



ELITE COMMERCIAL REIT

BUILDING
PURPOSE.
SCALING
VALUE.

ANNUAL REPORT 2023

ELITE



| CORPORATE PROFILE



The only Singapore-listed UK REIT

Elite Commercial REIT ("**Elite REIT**") is a Singapore real estate investment trust established with the investment strategy of principally investing, directly or indirectly, in commercial real-estate related assets in the United Kingdom ("**UK**"). Elite REIT is the only UK REIT listed in Pound sterling on the Singapore Exchange.

Elite REIT's portfolio ("**Portfolio**") comprises predominantly freehold properties strategically located mainly in town centres, and near amenities and transportation nodes. The Portfolio offers a stable government-backed income stream with over 99% of the gross rental income derived from the UK Government, backed by AA-rated sovereign credit strength. The leases are on triple net basis¹ and Elite REIT is one of the largest providers of critical social infrastructure to the Department for Work & Pensions ("**DWP**") and other UK Government departments. The DWP is the UK's largest public service department that is responsible for welfare, pensions and child maintenance policy, serving over 20 million claimants and customers. The Portfolio is part of the crucial social infrastructure through which the DWP provides services to local communities.

Elite 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 optimal capital structure through disciplined execution of its key strategies.



Note:

1. Known as a full repairing and insuring lease, the responsibility for the repair of the external and internal parts as well as the structure of the property is placed with the tenant for occupied assets.

Building Purpose. Scaling Value.

We have established a foundation that demonstrates strength amid uncertainties, extending from asset and capital management to sustainability efforts.

Guided by core values, we align our purpose with stakeholders in mind, and advance confidently towards growth and sustainability.



Annual Report 2023 is available for viewing online and download at: <https://investor.elitecreit.com/ar.html>

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AT A GLANCE

Only Singapore-listed UK REIT	Over 99% Gross rental income derived from the UK Government	Backed by AA-rated sovereign credit strength
~100% rent collection in advance since listing	100% Freehold and Long Leasehold Assets	Tax Efficient Structure On par with other UK REITs

No. of properties ¹			
London	10	Midlands	16
South East	12	Wales	20
North West	24	East	8
Scotland	27	Yorkshire & Humber	10
South West	12	North East	11

150
Total Assets²



Notes:

- See **pages 40 to 63** for more information on our assets.
- As at 31 December 2023.

KEY INVESTMENT MERITS

1

Government-backed Income Stream
Consistently achieved ~100% rent collection in advance since listing, backed by AA-rated sovereign credit strength

2

Geographically Diversified
A network of assets located across the UK covering key cities and regions

3

Crucial Public Infrastructure
Primarily occupied by the Department for Work and Pensions. Elite REIT is amongst the largest providers of critical social infrastructure to the DWP and other UK Government departments

4

Strategically Located Assets
Primarily in town centres, close to transportation nodes and amenities

5

Prudent Capital Management
On par with other UK REITs in terms of tax treatment

6

Natural Hedge
Assets, debts and distributions are naturally hedged in Pound sterling

7

Prudent Capital Management
Diversification of funding sources and opportunistic divestments for capital recycling

8

Future Growth Potential
Lease renewal and asset repositioning strategy, sustainability enhancement works and acquisition opportunities

ELITE REIT SPONSORS

Sunway RE Capital Pte. Ltd.



Ho Lee Group Pte. Ltd.



Elite Partners Holdings Pte. Ltd.



KEY FINANCIAL HIGHLIGHTS

AS AT 31 DECEMBER 2023



Revenue¹ (£'000)

37,637

+1.5%

y-o-y over FY2022
37,075



Net Property Income¹ (£'000)

41,364

+15.7%

y-o-y over FY2022
35,741



Portfolio Value² (£'000)

412,490

-11.5%

y-o-y over FY2022
466,175



Amount generated during the period for distribution to unitholders (£'000)

18,043

-21.9%

y-o-y over FY2022
23,096



Available Distribution per Unit³ (pence)

3.42

-28.9%

y-o-y over FY2022
4.81



Net Asset Value per Unit⁴ (£)

0.43

-17.3%

y-o-y over FY2022
0.52



Distribution Yield⁵

11.0%



Interest Coverage Ratio⁶

3.1x



Fixed Rate Debt⁷

63%

Pro-Forma FY2023 Capital Management

Including the effects of the £28 million Preferential Offering



Fixed Rate Debt⁷

66%

31 Dec 2023: 63%
31 Dec 2022: 69%



Net Gearing⁸

40.9%

31 Dec 2023: 47.5%
31 Dec 2022: 44.9%



Interest Coverage

3.1x

31 Dec 2022: 4.6 times



Debt Headroom⁹

£55.9m

31 Dec 2022: £40.0 million

Notes:

- Includes £317,000 of straight-line rent adjustments for FY2023.
- Portfolio value is the fair value of investment properties based on independent professional valuations.
- Based on 100% payout ratio. At 90% payout ratio, the DPU in respect of FY2023 is 3.07 pence.
- For FY2023, the Pro Forma units in issue and net asset value per unit, including the effects of the £28 million Preferential Offering, will be 586.3 million units and £0.40 respectively.
- Based on the closing unit price of £0.28 as at 29 December 2023 and FY2023 DPU at 90% payout ratio.
- The interest coverage ratio is computed based on the financial information for the year ended 31 December 2023.
- Calculation included the effect of fixed interest rate swaps.
- Net gearing is calculated as aggregate debt less cash over total assets less cash. Aggregate Leverage calculated as per the Property Funds Appendix would be 43.7% including the effects of the £28 million Preferential Offering and 50.0% as at 31 December 2023 respectively.
- Based on gearing limit of 50%.

Advancing Steadfast Performance

As part of our proactive capital and asset management strategy, we have taken steps to diversify our funding sources and seek opportunistic divestments, ensuring that we remain **fortified** in spite of market volatility.



Robust Rental Uplift

Net annualised rent escalation of

13.1%

for 136 assets



Strategic Capital Recycling

Five vacant assets were divested

12.2%

above aggregate valuation¹



Government-backed Cashflow

~100%

of rental collected three months in advance

Note:

1. Based on the valuation as at 31 July 2023 for the five divestments.

EO



RTI FILED



LETTER TO UNITHOLDERS FROM THE CHAIRMAN AND THE CEO

Advancing Progress, Driven by Purpose

On behalf of the Board of Directors of Elite Commercial REIT Management Pte. Ltd., we are pleased to present to you Elite Commercial REIT’s annual report for the financial year ended 31 December 2023 (“FY2023”).

In FY2023, macroeconomic environment in the United Kingdom (“UK”) was characterised by flat gross domestic product growth of 0.1%, reminiscent of the weakest performance since the global financial crisis of 2008, excluding the pandemic year of 2020. Bank of England raised bank rate by a total of 125 basis points to 5.25% over four staggered raises in 2023 to curb persistent inflation, with a monetary policy set to meet the 2% inflation target to help sustain growth and employment. Consequently, inflationary pressures eased, with the 12-month Consumer Price Index (“CPI”) rate falling from 10.5% in December 2022 to 4.0% in December 2023.

Amidst the turbulent economic backdrop, high interest rate environment, ongoing global geopolitical tensions and a relatively quiet UK real estate market in 2023, portfolio valuations and financing costs moved, necessitating prudent financial management strategies to navigate uncertainties. While these headwinds and volatility presented challenges, efforts to bolster resilience and stability were evident through strategic asset management initiatives and proactive capital management.



Left
Joshua Liaw
 Chief Executive Officer

Right
David Lim
 Chairman and Independent Non-Executive Director

Our portfolio continues to provide distributions to our Unitholders, with government-backed cashflow, as we have consistently achieved close to 100% rental collection three months in advance.

Notwithstanding the economic landscape, Elite REIT has maintained a steady financial position, with revenue growing 1.5% year-on-year to £37.6 million in FY2023. Distribution per unit was 3.07 pence¹ in FY2023, representing an 11.0% dividend yield.

Resilient Portfolio Built on Strong Fundamentals

Elite REIT's network of freehold and long leasehold² assets is well-diversified geographically across the UK, in regional cities as well as in London. The properties are strategically located in central business districts and town centres, close to amenities and transportation nodes, allowing easy access for the local communities that they serve.

Elite REIT's leases are on triple net basis³, with over 99% of leases signed directly with the UK Government⁴ and backed by AA-rated sovereign credit strength, providing credit stability and income certainty to Unitholders. Portfolio occupancy remains high at 92.3% and weighted average lease expiry stood at 4.2 years as at 31 December 2023.

Our portfolio continues to provide distributions to our Unitholders, with government-backed cashflow, as we have consistently achieved close to 100% rental collection three months in advance.

Serving as Critical Social Infrastructure to the UK Government

Elite REIT's portfolio of assets is in a unique position of stability as they serve as critical social infrastructure that enables its primary occupier, UK's Department for Work and Pensions ("DWP"), to provide welfare services to local communities and support the UK Government's social agenda.

As the UK's biggest public service department, the DWP is responsible for welfare, pensions and child maintenance policy, as well as in administering the state pension and a range of working age, disability and ill health benefits. The DWP serves over 20 million claimants and customers, disbursing over £230.5 billion⁵ in benefits paid through the welfare system in 2022-2023.

Over 88% of DWP-occupied assets⁶ in Elite REIT's fit-for-purpose portfolio is used as public-facing Jobcentre Plus to serve the local communities, especially those who need financial assistance and career services to seek re-employment. Jobcentre Plus is an indispensable enabler for the UK Government to alleviate poverty and bring about social change through employment.

Managing Asset Strategies Proactively

The Manager has successfully removed lease break options occurring in March 2023 during a major lease re-gearing exercise completed a year in advance back in FY2022, and hence, a majority of the leases now runs straight to 2028 with no embedded lease break options. Following the re-gearing exercise, we achieved a rental uplift of 13.1% in net annualised rent escalation of £36.0 million across 136 assets, effective 1 April 2023.

In 2H 2023, we secured divestments of five vacant assets at an aggregate of 12.2% premium over valuation⁷ despite a challenging market, a testament to the underlying value of the properties. This is in addition to the dilapidation settlements negotiated with the outgoing tenants.

We also achieved lease renewals for another five years straight with no lease break option for both Bradmarsh Business Park, Rotherham and Phoenix House, Bradford, extending lease expiries to April 2028 and January 2029 respectively.

Notes:

1. Based on 90% payout ratio and the closing unit price of 28 pence on 29 December 2023.
2. 145 properties are on freehold tenures and five properties are on long leasehold tenures.
3. Known as full repairing and insuring leases, the responsibility for the repair of the external and internal parts as well as the structure of the property is placed with the tenant for occupied assets.
4. A majority of the leases are signed with the Secretary of State for Levelling Up, Housing and Communities, which is a Crown Body.
5. Gov.UK, Corporate report: DWP annual report and accounts 2022 to 2023, 7 August 2023.
6. As at 31 December 2023.
7. Based on the valuation as at 31 July 2023 for the five divestments.

I LETTER TO UNITHOLDERS FROM THE CHAIRMAN AND THE CEO

Strengthening Capital Structure

Amidst the uncertainties in the market, we took proactive steps to strengthen our capital structure. We successfully raised approximately £28.0 million via a fully underwritten Preferential Offering – our inaugural equity fundraising – which was launched in December 2023 and closed in January 2024. The fundraising was a key milestone in the Singapore-listed real estate investment trust landscape as the first Pound sterling-denominated follow-on fundraising on the Singapore Exchange. It was 121% oversubscribed, with strong backing from our Sponsors and substantial Unitholders, demonstrating their conviction in Elite REIT's long-term growth trajectory.

Strong Support from Sponsors and Substantial Unitholders

We are grateful for the strong show of commitment and support from our Sponsors – Elite Partners Holdings Pte. Ltd. and Sunway RE Capital Pte. Ltd. – as well as our substantial Unitholders – Ho Lee Group Trust⁸, Partner Reinsurance Asia Pte. Ltd., Partner Reinsurance Company Ltd. and Partner Reinsurance Europe SE, being key strategic investors of Elite REIT, who have each, subscribed for their total *pro rata* allotment of the Preferential Offering.

Through the Preferential Offering, Sunway RE Capital Pte. Ltd. became Elite REIT's second largest Unitholder, with its unitholding almost doubling from 5.8% to 11.2%.

Net gearing⁹ improved to 40.9%, taking in the effects of the Preferential Offering, expanding Elite REIT's debt headroom to £55.9 million¹⁰ for more flexibility to capitalise on opportunities going forward.

Securing Financial Flexibility

We are also pleased to share that we have secured new funding commitments of up to £135.0 million for the upcoming refinancing due in November 2024. The committed offer for the debt facilities was sourced from new lending relationships which would help to diversify Elite REIT's funding sources. This is a key achievement which will put Elite REIT on a strong footing as it takes strides forward in its refinancing plan. The credit facilities

are structured as term loan and revolving credit facilities, allowing Elite REIT to manage its working capital more efficiently.

