM.

8. The Chairman of the AGM, as proxy, need not be a Unitholder of Elite Commercial REIT.

9. 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://elitecreit.listedcompany.com/newsroom.html for the latest updates on the status of the AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

Glue all sides firmly. Stapling and spot sealing are disallowed.

ELITE COMMERCIAL REIT

(Constituted in the Republic of Singapore pursuant to a trust deed dated 7 June 2018)

Proxy Form

ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

NOTE: This Proxy Form may be accessed at Elite Commercial REIT's website at the URL https://investor.elitecreit.com/agm_egm.html and will be made available on the SGX-ST's website at the URL https://www.sgx.com/securities/company-announcements. Printed copies of this Proxy Form will also be sent to unitholders.

Personal Data Privacy

By submitting an instrument appointing the Chairman of the AGM as proxy, the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2021.

IMPORTANT:

1. The AGM (as defined below) is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM dated 6 April 2021 will be sent to Unitholders. It may also be accessed on Elite Commercial REIT's website at the URL https://investor.elitecreit.com/agm_egm.html and on Singapore Exchange Securities Trading Limited's (the "**SGX-ST**") website at the URL https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM. Any reference to a time of day is made by reference to Singapore time.
3. **Due to the prevailing COVID-19 situation in Singapore, a unitholder will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.**
4. If a SRS investor wishes to appoint the Chairman of the AGM as proxy, he/she should approach his/her respective SRS Operators to submit his/her votes by 13 April 2021, 4.30 p.m., being 7 working days before the date of the AGM.
5. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

I/We ____ (Name)

____________________ (NRIC/Passport Number/Company Registration Number) of ____________________

____ (Address)

being a unitholder/unitholders of Elite Commercial REIT, hereby appoint the Chairman of the Annual General Meeting ("**AGM**") as *my/our proxy to attend, speak and vote for *me/us on *my/our behalf at the AGM of Elite Commercial REIT to be held by electronic means on Thursday, 22 April 2021 at 4.30 p.m. (Singapore Time) and at any adjournment thereof. *I/We direct the Chairman of the AGM as *my/our proxy to vote for or against, or to abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder.

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 2020 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 approve the General Mandate for the issue of New Units and/or Convertible Instruments			

* Delete where inapplicable

** If you wish to abstain or exercise all your votes "For", "Against" or "Abstain", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate. In the absence of specified directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this ____________ day of ____________ 2021

Total number of Units Held

____

Signature of Unitholder(s)/ Common Seal of Corporate Unitholder

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE

Glue all sides firmly. Stapling and spot sealing are disallowed.

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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.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form

1. **Due to the current COVID-19 situation in Singapore, a unitholder will not be able to attend the AGM in person.** If a unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. Printed copies of this Proxy Form will be sent out to unitholders. It may also be accessed 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. In appointing the Chairman of the AGM as proxy, a unitholder must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
2. SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS Operators to submit their votes by 13 April 2021, 4.30 p.m., being 7 working days before the date of the AGM.
3. The Chairman of the AGM, as proxy, need not be a unitholder of Elite Commercial REIT.
4. A unitholder should insert the total number of units held. If the unitholder has units entered against the unitholder's name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), the unitholder should insert that number of units. If the unitholder has units registered in the unitholder's name in the Register of Unitholders of Elite Commercial REIT, the unitholder should insert that number of units. If the unitholder has units entered against the unitholder's name in the said Depository Register and registered in the unitholder's name in the Register of Unitholders of Elite Commercial REIT, the unitholder should insert the aggregate number of units. If no number is inserted, this Proxy Form will be deemed to relate to all the units held by the unitholder.
5. The Proxy Form must be submitted to the Manager c/o the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

   (a) if submitted by post, be lodged at the office of the Unit Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or

   (b) if submitted electronically, be submitted via email to the Unit Registrar at Elite2021@boardroomlimited.com

   in either case, by 19 April 2021, 4.30 p.m., being 72 hours before the time fixed for the AGM.

   A Unitholder who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before sending it by email to the email address provided above.

   In view of the current COVID-19 situation in Singapore, unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.

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6. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney 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 electronically via email, be emailed with the Proxy Form, failing which the Proxy Form may be treated as invalid.
7. Any reference to a time of the day is made by reference to Singapore time.

General

The Manager shall be entitled to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form (including any related attachment). In addition, in the case of unitholders whose units are entered against their names in the Depository Register, the Manager may reject any Proxy Form if the unitholder, being the appointor, is not shown to have units entered against the unitholder's 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

Audit and Risk Committee

Chairman
Mr Tan Huay Lim

Members
Mr David Lim Teck Leong
Mr Koo Tsai Kee

Company Secretary

Ms Josephine Toh

Manager

Elite Commercial REIT Management Pte. Ltd.
9 Temasek Boulevard
#17-01 Suntec Tower Two
Singapore 038989
Telephone No.: (65) 6955 9999

Nominating and Remuneration Committee

Chairman
Mr Koo Tsai Kee

Members
Mr David Lim Teck Leong
Mr Tan Hai Peng Micheal

Auditor

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048583
Telephone No.: (65) 6213 3388

Partner-in-charge:
Ms Lo Mun Wai
(Appointed since the financial period ended 31 December 2019)

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

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

Management Team

Chief Executive Officer
Ms Shaldine Wang

Chief Financial Officer
Mr Joel Cheah

Chief Investment Officer
Mr Jonathan Edmunds

Manager, Investor Relations
Ms Charissa Liu

Unit Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone No.: (65) 6536 5355

ELITE COMMERCIAL REIT

Elite Commercial REIT Management Pte. Ltd.
9 Temasek Boulevard
#17-01 Suntec Tower Two
Singapore 038989
Tel: +65 6955 9999

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