Shaping a Sustainable Future

Creating greener spaces for our tenants and occupiers remains one of our commitments. Making a difference to the lives of the people who use our spaces, and the communities that we impact through our properties, is important to us. Through our pioneering landmark Sustainability Collaboration with the DWP, we are able to contribute back to society and the communities that our properties serve. Together with the DWP, we have jointly committed to co-invest towards improving energy efficiency of the buildings occupied by the DWP.

Works completed in FY2023 include the replacement of windows at Wyvern House, Bedford as well as replacement of boilers with new high-efficiency ones at Nutwood House, Canterbury and Bristol Road South, Birmingham.

We continue to work closely with the DWP and UK's Ministry of Defence on our ongoing Sustainability Collaboration, through regular engagements to better understand the needs of our occupiers in order to better serve them.

Upholding Strong Corporate Governance

We have made great progress in terms of our GRESB achievements. For the 2023 GRESB Top Public Disclosure, we have achieved a score of A86, which is an 18% improvement from Elite REIT's inaugural participation in 2022. As for the 2023 GRESB Real Estate Assessment, our score has improved by 42% from 2022 to a score of 54%, doing particularly well in the area of policies. In terms of strengths and opportunities, our scoring improved for 10 out of 14 metrics.

We are focused in our efforts in sustainability disclosure, winning the Gold award in the Asia's Best Sustainability Report (First Time) category at the 8th Asia Sustainability Reporting Awards. The recognition on our first foray into sustainability reporting serves as an encouragement for us to continue to strive towards higher levels of sustainability disclosure standards.

Notes:

8. Through Perpetual (Asia) Limited (in its capacity as trustee of Ho Lee Group Trust), as procured by Ho Lee Group Pte. Ltd. (a Sponsor).
9. Net gearing is calculated as aggregate debt less cash over total assets less cash. Aggregate leverage calculated according to the Property Funds Appendix would be 43.7%, including the effects of the £28 million Preferential Offering, and 50.0% as at 31 December 2023 respectively.
10. Based on gearing limit of 50%.

Elite REIT is one of the largest providers of real estate to the DWP and other UK Government departments for use as Jobcentre Plus and as government workspaces.

Additionally, we have also been awarded Certificates for Excellence in investor relations at the prestigious IR Magazine Awards – South East Asia 2023 as finalists in four award categories.

The Board continues to work with the Sustainability Committee as well as Sustainability Working Team to maintain and uphold disclosure transparency as we navigate the dynamic sustainability reporting landscape.

We continue to monitor progress of enhancement works to improve energy efficiency of our assets, through the partnership with the DWP. Following the success of the collaboration, we hope to expand the scope to cover future tenancy discussions.

On the gender diversity front, we have recently added a new Board member. This brings female representation at the Board level to 11.1%, progressing towards our goal of 30% minimum representation of each gender on the Board by 2029.

Maximising Value through Proactive Asset Management

We have solidified our capital structure through proactive capital management, amidst an uncertain economic environment. One of our key priorities in the coming year will be maximising value for the remaining vacant assets through re-letting, divestment for capital recycling or seeking planning consent for alternative uses.

The Manager has also commenced early dialogue with our tenants and occupiers to renew and extend leases beyond the 2028 lease maturities. Elite REIT is one of the largest providers of real estate to the DWP and other UK Government departments for use as Jobcentre Plus and essential government workspaces.

Acknowledgements

On behalf of the Board of Directors and the Management team, we would like to thank our valued stakeholders, namely our tenants, occupiers, Unitholders, Sponsors, lenders, trustee, capital and business partners, for their unwavering support and faith in us. We would also like to extend our appreciation to our Board members for their vision, stewardship and invaluable advice throughout the year.

We extend our sincere gratitude to our Board members, Mr Evan Cheah and Dr Tan Kok Heng, for their contributions and guidance during their term of service since the initial public offering of Elite REIT. We welcome Ms Sarena Cheah who joined us as a Non-Independent Non-Executive Director on 1 January 2024, replacing Mr Cheah, as part of Board renewal and succession planning.

We are confident that Ms Cheah's extensive industry experience, knowledge and expertise will offer a diversity of views and perspectives, augmenting the strength of the Board.

Additional message from the Chairman:

On behalf of the Board of Directors, I would like to warmly welcome Mr Joshua Liaw, who assumed the role of Chief Executive Officer on 17 June 2023. Mr Liaw brings with him a wealth of experience in commercial real estate through his previous roles in banking and real estate investment trust.

Together with Mr Liaw, we extend our warm welcome to Mr Michael Tong, who joined us as the Chief Financial Officer on 23 November 2023. Mr Tong brings with him extensive experience in real estate and accounting, as well as financial reporting, planning and analysis.

We are confident that the leadership renewal would continue to build on the foundation that we have laid since inception. With fresh insights, renewed vigour and a strategic focus towards a sustainable future for Elite REIT, we aim to continue delivering value and long-term returns to our Unitholders. Last but not least, we would like to express our sincere gratitude to the Management and our employees for their dedication, passion and commitment, for without them, we would not have been able to achieve these milestones and so much more. 2024 is going to be exciting and we look forward to your continued support as we continue to deliver on our promises, building purpose and scaling value for all our stakeholders.

David Lim

Chairman and Independent Non-Executive Director

Joshua Liaw

Chief Executive Officer

I BOARD OF DIRECTORS

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



David Lim Teck Leong
**CHAIRMAN AND INDEPENDENT
 NON-EXECUTIVE DIRECTOR**

Sustainability Committee (Chairman)
 Audit and Risk Committee (Member)
 Nominating and Remuneration
 Committee (Member)

Date of first appointment as a Director:
 8 January 2020

**Length of service as a Director
 (as at 31 December 2023):**
 3 Years 11 Months

Academic and professional qualifications:

- Bachelor of Laws, King's College London
- Barrister-at-Law, Gray's Inn, London (1981)

Present other principal commitments:

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

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

- G.K. Goh Holdings Limited (now known as G.K. Goh Holdings Pte. Ltd.) (Independent and Non-Executive Director)

Background and working experience:

Mr Lim is the founder and Managing Partner of David Lim & Partners LLP and has been the Managing Partner since 1990. Mr Lim began his career at Rodyk & Davidson (now known as Dentons Rodyk & Davidson LLP) in 1982 with a focus in commercial litigation, corporate finance, restructuring, and mergers and acquisitions up till 1989. He has represented multiple multinational corporations and corporations from a myriad of sectors including finance and banking, fund management, private equity, oil and gas, logistics, healthcare, construction, information technology and telecommunications, property development, hospitality and shipping.

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



Tan Huay Lim

INDEPENDENT NON-EXECUTIVE DIRECTOR

Audit and Risk Committee (Chairman)

Date of first appointment as a Director:

8 January 2020

Length of service as a Director (as at 31 December 2023):

3 Years 11 Months

Academic and professional qualifications:

- Bachelor of Commerce (Accountancy), Nanyang University, Singapore
- Fellow Chartered Accountant of Singapore, the Institute of Singapore Chartered Accountants
- Fellow Chartered Certified Accountant, the Association of Chartered Certified Accountants (United Kingdom)
- Fellow Certified Practising Accountant, the Certified Practising Accountants (Australia)

Present other directorships (listed companies):

- OUE REIT Management Pte. Ltd. (the Manager of OUE Real Estate Investment Trust) (Independent Non-Executive Director)
- Dasin Retail Trust Management Pte. Ltd. (the Trustee-Manager of Dasin Retail Trust) (Independent Non-Executive Director)
- Linklogis Inc. (listed on The Stock Exchange of Hong Kong Limited) (Independent Non-Executive Director)
- SF REIT Asset Management Limited (the Manager of SF Real Estate Investment Trust) (listed on The Stock Exchange of Hong Kong Limited) (Independent Non-Executive Director)
- Sheng Siong Group Ltd. (Independent Non-Executive Director)

Present other principal commitments:

- Suzhou Guyu Dingruo Equity Investment Partnership (Limited Partnership) (Member of Investment Committee)

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

- ASL Marine Holdings Limited
- Koufu Group Pte. Ltd. (formerly known as Koufu Group Limited)
- Zheneng Jinjiang Environment Holding Company Limited

Background and working experience:

Mr Tan has over 40 years of experience in audit, accounting and finance. He served as a partner at KPMG LLP Singapore for 23 years until his retirement in September 2015. Mr Tan has extensive experience in auditing companies in a wide range of industries. He was a Banking Partner involved in the audit of financial institutions and was involved in a number of initial public offerings as well as merger and acquisition transactions during his tenure with KPMG. Mr Tan was the Singapore Head of KPMG Global China Practice from September 2010 to September 2015.



Koo Tsai Kee

INDEPENDENT NON-EXECUTIVE DIRECTOR

Nominating and Remuneration Committee (Chairman)
Audit and Risk Committee (Member)

Date of first appointment as a Director:

8 January 2020

Length of service as a Director (as at 31 December 2023):

3 Years 11 Months

Academic and professional qualifications:

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

Present other directorships (listed companies):

- Nil

Present other principal commitments:

- Nil

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

- Nil

Background and working experience:

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

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

I BOARD OF DIRECTORS



Nicholas David Ashmore
INDEPENDENT NON-EXECUTIVE DIRECTOR

Date of first appointment as a Director:
8 January 2020

**Length of service as a Director
(as at 31 December 2023):**
3 Years 11 Months

Academic and professional qualifications:

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

Present other directorships (listed companies):

- Nil

Present other principal commitments:

- Ratho Consulting Ltd. (Founder and Executive Director)
- Equilibrium Gulf Ltd. (Executive Director)

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

- Nil

Background and working experience:

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

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



Yezdi Phiroze Chinoy
INDEPENDENT NON-EXECUTIVE DIRECTOR

Sustainability Committee (Member)
Strategic Planning Committee (Member)

Date of first appointment as a Director:
1 July 2021

**Length of service as a Director
(as at 31 December 2023):**
2 Years 6 Months

Academic and professional qualifications:

- Bachelor of Commerce and a Bachelor of Laws, University of Mumbai
- The Institute of Company Secretaries of India and The Chartered Governance Institute UK & Ireland
- International Compliance Association
- Certified Anti-Money Laundering Specialist
- Financial Industry Certified Professional
- Senior Accredited Director (Singapore Institute of Directors)

Present other directorships (listed companies):

- Nil

Present other principal commitments:

- Nil

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

- Nil

Background and working experience:

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

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



Tan Hai Peng Micheal
NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

Strategic Planning Committee (Chairman)
Nominating and Remuneration
Committee (Member)

Date of first appointment as a Director:

8 January 2020

**Length of service as a Director
(as at 31 December 2023):**

3 Years 11 Months

Academic and professional qualifications:

- Bachelor of Science in Computer Engineering (Highest Hon.), Florida Institute of Technology, United States
- Master of Business Administration (for Senior Executives), National University of Singapore

Present other directorships (listed companies):

- Marco Polo Marine Limited (Independent Non-Executive Chairman)

Present other principal commitments:

- Elite Partners Capital Pte. Ltd. ("EPC") (Executive Chairman)
- Elite Partners Holdings Pte. Ltd. (Non-Executive Director)
- Ho Lee Group Pte. Ltd. (Executive Director)
- Teck Lee Holdings Pte. Ltd. (Executive Director)
- TPSC Asia Pte. Ltd. (Managing Director)

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

- Nil

Background and working experience:

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

Awards:

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



Victor Song Chern Chean
NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

Strategic Planning Committee (Member)

Date of first appointment as a Director:

2 August 2019

**Length of service as a Director
(as at 31 December 2023):**

4 Years 4 Months

Academic and professional qualifications:

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

Present other directorships (listed companies):

- Nil

Present other principal commitments:

- Elite Partners Holdings Pte. Ltd. ("EPH") (Executive Director)
- Elite Partners Capital Pte. Ltd. ("EPC") (Managing Director)

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

- Nil

Background and working experience:

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

I BOARD OF DIRECTORS



Tan Dah Ching
NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

Date of first appointment as a Director:
2 August 2019

**Length of service as a Director
(as at 31 December 2023):**
4 Years 4 Months

Academic and professional qualifications:

- Bachelor of Engineering (Chemical Engineering), National University of Singapore

Present other directorships (listed companies):

- TSH Corporation Limited (listed on the SGX Catalist Board) (Independent and Non-Executive Director)

Present other principal commitments:

- Jin Leng Investments Pte. Ltd. (Executive Director)

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

- Nil

Background and working experience:

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



Sarena Cheah Yean Tih
NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

Strategic Planning Committee (Member)
Sustainability Committee (Member)

Date of first appointment as a Director:
1 January 2024

**Length of service as a Director
(as at 31 December 2023):**
Not applicable

Academic and professional qualifications:

- Fellow member of the Australian Society of Certified Practising Accountants
- Master's in Business Administration, Melbourne Business School
- Bachelor of Commerce (Accounting and Finance), University of Western Australia
- Capital Markets Services Representative's License holder

Present other directorships (listed companies):

- Sunway Berhad
- Sunway REIT Management Sdn. Bhd. (the Manager of Sunway REIT) (Non-Independent Non-Executive Director)

Present other principal commitments:

- Sunway Developments Pte. Ltd.
- Sunway Integrated Properties Sdn. Bhd.

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

- Nil

Background and working experience:

Ms Sarena Cheah started her career with the Sunway Group since 1995 and served under various roles in the Corporate Finance, Internal Audit and Business Development departments. In 2006, she was made General Manager for Sales & Marketing of the Group's Property Development division before assuming the position of Director of Strategy & Corporate Development in 2009, during which she oversaw the successful merger and integration of Sunway Holdings Berhad and Sunway City Berhad.

In 2010 and 2011, Sarena was instrumental in the listing of Sunway REIT on Bursa Malaysia as well as the establishment and launch of Jeffrey Cheah Foundation, Malaysia's first and largest education-focused social enterprise. In May 2013, she was appointed as Joint Managing Director of Property Development Division, Malaysia/Singapore and subsequently took on her current position as Managing Director of the overall Property Division for Sunway in May 2015.

She is a member of the Board of Sunway Berhad, Sunway REIT Management Sdn. Bhd., and Elite Commercial REIT Management Pte. Ltd.. She is also a member of the National Committee of Real Estate and Housing Developers Association Malaysia ("REHDA") and a Trustee of Yayasan Raja Muda Selangor ("YRMS"). She was previously a director on the Board of Institute of Corporate Directors Malaysia as well as Bank of America (Malaysia).



Evan Cheah Yeap Shin
NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

Date of first appointment as a Director:

8 January 2020

Date of cessation as a Director:

1 January 2024

**Length of service as a Director
(as at 31 December 2023):**

3 Years 11 Months

Academic and professional qualifications:

- Bachelor's Degree in Commerce and a Bachelor's Degree in Business Systems from Monash University
- Chartered Financial Analyst Charterholder
- Certified Practising Accountants, Australia (Fellow)
- Malaysian Institute of Accountants (Member)

Present other directorships (listed companies):

- Sunway Construction Group Berhad (Non-Independent and Non-Executive Director)

Present other principal commitments:

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

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

- Nil

Background and working experience:

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



Tan Kok Heng
ALTERNATE DIRECTOR TO
EVAN CHEAH YEAP SHIN

Sustainability Committee (Member)
Strategic Planning Committee (Member)

Date of first appointment as an Alternate Director:

8 January 2020

Date of cessation as an Alternate Director:

1 January 2024

**Length of service as an Alternate Director
(as at 31 December 2023):**

3 Years 11 Months

Academic and professional qualifications:

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

Present other directorships (listed companies):

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

Present other principal commitments:

- Sunway RE Capital Pte. Ltd. (Executive Director and CEO)
- Sunway RE Capital Advisors (SG) Pte. Ltd. (Executive Director)

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

- Nil

Background and working experience:

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

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

MANAGEMENT TEAM

Joshua Liaw
CHIEF EXECUTIVE OFFICER



Mr Joshua Liaw was appointed the Chief Executive Officer of the Manager on 17 June 2023 and works with the Board to determine the strategy for Elite REIT and with the members of the management team to ensure that Elite REIT operates in accordance with the Manager's investment strategy.

Mr Liaw has close to two decades of experience in real estate finance and fund management across the banking and real estate investment trust management sectors.

Prior to his present appointment, Mr Liaw was Executive General Manager, Finance at the manager of Lendlease Global Commercial REIT (Lendlease REIT), where he led Lendlease REIT's investment and capital management strategy as the Chief Financial Officer. Mr Liaw was part of the team that oversaw the initial public offering of Lendlease REIT in 2019 and the transformational acquisition of Jem in 2022.

His other past roles with Lendlease include General Manager, Finance, Singapore, where he was responsible for the overall finance functions across Lendlease's operations in Singapore, as well as Head of Treasury, Asia, where he was responsible for all debt capital management and treasury activities for Lendlease across Asia.

Mr Liaw started his career in banking, where he held various roles in Standard Chartered Bank and Citi covering real estate funds, sovereign wealth funds, real estate investment trusts and corporate developer clients.

Mr Liaw holds a Bachelor of Science in Economics (Summa cum Laude) from the Singapore Management University and a Bachelor of Business (Transport & Logistics Management) with Distinction from the Royal Melbourne Institute of Technology.

Michael Tong
CHIEF FINANCIAL OFFICER



Mr Michael Tong was appointed the Chief Financial Officer of the Manager on 23 November 2023 and works with the Chief Executive Officer and the other members of the management team to formulate strategic plans for Elite REIT, in accordance with the Manager's stated investment strategy.

Mr Tong has more than 10 years of experience in financial reporting, financial planning and analysis, project finance, consolidation, taxation, and compliance.

Prior to joining Elite REIT, Mr Tong was employed with Lendlease and was the General Manager Finance, Asia, where his core responsibilities included regional reporting, financial accounting, compliance, annual budgeting, and quarterly forecasting. Prior to joining Lendlease in 2012, he was from PwC, where he was involved in the audit of Singapore-listed corporations and multinational companies across various industries including real estate and initial public offerings.

Mr Tong holds a Bachelor of Accountancy from Nanyang Technological University. He is a Chartered Accountant (Singapore) and a member of the Institute of Singapore Chartered Accountants.

Jonathan Edmunds

CHIEF INVESTMENT OFFICER



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

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

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

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

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

Earlier in his career, Mr Edmunds was an associate at Lazard, a Corporate Finance Advisory firm in the UK. He started off as an Associate of Deutsche Bank AG's Real Estate Debt Markets department. Mr Edmunds graduated from University of the West of England with a BA (Hons) Business Studies.

He also holds a Master of Arts in Property Valuation and Law from The City University in London, UK.

Chai Hung Yin

ASSISTANT VICE PRESIDENT, INVESTOR RELATIONS



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

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

Ms Chai has over 19 years of experience in investor relations, corporate communications and journalism. Prior to joining the Manager, she spent close to four years with YTL Starhill Global REIT Management Limited, the manager of Starhill Global Real Estate Investment Trust, as the Assistant Vice President of Investor Relations and Corporate Communications. During her tenure there, Ms Chai played a key role in external and internal communications as well as the process of developing the sustainability reporting framework for Elite REIT.

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

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

STRATEGY AND VALUE CREATION

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

Our Key Competitive Strengths



Capital Management

- Prudent and proactive capital management
- Pound sterling-denominated
- Tax efficient structure
- Backed by AA-rated sovereign credit strength
- Government-backed cashflow
- Naturally hedged with assets, debts and distributions denominated in Pound sterling

Manager

- Manager with experienced team, with proven track record in REIT, real estate fund management, asset management and portfolio management
- Strong support by Sponsors and substantial unitholders, with substantial ownership of 43.0% in Elite REIT
- Strong alignment with all unitholders with fee structure that is strongly aligned to distributable income and DPU growth

Asset Management

- Over 99% of leases signed directly with the UK Government
- 100% freehold and long leasehold assets
- Strategically located in town centres, near amenities and transportation nodes
- Resilient tenant DWP
- Triple net leases¹

Key Highlights of FY2023

Successful £28 million Equity Fund Raising ("EFR")

- Launched in December 2023 and first EFR to be completed in 2024
- First Pound sterling-denominated follow-on EFR on the SGX
- 121%** Subscribed
- 89%** Backed by Sponsors and substantial unitholders

Completed Lease Re-gearing

- Executed lease term extensions or lease break removals
- Partnership with tenant to co-invest in energy-efficient and sustainable features
- 13.1%** Rental escalation achieved across 136 assets in the portfolio

Recycled Gross Proceeds

- Recycled capital through divestment of vacant assets to unlock value
- Agreed dilapidation settlements
- Divestment value completed at **12.2%** above valuation²

Notes:

1. Known as full repairing and insuring leases, the responsibility for the repair of the external and internal parts as well as the structure of the property is placed with the tenant for occupied assets.
2. Based on the valuation as at 31 July 2023 for the five divestments.

Near-term Key Priorities

Management's focus areas in the near-term



Proactive Asset Management and Future-proof Our Assets

- Seek planning consent for 'highest and optimal use' for assets with viable alternative uses
- Focus on high-value assets to unlock value and increase portfolio base
- Diversify lease expiry profile and proactively extend leases ahead of expiries
- Expand landmark sustainability collaboration project to more properties
- Improve energy performance certificate ratings



Capital Management

- Reduce gearing through capital recycling and proactive asset management
- Diversify funding sources by expanding financier relationships and accessing new sources of capital
- Opportunistic divestments to fund asset enhancement and manage gearing



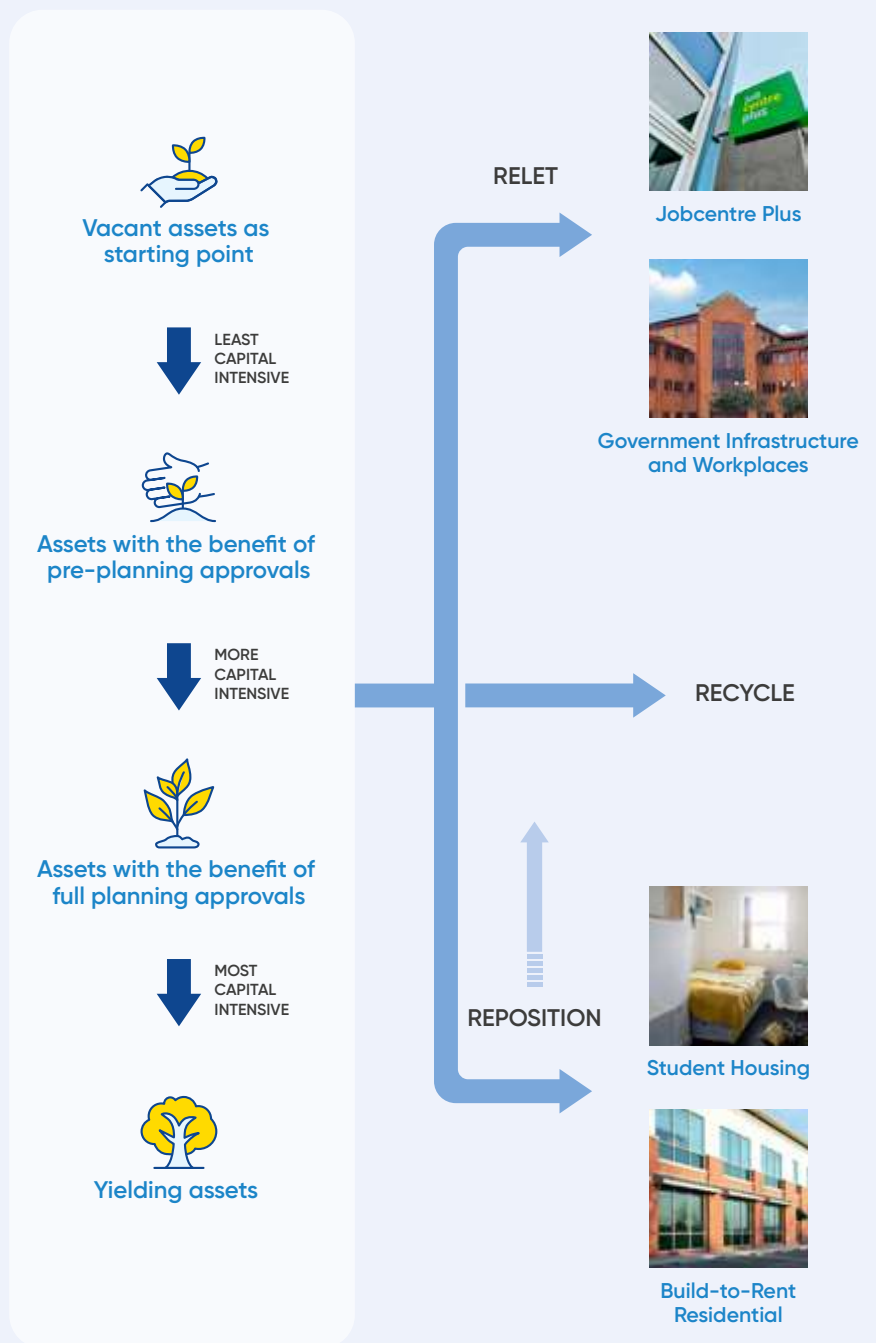
Improve Trading Liquidity

- Broaden research analyst and media coverage
- Step up investor engagements through regular investor roadshows and participation in conferences
- Improve liquidity via a larger asset base as Elite REIT grows in the future

Future Plans

Asset Repositioning Strategy

Vacant assets may be relet, repositioned or recycled



KEY MILESTONES

Lease renewal

for St Katherine's House, Northampton with **12%** rental uplift, providing income visibility for five more years



DPU grew **6.4%** q-o-q in 1H 2023 to 1.94 pence

Research Report Initiation: FPA Financial initiated research report coverage on Elite REIT with a "BUY" call and target price of **£0.37**

Maybank Research issued site visit report

Stable cashflow

100% of rental collected three months in advance

Feb 2023

Apr

May

Jun

Jul

Aug

Sep

Oct

Elite REIT wins **Gold Award** in the **Asia's Best Sustainability Report** (First Time) Category at the 8th Asia Sustainability Reporting Awards



Elite REIT wins **Gold Award** under the Print Media/Publications (Annual Report) category at the international 17th **Hermes Creative Awards 2023** for its Annual Report 2022



UK Site Visit: Hosted equity research analysts on an inaugural site visit to the unique assets in Elite REIT's portfolio, which serves as **crucial social infrastructure to the UK Government**



Robust Rental Uplift: Net annualised rent escalation of **13.1%** for 136 assets

Leadership Renewal: **Mr Joshua Liaw** assumes the role of Chief Executive Officer of the Manager

UOB Kay Hian issued site visit report

Lease Renewal of 5 years for

Bradmarsh Business Park,
Rotherham²



Phoenix House,
Bradford³



Strategic Capital Recycling:

An aggregate of five vacant assets were

divested at 12.2% above valuation¹

despite a challenging market

9M 2023 revenue rose by

2.0% y-o-y

Research Report Initiation:

Phillip Securities Research (Singapore) initiated research report coverage on Elite REIT with a "BUY" call and target price of **£0.36**

Leadership Renewal:

Mr Michael Tong assumes the role of Chief Financial Officer of the Manager

Oversubscribed:

Preferential offering was successfully completed and oversubscribed with

121% subscription rate

Successfully raised

£28 million

to solidify capital structure



Shortlisted as a finalist for the

FutureCFO Excellence Awards 2024

under the category of Business Leadership Awards:

Sustainable Environmental, Social and Governance

SUNWAY*

Sunway RE Capital becomes Elite REIT's second largest unitholder, with its unitholding almost doubling at

11.2%, up from 5.8%

Nov

Dec

Jan 2024

Feb

Mar



Awarded Certificates for Excellence in Investor Relations as finalists in four award categories at the prestigious

IR Magazine Awards 2023 – South East Asia

- Best Annual Report (Small Cap)
- Best ESG Reporting (Small Cap)
- Best Innovation in Shareholder Communications
- Best Investor Relations Officer (Small Cap)

£135 million

funding secured for refinancing from new lending relationships to diversify funding sources with support from Elite REIT's sponsors

Strategic Fundraising:

Launched Elite REIT's first equity fundraising, strongly backed by its Sponsors and strategic Unitholders; Also the

first Pound sterling-denominated fundraising for a REIT in Singapore

Board Renewal:

Ms Sarena Cheah was appointed as a Non-Independent Non-Executive Director, from 1 January 2024, introducing gender diversity at the Board level

Notes:

1. Based on the valuation as at 31 July 2023 for the five divestments.
2. The renewal of the lease was for another five years straight with no lease break option, which commenced in 2023 and will mature in April 2028.
3. The lease for Phoenix House, Bradford which expired in December 2023 was subsequently renewed in January 2024 for another five years.

Solidifying Capital Structure

The successful conclusion of our Preferred Offering enabled us to lower gearing ratio and solidify our capital structure, underscoring our prudent capital management and risk mitigation efforts.



AU G M



Improved Gearing

Net gearing¹ ratio of

40.9%

as at 31 December 2023



Naturally Hedged Against Forex Fluctuation

Assets, debts and distributions are all denominated in

Pound sterling



Successful £28 million Equity Fund Raising

Launched in December 2023 and **first EFR to be completed in 2024**

1st Pound sterling-denominated follow-on EFR on the SGX

121%
subscribed

89%
backed by Sponsors and substantial Unitholders

Note:

1. Net gearing is calculated as aggregate debt less cash over total assets less cash. Aggregate Leverage calculated as per the Property Funds Appendix would be 43.7% including the effects of the £28 million Preferential Offering and 50.0% as at 31 December 2023 respectively.

FINANCIAL REVIEW

Revenue was £37.6 million in FY2023, an increase of 1.5% from £37.1 million in FY2022 primarily due to the 13.1% inflation-linked rent escalations for 136 assets effective 1 April 2023, partially offset by the effect of straight-line rent adjustments of £0.3 million. Net property income was £41.4 million in FY2023, 15.7% higher compared to £35.7 million in FY2022.

The Manager's management fee was 21.9% lower at £1.8 million in FY2023, largely attributed to Elite REIT's decline in distributable income. The Manager's management fee relates to the base fee which, as defined in the Trust Deed, is calculated based on 10% of the annual distributable income.

Net finance costs were £11.9 million, 60.8% higher compared with £7.4 million in FY2022. This was mainly driven by the increase in Sterling Overnight Index Average ("SONIA") over the course of the financial year.

In FY2023, Elite REIT's distributable income to Unitholders stood at £18.0 million and Distribution per Unit ("DPU") of 3.42 pence¹. Based on Elite REIT's closing unit price of 28.0 pence², it translates to a distribution yield³ of 11.0%.

The market values of the investment properties as at 31 December 2023 were based on independent professional valuations undertaken by CBRE Limited. A decrease in fair value of investment properties of £47.8 million was recorded in FY2023. The decline is mainly attributed to widely reported market factors including the impact of rising interest rates on financing cost, which has resulted in weaker demand for real estate investment and declining transaction volumes. The impact of rising construction costs on refurbishment and redevelopment projects has caused values for vacant and vacating assets to be impacted as well.

Tax expense was £0.8 million in FY2023. The decrease in tax expenses in FY2023 when compared to FY2022 was mainly attributed to the reversal of deferred tax liabilities recognised on the fair value gains for certain properties, upon a decrease in the fair value of investment properties in FY2023. The lower tax expenses are also in line with the lower mandatory distributable income from the property rental business of the subsidiaries.

Non-cash items such as deferred tax credit, net fair value changes on investment properties and financial derivative, and net proceeds from dilapidation settlements which were used to repay bank loans, have been adjusted in arriving at the distributable income for FY2023.



Duchy House, Preston

Notes:

1. Based on 100% payout ratio. At 90% payout ratio, the DPU in respect of FY2023 is 3.07 pence.
2. As at 29 December 2023.
3. Based on DPU at 90% payout ratio, i.e. 3.07 pence.

Statement of Comprehensive Income	Year ended 31 Dec 2023 £'000	Year ended 31 Dec 2022 £'000	Variance Favourable/ (unfavourable) %
Revenue	37,637	37,075	1.5
Other property income	7,569	-	n.m.
Property operating expenses	(3,842)	(1,334)	(188.0)
Net property income	41,364	35,741	15.7
Manager's management fee	(1,804)	(2,310)	21.9
Trustee's fee	(109)	(106)	(2.8)
Other trust expenses	(1,205)	(1,373)	12.2
Finance income	431	-	n.m.
Finance costs	(12,356)	(7,417)	(66.6)
Net finance costs	(11,925)	(7,417)	(60.8)
Gain on disposal of investment properties	124	-	n.m.
Net change in fair value of investment properties	(47,827)	(41,372)	(15.6)
Loss before tax	(21,382)	(16,837)	(27.0)
Tax expense	(788)	(1,495)	47.3
Loss for the year	(22,170)	(18,332)	(20.9)
Income available for distribution to Unitholders	18,043	23,096	(21.9)
Distribution per Unit¹ (pence)	3.42	4.81	(28.9)



Tomlinson House, Blackpool Norcross Lane

Note:

¹ Based on 100% payout ratio. At 90% payout ratio, the DPU in respect of FY2023 is 3.07 pence.

CAPITAL MANAGEMENT

Elite REIT’s primary objective is to create long-term value for Unitholders while maintaining a strong financial position and optimising capital structure.



In FY2023, the Manager has assessed the level of diversification of Elite REIT’s sources of debt financing and have decided to access the capital markets to optimise gearing levels, putting Elite REIT in a strong position for its various capital management initiatives.

FY2023 continued to be a year fraught with global and domestic macroeconomic volatility. Despite this backdrop of uncertainties, Elite REIT’s financial position withstood the headwinds, and coupled with proactive and sound capital management by the Manager, Elite REIT emerged resilient, as shown in the key financial indicators below.

Key Financial Indicators	As at 31 Dec 2023
Total Gross Borrowings (£ million)	221.3
Total Assets (£ million)	444.0
Aggregate Leverage ¹ (%)	50.0
Net gearing ratio ² (%)	47.5
Interest Coverage (times)	3.1x
Weighted Average Debt Maturity (years)	1.0
Proportion of Interest Rate Fixed (%)	63.0
Borrowing Cost (%)	5.2
Proportion of Unencumbered Assets ³ (%)	62.1

Executing Capital Management Strategy

Throughout FY2023, Elite REIT strategically utilised proceeds from various sources to support its capital management objectives:



In 2Q 2023, proceeds from dilapidation settlements were primarily used to advance the ongoing asset management and capital management strategies.



In 2H 2023, gross proceeds were redeployed to repay loans, further optimising Elite REIT’s capital structure.



In December 2023, the Manager launched Elite REIT’s first equity fundraising (“EFR”), which was strongly backed by its Sponsors and strategic Unitholders. The £28 million Preferential Offering of 103,354,690 units at an issue price of £0.27 per unit was launched to further reduce gearing and strengthen Elite REIT’s financial position. It was the first Pound sterling-denominated fundraising for a Singapore-listed REIT and also the first follow-on EFR on the SGX.

Notes:

1. The Aggregate Leverage is computed by dividing Gross Borrowings by Total Assets net of carrying amount of lease liabilities of £1.2 million.
2. Net gearing is calculated as aggregate debt less cash over total assets less cash.
3. Based on valuations; unencumbered assets refer to properties without land mortgages.



Naturally hedged against foreign exchange fluctuations



Compliant with all debt facilities' financial covenants

66%

interest rate exposure fixed or hedged to fixed rates⁴

Optimising Capital Structure Profile

As of 31 December 2023, Elite REIT's total gross borrowings stood at £221.3 million, reflecting a slight decrease compared to the previous year. This decrease was primarily driven by the partial repayment of loan facilities totalling £12.1 million. However, it was partially offset by the drawdown of the £11.2 million green revolving credit facility utilised for the purpose of funding the Sustainability Collaboration with the DWP.

Elite REIT maintains a proactive approach to debt management by closely monitoring its debt maturity profile and implementing strategic refinancing plans to mitigate potential challenges. This proactive approach, coupled with a stable borrowing cost of 5.2% and a strong interest coverage ratio of 3.1 times as at 31 December 2023, ensures that Elite REIT is well-positioned to meet its debt obligations as they mature.

With an aggregate leverage of 50.0% as at 31 December 2023, Elite REIT ended the year within the regulatory limit of 50.0%⁷. At this aggregate leverage, Elite REIT has a debt headroom of about £0.1 million⁶. To solidify its capital structure and enhance financial flexibility, the Manager successfully raised £28 million through an equity fundraising ("EFR"), which was launched in December 2023 and was completed in January 2024 – the first EFR to be completed in 2024. The Preferential Offering was also the first Pound sterling-denominated follow-on EFR on SGX. The Preferential Offering was oversubscribed with a subscription rate of 121%, with strong backing by our Sponsors and substantial unitholders, demonstrating strong investor confidence in Elite REIT. With the completion of the EFR after year end which reduces the aggregate leverage⁴ to 43.7% and increases the debt headroom to £55.9 million^{4,6}, the Manager is of the view that the higher aggregate leverage will not have a material impact on the risk profile of Elite REIT. This is because the aggregate leverage⁴ of 43.7% is still within a manageable range in the short-term and the Manager will remain disciplined in managing the leverage profile of Elite REIT.

Notes:

- Including the effects of the £28 million Preferential Offering.
- Net gearing is calculated as aggregate debt less cash over total assets less cash. Aggregate Leverage calculated as per the Property Funds Appendix would be 43.7%, including the effects of the £28 million Preferential Offering and 50.0% as at 31 December 2023 respectively.
- Based on aggregate leverage of 50.0%.
- Based on Appendix 6 of the guidelines prescribed under the Property Fund Guidelines of the Code & Collective Investment Scheme issued by the Monetary Authority of Singapore.

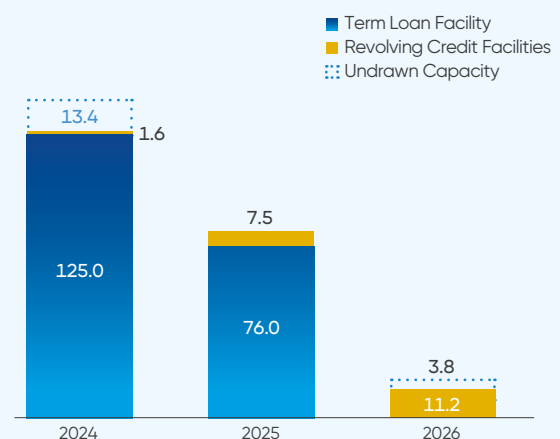
	Pro-forma ⁴ 31 Dec 2023	31 Dec 2023
Total Debt	£193.3	£221.3
Net Gearing Ratio ⁵	40.9%	47.5%
Borrowing Costs	5.1%	5.2%
Invest Coverage Ratio	3.1x	3.1x
Interest Rate Hedged / Fixed	66%	63%
Available Debt Headroom ⁶	£55.9m	£0.1m

As of 31 December 2023, Elite REIT's weighted average debt maturity was 1.0 year. A £125.0 million debt facility was scheduled to mature in November 2024. Demonstrating proactive debt management, the Manager proactively obtained committed offer from financial institutions for £135 million of credit facilities in March 2024. Structured as three-year term and revolving credit facilities, the credit facilities will provide Elite REIT with the ability to efficiently manage its working capital. The committed offer for the term loan and revolving credit facilities was secured through new lending relationships, with support from its Sponsors, to diversify funding sources. This successful refinancing mitigated the potential refinancing risk associated with the maturing facility.

Risk Management Strategies

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

Debt Maturity Profile (£ million)



ASSET MANAGEMENT

In FY2023, we continued to work on Elite REIT’s portfolio and financial resiliency through engaging tenants for lease re-gearing exercises, formulation of asset repositioning plans, as well as actively supporting tenants’ sustainability works. With a strengthened lease profile and growth trajectory, Elite REIT is well-placed to deliver sustainable value to Unitholders over the long term.

Optimising REIT Portfolio and Enhancing Financial Resiliency

Enhancing Financial Resiliency

In line with Elite REIT’s goal of enhancing financial resiliency, we continued to engage tenants actively throughout FY2023. As at 31 December 2023, we had successfully executed lease term extensions and secured rent escalations for 140 properties, representing 97.3% of total portfolio gross rental income¹ (“GRI”).

As a result, 96.6% of total portfolio GRI¹ will remain in place until March 2028, and another 0.7% until 2030 and beyond. This provides lease stability and income visibility on a large proportion of the portfolio.

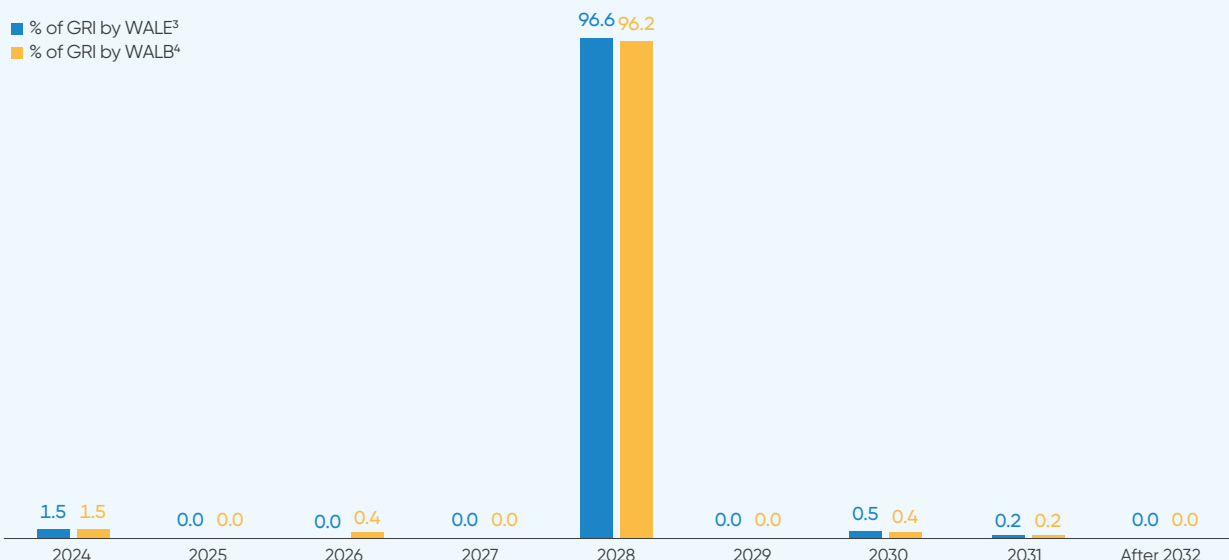
Built-in Inflation-linked Rental Escalation

On 1 April 2023, 136 Elite REIT properties occupied by the DWP and the Ministry of Defence were up for rent escalation review, pursuant to the built-in inflation-linked rental escalation clause in the lease agreements.

Based on the respective lease agreements, a total of 127 assets recorded rental uplift of 15.28% while another seven recorded 21.07% in rental escalation. The remaining two assets had a rent review based on open market rent. The revised rent per annum for all 136 Elite REIT properties effective 1 April 2023 amounted to £36.0 million, representing a net annualised rent escalation of 13.1% compared to the rent per annum as at 31 March 2023 of £31.8 million.

Optimised REIT Portfolio

Lease Expiry Profile as at 31 Dec 2023 (% of total portfolio rent)²



Notes:

1. Based on gross rental income as at 31 December 2023.
2. Small differences between the listed figures and total, arose from Phoenix House, Bradford which expired in December 2023 and was subsequently renewed in January 2024.
3. Percentage of GRI by WALE (Weighted Average Lease to Expiry) – Based on the final termination date of the lease agreement (assuming the tenant does not terminate the lease on the permissible break dates).
4. Percentage of GRI by WALB (Weighted Average Lease to Break) – Based on the next permissible break date at the tenant’s election or the expiry of the lease, whichever is earlier.

FY2023 PORTFOLIO HIGHLIGHTS



Number of Properties

150

FY2022: 155



Occupancy Rate

92.3%

FY2022: 97.9%



Portfolio Value

£412.5m

FY2022: £466.2 million



WALE

4.2 years

FY2022: 4.8 years



Net Internal Area

3.8m sq ft

FY2022: 3.9 million sq ft



Lease Profile

96.6%

of total portfolio GRI⁵ will remain in place until 2028

Proactive Asset Management Approach

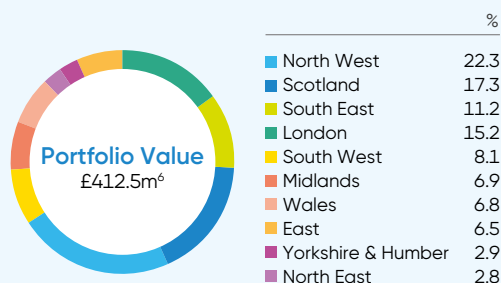
Proactive Tenant Engagement to Drive Sustainable Returns

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

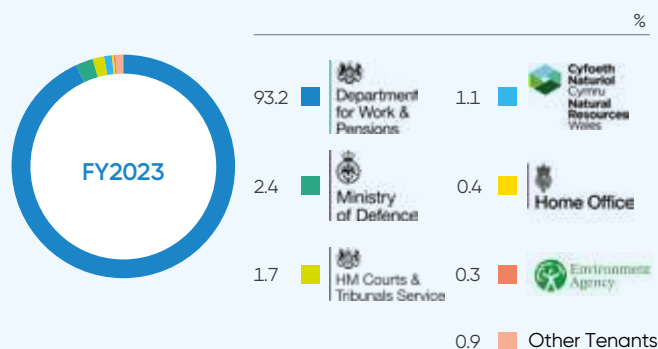
The DWP contributed 93.2% of total portfolio GRI⁵ and this strong tenant base enables consistent rental collection of ~100% a quarter in advance, providing additional income stability amidst the economic slowdown expected in 2024. This translates to stable income for Unitholders.

The DWP's social services remain an essential service to UK citizens as the DWP continued to support some 22.6 million claimants⁷.

Geographical Breakdown by Valuation⁶



Tenant Breakdown by Gross Rental Income⁵



Notes:

- Based on gross rental income as at 31 December 2023.
- Asset valuation as at 31 December 2023.
- Gov.UK, National statistics, DWP benefits statistics: August 2023, 15 August 2023.

I ASSET MANAGEMENT

As the UK Government's largest public service department responsible for crucial welfare, pensions and child maintenance services, the DWP dispensed a total of £230.5 billion in benefits and pensions in FY2022/23¹.

Growth in employment slowed over the year, and unemployment rate stood at 3.8% with a higher proportion of people economically inactive or long-term sick². In FY2024, the DWP will continue to protect the most vulnerable in society, with an added focus on innovative employment support to fill posts, fulfil potential and reduce economic inactivity which has risen from a historic low before the pandemic³. Correspondingly, Elite REIT will support the DWP's efforts by providing the infrastructure for delivery of vital support and services.

Proven Asset Management Expertise

Maintaining Portfolio Diversity

For FY2023, our portfolio remained diversified with 150 properties in key regions across the UK with an aggregate net internal area of 3.8 million sq ft. Our portfolio has a diversified geographical spread, with approximately 26.4% of it by value situated in London and the South East.

Our portfolio is primarily freehold with 145 properties or about 97% of our portfolio possessing freehold tenures, whilst the remaining 5 properties are on long leasehold tenures. More than 99% of Elite REIT's gross rental income is derived from the AA-credit rated UK Government. The leases are on a FRI basis, whereby the responsibility for the repair of the external and internal parts as well as the structure of the property is placed with the tenant for occupied assets. This mitigates the repair costs, operational costs and insuring liability for Elite REIT during the term of the lease.

The quality of our properties is underpinned by their robust leases, strong tenant profile, good location and primarily freehold tenures. Our portfolio of properties was valued at £412.5 million as at 31 December 2023 as compared to £466.2 million as at 31 December 2022.

The decline is mainly attributed to widely reported market factors, including the impact of consecutive interest rate hikes on financing cost, which has resulted in weaker demand for real estate investment and declining transaction volumes. Amid high inflationary pressures in FY2023, refurbishment and redevelopment projects were affected by rising construction costs and caused values for vacant and vacating assets to also be negatively impacted.

We will capitalise on the opportunity to further strengthen Elite REIT's portfolio. Assets that are vacant or earmarked selectively may be re-let for other uses, or repositioned or disposed with capital recycled back into the balance sheet. The focus will be on diversification, unlocking the highest value and increasing the portfolio base.

Strategic Asset Repositioning

Of the assets vacated in FY2023, we have identified several high-potential high-yield assets for strategic asset repositioning and the rest for disposition and capital recycling into the balance sheet, with priority given to those incurring hefty vacant holding costs. In FY2023, we completed the divestments of five assets, namely Openshaw Jobcentre, Manchester; Cardwell Place, Blackburn; Leeds Road, Bradford; John Street, Sunderland and Crown House, Burton on Trent.

We have renewed the lease at Bradmarsh Business Park, Rotherham for another five years, with no rent-free period and no lease break option, ensuring income certainty from this property up to April 2028. For the two leases expiring in FY2024, we have also commenced early dialogues with the tenant for lease renewal.

To ensure favourable outcomes, we actively formulate asset management strategies specific to each asset, with emphasis on maximising value outcomes and minimising holding costs. This involves consultations with our network of local advisors. We aim to strengthen our lease profile continually and consistently.

Notes:

1. Gov.UK, Corporate report, DWP annual report and accounts 2022 to 2023, 7 August 2023.
2. Office for National Statistics, Labour Market Overview, UK: February 2024, 13 February 2024.
3. Gov.UK, Corporate report, DWP annual report and accounts 2022 to 2023, Secretary of State's Foreword, 7 August 2023.

Divestments completed in FY2023

Valuation is based on income capitalisation method

No.	Property Name	Property address	Region	Purchaser	Divestment price	Value (based on 31 July 2023 valuation)	Completion Date
1	John Street, Sunderland	60-66 John Street, Sunderland, SR1 1QT	North East	S2 John Street Limited	£500,000	£500,000	2 Oct 2023
2	Openshaw Jobcentre, Manchester	Jobcentre Plus, Cornwall Street, Manchester, M11 2WR	North West	Land and Securities Limited	£615,000	£475,000	16 Aug 2023
3	Cardwell Place, Blackburn	33 Cardwell Place, Blackburn, Lancashire, BB2 1LG	North West	Acarder Limited	£600,000	£500,000	25 Aug 2023
4	Leeds Road, Bradford	373 Leeds Road, Bradford, BD3 9LT	Yorkshire & Humber	Leeds Road Investments Ltd	£895,000	£690,000	31 Aug 2023
5	Crown House, Burton On Trent	New Street, Burton On Trent, DE14 3SL	Midlands	ALB Burton Limited	£750,000	£830,000	1 Dec 2023

Future-readying Assets through Sustainability Ongoing Sustainability Collaboration with the DWP

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

We are aligned with the UK Government's national climate goals of achieving net zero carbon emissions by 2050 and have a mid-term target to achieve an Energy Performance Certificate ("EPC") rating of B or higher for our properties, which may have a positive impact on our portfolio given the increasing demand for net zero buildings⁴.

During the year, we made good progress in terms of sustainability enhancement works on various DWP-occupied properties in Elite REIT to optimise energy use. Some examples of planned and ongoing works include the replacement of gas- or oil-fuelled boilers with new high-efficiency or non-carbon-based heating systems, as well as window replacement.

Expanding Sustainability Collaboration with Other Occupiers

We remain committed towards a more energy efficient portfolio. In FY2023, we saw an upgrade in the EPC rating for Lindsay House, Dundee (C to B) and Units 1-2 Dallas Court, Salford (D to C).

Where possible, we are also inserting green lease clauses into new leases. We achieved success in the renewed leases of St Katherine's House, Northampton; Bradmarsh Business Park, Rotherham and Phoenix House, Bradford where specific green lease wordings were

included in the new lease, which facilitates the sharing of environmental data by our occupiers.

Supporting Tenants' Sustainability Works via Green Revolving Credit Facility

In FY2022, we secured our inaugural green revolving credit facility of £15.0 million, that was raised under Elite REIT's newly established Sustainable and Sustainability-Linked Finance Framework. To date, approximately £11.2 million⁵ has been drawn down to fund sustainability-related asset enhancement initiatives and eligible green projects for assets occupied by the DWP and MOD.

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

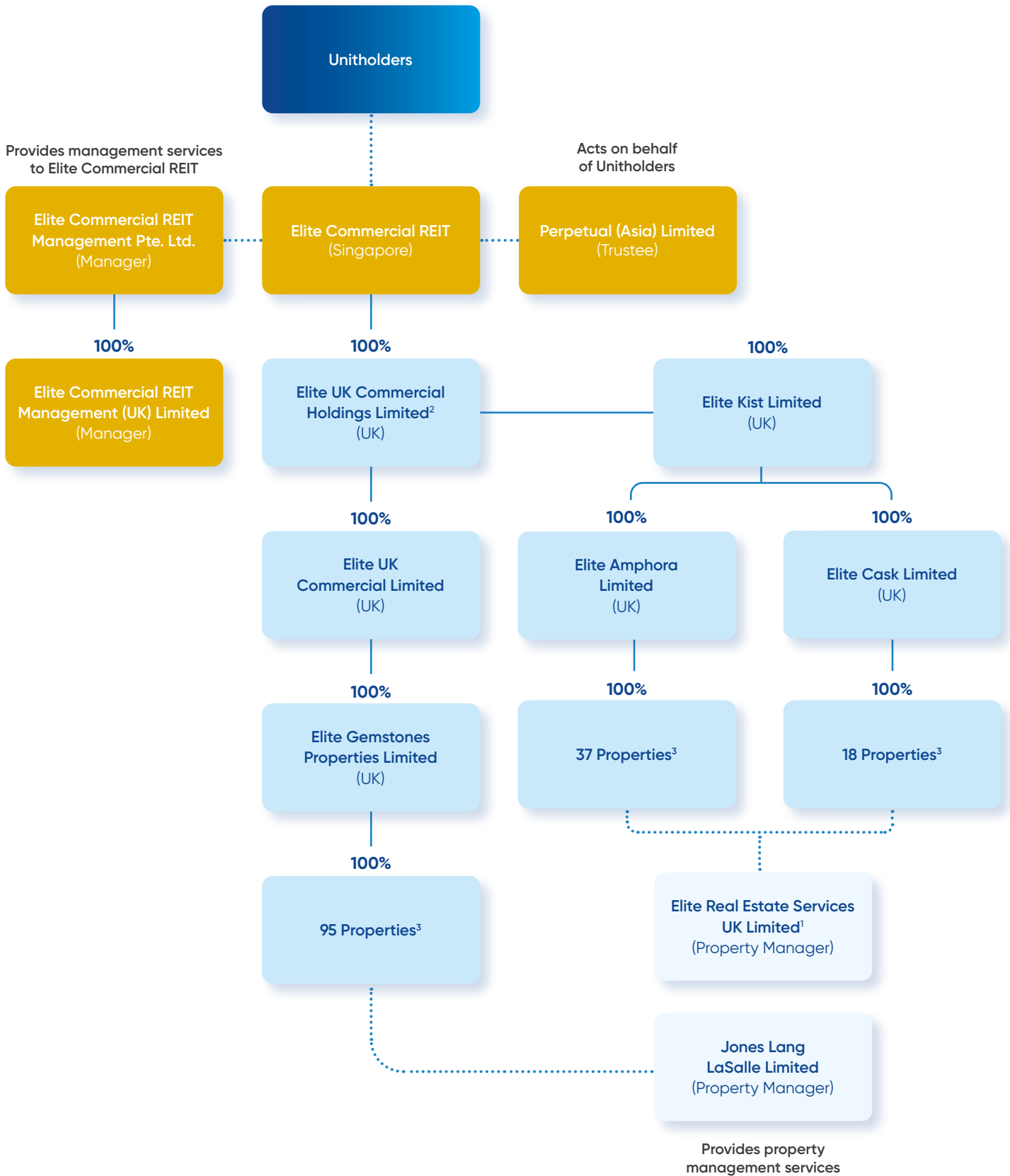
Inclusive of the aforementioned drawdown, Elite REIT has paid 75% or £11.1 million of the agreed Sustainability Contribution to the DWP for green works and sustainability-linked asset upgrades. The Sustainability Contribution concept was pioneered by Elite REIT, as a financial incentive for tenants to renew or extend their leases with us, used in place of rent-free periods. It achieves a win-win outcome, by improving EPC ratings for assets owned by us while affording the tenant a more ideal working environment.

Notes:

4. Colliers, Research & Economics: Forecasts for 2023.

5. 75% or £11.1 million of the agreed Sustainability Contribution to the DWP has been disbursed by Elite REIT.

REIT STRUCTURE



Notes:

1. Elite Real Estate Services UK Limited has been appointed Property Manager to Elite Amphora Limited and Elite Cask Limited.
2. Elite UK Commercial Investments Limited (UK), a wholly-owned subsidiary of Elite UK Commercial Holdings Limited was liquidated during the year.
3. As at 31 December FY2023.

I INVESTOR RELATIONS

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

Timely, Transparent Disclosures

The Manager is committed to keeping Unitholders and the investment community well-informed of key events, corporate developments and the performance of Elite Commercial REIT ("Elite REIT") as well as industry developments in the UK where its assets are located. Material information is released into the public domain in a timely and transparent manner, via SGXNET and Elite REIT's corporate website www.elitecreit.com, and in the form of SGX announcements, press releases, presentation slides, circulars, annual reports and sustainability reports. Elite REIT has published its third Sustainability Report 2023 together with this Annual Report 2023.

This enables easy access to the latest updates, information and corporate developments pertaining to Elite REIT for stakeholders. Elite REIT's corporate website is refreshed regularly, and viewers can subscribe to email alerts to receive Elite REIT's announcements in a prompt manner. Elite REIT also engages with Unitholders via yearly Annual General Meetings ("AGM") and ad-hoc Extraordinary General Meetings ("EGM"), when required.

In FY2023, the Manager held its AGM on 25 April 2023 – its first physical AGM since listing, allowing face-to-face interactions and engagements between Unitholders and the Board of Directors and the Management team.

Proactive Communication with Investors

The Manager values investors as fundamental stakeholders of Elite REIT, and views ongoing investor engagement as an essential avenue to strengthening ties while providing a greater understanding of Elite REIT's performance and future growth strategies.

Following the lifting of Covid-19 pandemic restrictions, the Manager has intensified its efforts to meet the various stakeholders in-person for better engagements, communication and understanding of topics of interest.

In FY2023, the Manager has organised and participated in more than 60 engagement sessions in post-results and business updates briefings, group virtual conferences, one-on-one meetings, non-deal roadshows, investor webinars, conferences and public outreach events, reaching out to existing and potential investors, research analysts, trading representatives, the media, financial bloggers and members of the public.

Engaging with Stakeholders Media Interviews



CEO Joshua Liaw went on a radio interview with MoneyFM 89.3

The Manager engaged in media interviews, such as CEO interview with The Edge Singapore for a feature article. Our CEO Joshua Liaw also went on a radio interview with MoneyFM 89.3's The Breakfast Show with Lynlee Foo and Ryan Huang to share the latest developments of Elite REIT and views on the real estate market in general.

Social Media

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



Refer to LinkedIn:

<https://sg.linkedin.com/company/elitecreit>

I INVESTOR RELATIONS

Engaging with Stakeholders Public Investor Events



The Manager participated in the SIAS-SGX Corporate Connect investor webinar

The Manager also participated in public investment events such as the REIT Symposium 2023, jointly organised by Shareinvestor, InvestingNote and the REIT Association of Singapore ("REITAS"), by having presence in the form of an exhibition booth and as a panelist on a panel discussion during the event.

The Manager also collaborated with the Securities Investors Association (Singapore) ("SIAS") to hold investor webinar SIAS-SGX Corporate Connect, to reach out to existing and new investors.

Collaborations with Brokerages

The Manager has been intensifying its public outreach by participating in and collaborating on numerous webinars organised for trading representatives and retail investors, hosted by brokerages such as UOB Kay Hian, CGS International (formerly known as CGS-CIMB), Phillip Securities and Maybank Securities Singapore with robust engagement and interest from the audience.

Information Spreadsheet

As the Manager of a substantial portfolio of 150 properties, we understand the needs of equity research analysts and the effort needed to include Elite REIT in their research coverage. We have initiated the uploading of historical performance data in excel format on our corporate website for transparency and consistency of information disclosure. The intention is to upload the information regularly in tandem with our financial results moving forward.

Site Visits



For the first time since listing, equity research analysts were able to visit the assets in Elite REIT's portfolio of mostly social infrastructure. During the UK site visit, the Management team and the equity research analysts experienced first-hand how the buildings in the portfolio are being utilised by the occupiers to enable them to serve the local communities where they are located. The group had the privilege of speaking directly with centre managers who shared the work they do and how that makes a difference to the communities. The insights gained proved valuable in being able to appraise the value that these properties bring to the communities they serve. The group was also given insights into the latest macroeconomic and real estate market environment and outlook by the relevant experts such as economists and valuers.

The Manager also hosted independent directors and Trustee for site visits in the UK, where the groups also gleaned insights into the properties in the portfolio.

Non-Deal Roadshows

The Manager organised various roadshows in partnership with banks over the course of FY2023, building on the relationship with current investors based in Southeast Asia, as well as building new connections. The Manager held investor meetings post-1H 2023 results in Singapore, Kuala Lumpur, and Bangkok.

The Manager also hosted a group of South Korean equity research analysts on a visit to the Manager's Singapore office, where the Manager provided an overview of Elite REIT and addressed questions from the analysts for better insights into Elite REIT. The reverse NDR for Singapore REITs were jointly organised by SGX and NH Investment & Securities, one of the largest securities firms in South Korea.

Research Coverage

Elite REIT continues to be actively covered by research houses namely CGS-CIMB Research and DBS Research Group. In FY2023, the Manager added two research coverage on Elite REIT. Phillip Securities initiated coverage with a BUY call and a target price of £0.36, while boutique investment house FPA Financials initiated coverage with a BUY call and a target price of £0.37. UOB Kay Hian and Maybank Research issued site visit reports following the UK site visit.

The Manager continues to engage other non-covering brokerages and research houses to enhance their understanding of Elite REIT's unique investment proposition as social infrastructure. The Manager also gathers feedback regularly from the various stakeholders on the topics of interest regarding Elite REIT and to better understand the concerns and views that they may have.

As a member of REITAS and SGX SGListCos, an association representing companies listed on the Mainboard and Catalist of Singapore Exchange ("SGX"), the Manager endeavours to build stronger relations and awareness amongst the investment community via thought leadership.

Awards and Accolades

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

The Manager continues to be included in the SGX Fast Track programme, which recognises the efforts and achievements of listed issuers which have upheld high standards of corporate governance and maintained a good compliance track record. As a constituent of the SGX Fast Track, Elite REIT can expect to receive prioritised clearance for submissions of selected corporate actions to Singapore Exchange Regulation (SGX Regco).

Investor Enquiries

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

In recognition of the innovative landmark Sustainability Collaboration with the UK's Department for Work and Pensions achieved by the cross-functional team with members from the investment to asset management and finance functions, the Manager was shortlisted as a finalist for the Business Leadership Awards: Sustainable Environmental, Social and Governance category at the FutureCFO Excellence Awards 2024. Into its third year and with a theme of Leaders in Strategic Innovation and Intuitive Thinking, the annual award acknowledges the challenges that finance professionals face as individuals and team members in bringing new ideas and methodologies to the finance function. In the Manager's case, the win-win Sustainability Collaboration saw co-investment into the efforts to upgrade the energy efficiency of the properties in the portfolio, hence ensuring greater probability of lease longevity and income certainty moving forward.

Timely and transparent disclosure is at the heart of Elite REIT's communications with Unitholders and its efforts have been recognised in the global arena through the awards won by its third Annual Report 2022 and recognition received for its inaugural Sustainability Report 2022.

- Annual Report 2022 was recognised as the Gold Winner, under the Print Media/Publications (Annual Report) category at the international 17th Hermes Creative Awards 2023, which recognises the creative industry's best publications and communication programmes, among others.
- Inaugural Sustainability Report 2021 won the Gold Award in the Asia's Best Sustainability Report (First Time) category at the distinguished international 8th Asia Sustainability Reporting Awards 2022, which promotes and celebrates excellence in corporate reporting, disclosure and transparency.

In seeking out innovative ways to better investor engagement, Elite REIT's investor relations efforts are recognised as being among the best in Southeast Asia in terms of investor relations, ESG Reporting and innovation in shareholder communications.

- Awarded Certificates for Excellence in Investor Relations as finalists in four award categories at the prestigious IR Magazine Awards 2023 – South East Asia
 - Best Annual Report (Small Cap)
 - Best ESG Reporting (Small Cap)
 - Best Innovation in Shareholder Communications
 - Best Investor Relations Officer (Small Cap)

CHAI Hung Yin

Elite Commercial REIT Management Pte. Ltd.

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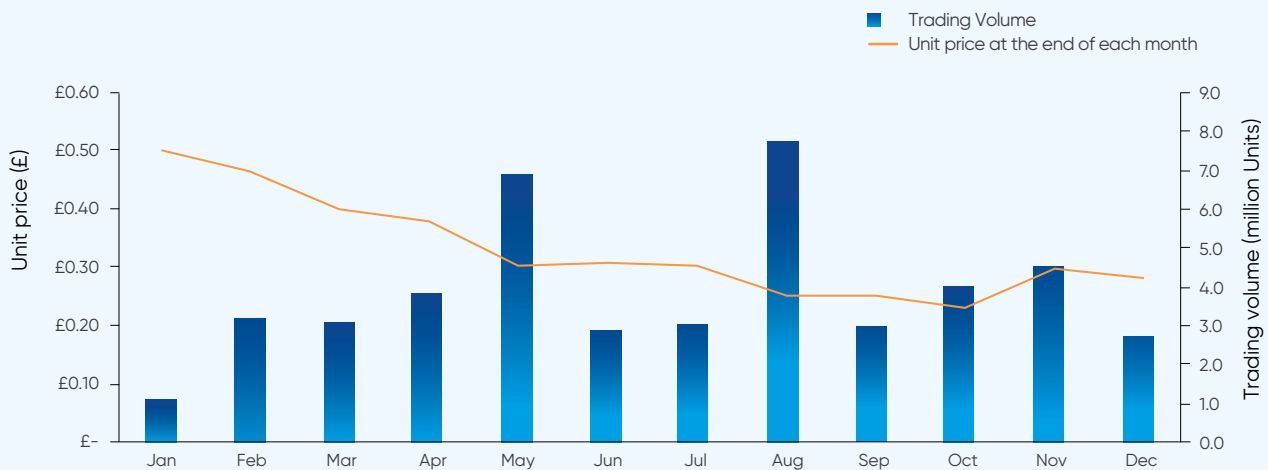
E: hungyin.chai@elitecreit.com

I INVESTOR RELATIONS

Elite REIT Unit Price Performance

	FY2023	FY2022
Opening Price	£0.470	£0.665
Closing Price	£0.280	£0.470
Highest Price	£0.535	£0.675
Lowest Price	£0.215	£0.460
Total Trading Volume (<i>million Units</i>)	45.60	82.97
Average Daily Trading Volume (<i>thousand Units</i>)	183.11	333.23
Market Capitalisation (<i>million</i>)	£135.2	£226.1
Distribution yield for the period ¹	11.0%	10.2%
Discount to NAV	-34.9%	-9.6%

Monthly Trading Performance for the period of 1 January 2023 to 31 December 2023



Peel Park, Blackpool

Note:

1. Distribution yield for FY2023 is based on the closing Unit price of £0.28 as at 29 December 2023 and DPU for FY2023 at 90% payout ratio. Distribution yield for FY2022 was based on 100% payout ratio.

FY2023 Investor Relations Calendar

KEY EVENTS / ENGAGEMENTS

Financial Year Ended 31 December 2023

Q1

14 February	FY2022 financial results announcement FY2022 post-results briefing for analysts and investors
16 February	DBS Research Group investor call
20 February	Maybank Securities Singapore investor webinar
10 March	Non-deal roadshow in Singapore
23 March	CGS International ProsperUs Investor Webinar
30 March	8 th Asia Sustainability Reporting Awards
31 March	Publication of Annual Report 2022 and Sustainability Report 2022

Q2

3 April	SGX-Goldman Sachs Singapore Corporate Day 2023
25 April	Annual General Meeting 2023
27 April	1Q 2023 business updates announcement 1Q 2023 business updates briefing for analysts and investors
20 May	REITs Symposium 2023 – Exhibition booth and panel discussion

Q3

7 August	1H 2023 results announcement 1H 2023 post-results briefing for analysts and investors DBS Research Group investor call
8 August	MoneyFM 89.3 radio interview
14-17 August	Non-deal roadshow with CIMB Bank in Singapore, Kuala Lumpur (Malaysia) and Bangkok (Thailand)
25 August	Publication of information spreadsheet on corporate website in Excel format
29 August	Non-deal roadshow with Maybank Investment Banking Group Malaysia
31 August	Initiation report by FPA Financials
8 September	Philip Securities investor webinar
14 & 18 September	Publication of feature article profiling Elite Commercial REIT in The Edge Singapore's online and print media
12-15 September	Equity Research Analyst UK Site Visit
17-21 September	Director and Trustee UK Site Visit
27 September	Site visit report by UOB Kay Hian

Q4

19 October	Site visit report by Maybank Research
7 November	3Q 2023 business updates announcement 3Q 2023 business updates briefing for analysts and investors
9 November	DBS Research Group investor call
16 November	Update call with financial blogger Kenny Loh
28 November	SIAS-SGX Corporate Connect 2023 webinar
30 November	Initiation report by Philip Securities
5 December	Awarded Certificates for Excellence in investor relations at the prestigious IR Magazine Awards – South East Asia as finalists in four award categories: <ul style="list-style-type: none"> - Best Annual Report (Small Cap) - Best ESG Reporting (Small Cap) - Best Innovation in Shareholder Communications - Best Investor Relations Officer (Small Cap)
7 December	Reverse non-deal roadshow for S-REITs with South Korean investors hosted by NH Investment & Securities in partnership with SGX (SGListCos)

Optimising Value

Our asset portfolio is anchored by our resilient key tenants and the strength of the UK's sovereign credit. We are committed to **optimising the value** of our assets whilst providing stable cash flow and sustained value to Unitholders.

OPTI



Social Infrastructure

Fit-for-purpose

portfolio of assets that serves as crucial social infrastructure supporting the UK social fabric



Geographically Diversified

Strategically located

network of assets across the UK



Resilient Tenant Base

Over 99%

gross rental income derived from AA-credit rated UK Government



Largely Protected From Rising Energy Prices

Triple Net

Full Repairing and Insuring Leases¹

Note:

1. Under a full repairing and insuring lease, commonly known as triple net lease, the responsibility for the repair of the external and internal parts as well as the structure of the property is placed with the tenant for occupied assets.


MISE




PORTFOLIO OVERVIEW

Elite REIT's portfolio comprises a network of 150 geographically diversified assets with an appraised value of approximately £412.5 million as at 1 December 2023¹. Elite REIT's assets are strategically located in central business districts and town centres, and close to transportation nodes and amenities. The assets are predominantly freehold, with five assets held on long leasehold tenures.


Over 99% of Elite REIT's portfolio is leased to the AA-credit rated UK Government. In FY2023, Elite REIT recognised a revenue of £37.6 million, an increase of 1.5% year-on-year from £37.1 million.




A portfolio of
150
strategically located
assets across the UK



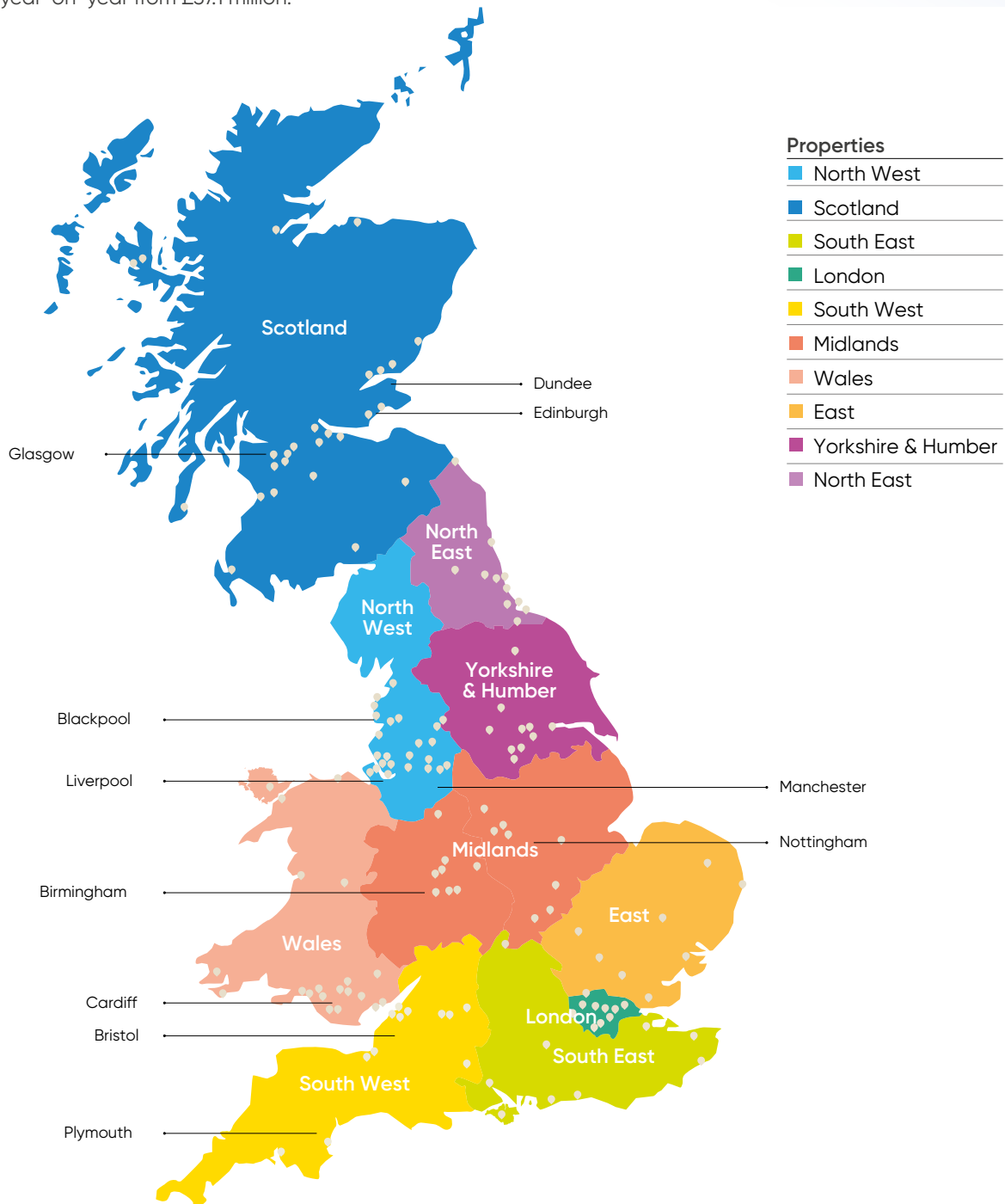
**Geographically
Diversified**



**Predominantly
Freehold**



**Resilient
Tenant Base**



Note:

1. The Manager has obtained a letter from the independent valuer confirming that property valuations as at 31 December 2023 remained unchanged from those as of 1 December 2023.

As at 31 December 2023



		%				%	
North West	25.4	Midlands	8.2	North West	22.3	Midlands	6.9
Scotland	22.5	Wales	9.0	Scotland	17.3	Wales	6.8
South East	8.2	East	5.9	South East	11.2	East	6.5
London	5.1	Yorkshire & Humber	4.4	London	15.2	Yorkshire & Humber	2.9
South West	6.8	North East	4.5	South West	8.1	North East	2.8

Region	Number of Properties	Net Internal Area (sq ft)	Valuation as at 31 Dec 2023 ¹	Annualised Gross Rental Income ²	Property Usage	% of DWP-occupied assets ²
North West	24	956,679	£91,965,000	£8,284,690	Front of House ³ (Primarily Jobcentre Plus)	88.2%
Scotland	27	847,174	£71,375,000	£7,000,612		
South East	12	310,261	£46,250,000	£4,274,631	Back of House (Support functions and other essential workspaces)	11.8%
London	10	193,532	£62,700,000	£4,149,555		
South West	12	257,045	£33,595,000	£3,046,156		
Midlands	16	310,298	£28,305,000	£3,009,543		
Wales	20	338,258	£28,050,000	£2,899,007		
East	8	223,847	£26,710,000	£2,382,362		
Yorkshire & Humber	10	164,818	£11,890,000	£1,405,615		
North East	11	171,521	£11,650,000	£1,393,249		
150	3,773,433	£412,490,000	£37,845,420			

In FY2023, the Manager maintained tenant diversity by drawing on different groups of UK government occupiers. Apart from the DWP, Elite REIT's other occupiers include the Ministry of Defence, Natural Resources Wales, HM Courts and Tribunals Service, Home Office and Environment Agency, amongst others.

The DWP provides essential social welfare services in the UK on various fronts.

- Jobcentre Plus assists the unemployed through on-site assistance in career coaching services and "back to work" plans.
- Pension Services are tapped on by retirees for claims and IT training.
- Child Maintenance Services covers how a child's living costs are paid in single-parent families.
- Disability Services offer relevant medical examination, specialised training and employability support for the disabled.

Notes:

- As at 31 December 2023.
- Including mixed use properties.
- CBRE Research, UK Real Estate Market Outlook 2024.

Approximately 88.2% of the DWP-occupied assets² in Elite REIT's portfolio provide Front of House³ services, and primarily function as front-facing Jobcentre Plus. The remaining 11.8% provide Back of House support functions services which includes customer support centres, claims processing, finance, accounts and fraud investigation.

CBRE Research expects that interest rates and inflationary pressures will ease into 2024, along with softening wage growth due to labour market slack⁴. Elite REIT's portfolio remains relevant and resilient throughout an inflationary environment and continues to be part of crucial public infrastructure for the UK community.

TOP PROPERTIES

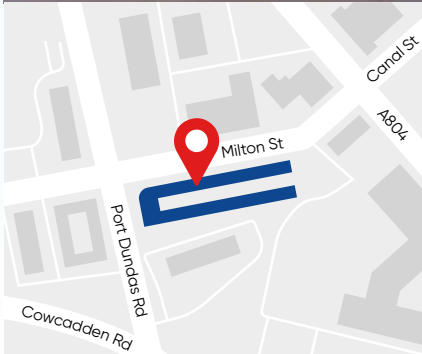
AS AT 31 DECEMBER 2023

01

GLASGOW BENEFITS CENTRE, GLASGOW

SCOTLAND

Northgate, 96 Milton Street,
Glasgow, G4 0DX



Net Internal Area

137,287 sq ft

Annualised Gross Rental Income

£2,236,835

Valuation

£23,200,000

Occupier

DWP

Land Tenure

Freehold

Highlights

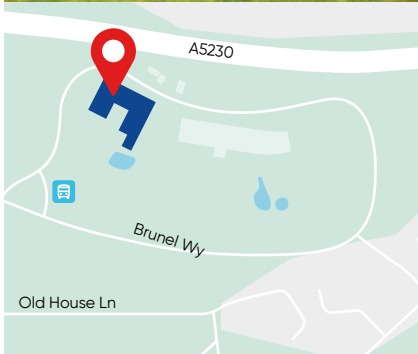
- The only Passport Office in Scotland
- Key administration centre for Universal Credit, DWP's benefits payment programme
- Well serviced by public transport links with bus, metro and railway stations all within a 15 minutes' walk
- In close proximity to Glasgow Caledonian University, as well as student and residential accommodation

02

PEEL PARK, BLACKPOOL

NORTH WEST

Brunel Way,
Blackpool, FY4 5ES



Net Internal Area

156,542 sq ft

Annualised Gross Rental Income

£1,953,996

Valuation

£24,180,000

Occupier

DWP

Land Tenure

Freehold

Highlights

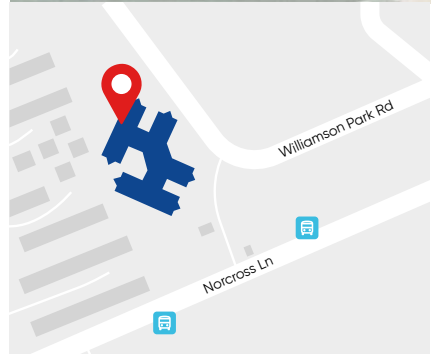
- Technology Hub for the DWP
- 5 minutes' drive from the Blackpool South train station
- Less than 3 miles to the southeast of Blackpool town centre and accessible via the M55 and M6 motorways
- Surrounded by various UK government departments based nearby

03

TOMLINSON HOUSE, BLACKPOOL

NORTH WEST

Tomlinson House, Norcross,
Thornton Cleveleys, Blackpool, FY5 3WP



Net Internal Area

93,502 sq ft

Annualised Gross Rental Income

£908,801

Valuation

£9,100,000

Occupier

Ministry of Defence

Land Tenure

Freehold

Highlights

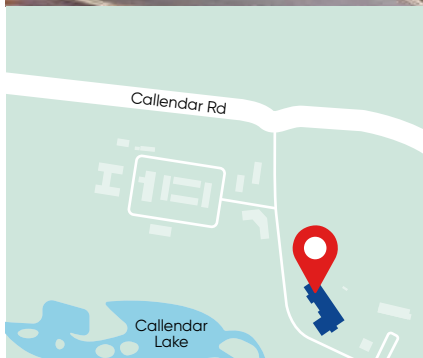
- 4-storey building
- Approximately 256 surface carpark spaces around the property
- Less than 10 minutes' drive from Poulton-le-Fylde train station

04

PARKLANDS, FALKIRK

SCOTLAND

Callendar Boulevard, Falkirk, FK1 1XT



Net Internal Area

81,350 sq ft

Annualised Gross Rental Income

£788,272

Valuation

£6,370,000

Occupier

DWP

Land Tenure

Freehold

Highlights

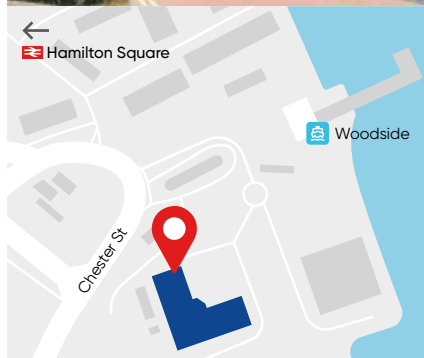
- 3-storey building
- Approximately 326 carpark areas around the property

05

GREAT WESTERN HOUSE, BIRKENHEAD

NORTH WEST

Great Western House, Woodside, Birkenhead, CH41 6DA



Net Internal Area

80,141 sq ft

Annualised Gross Rental Income

£786,955

Valuation

£7,950,000

Occupier

DWP

Land Tenure

Freehold

Highlights

- 5-storey building
- Approximately 194 surface carpark spaces around the property
- 5 minutes' drive from Hamilton Square railway station
- Located next to the Woodside Ferry Terminal which is expected to open in 2025 after a major modernisation programme

06

SPRING GARDENS HOUSE, SWINDON

SOUTH WEST

Princes Street, Swindon, SN1 2HY



Net Internal Area

47,918 sq ft

Annualised Gross Rental Income

£711,708

Valuation

£8,050,000

Occupier

Jobcentre Plus

Land Tenure

Freehold

Highlights

- 9-storey building
- Surrounded by leisure and retail areas
- Less than 10 minutes' walk from Swindon railway station and well serviced by local bus routes

TOP PROPERTIES

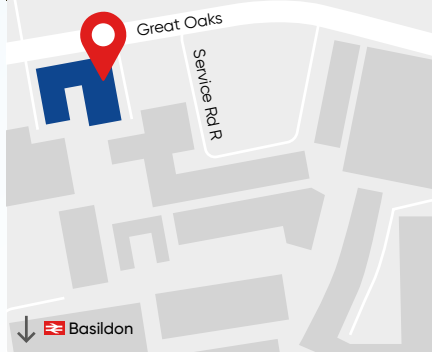
AS AT 31 DECEMBER 2023

07

GREAT OAK HOUSE,
BASILDON

EAST

Great Oaks House, Great Oaks,
Basildon, SS14 1JE



Net Internal Area

54,432 sq ft

Annualised Gross Rental Income

£665,885

Valuation

£7,140,000

Occupier

DWP

Land Tenure

999-year lease term from 17 June 2004

Highlights

- 11-storey building
- 5 minutes' walk from Basildon train station and nearby public bus stations

08

CROWN HOUSE,
ROMFORD

LONDON

Crown House, 30 Main Road,
Romford, RM1 3HH



Net Internal Area

35,119 sq ft

Annualised Gross Rental Income

£610,265

Valuation

£8,700,000

Occupier

Jobcentre Plus

Land Tenure

Freehold

Highlights

- 3-storey building
- 15 minutes' walk from Romford station, serviced by the Elizabeth Line

09

NUTWOOD HOUSE,
CANTERBURY

SOUTH EAST

Chaucer Road,
Canterbury, CT1 1ZZ



Net Internal Area

27,172 sq ft

Annualised Gross Rental Income

£590,234

Valuation

£6,525,000

Occupier

Jobcentre Plus

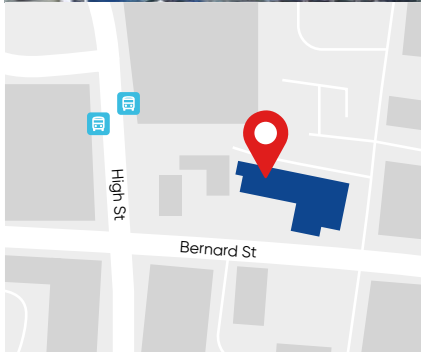
Land Tenure

Freehold

Highlights

- 2-storey building
- 5 minutes' drive from Canterbury West train station and well serviced by local bus routes from Law Courts bus station

10

**ST CROSS HOUSE,
SOUTHAMPTON****SOUTH EAST**St Cross House, 18 Bernard Street,
Southampton, SO14 3PJ**Net Internal Area**

42,700 sq ft

Annualised Gross Rental Income

£550,869

Valuation

£5,470,000

Occupier

Jobcentre Plus

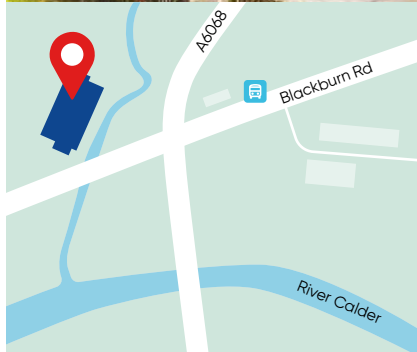
Land Tenure

Freehold

Highlights

- 7-storey building
- Located in the centre of Southampton, less than 5 minutes' walk from the high street and 15 minutes' walk from Southampton Central railway station

11

**BLACKBURN ROAD,
BURNLEY****NORTH WEST**Blackburn Road,
Burnley, BB12 7NQ**Net Internal Area**

47,591 sq ft

Annualised Gross Rental Income

£544,252

Valuation

£5,275,000

Occupier

DWP

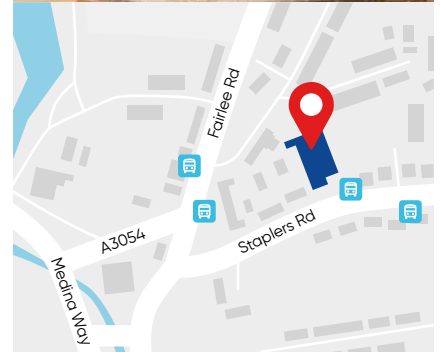
Land Tenure

Freehold

Highlights

- 2-storey building
- Approximately 400 car parking spaces around the property
- 5 minutes' walk from several nearby bus stations

12

**BROADLANDS HOUSE,
NEWPORT****SOUTH EAST**Staplers Road, Newport,
Isle of Wight, PO30 2HX**Net Internal Area**

31,930 sq ft

Annualised Gross Rental Income

£539,869

Valuation

£4,700,000

Occupier

Jobcentre Plus

Land Tenure

Freehold

Highlights

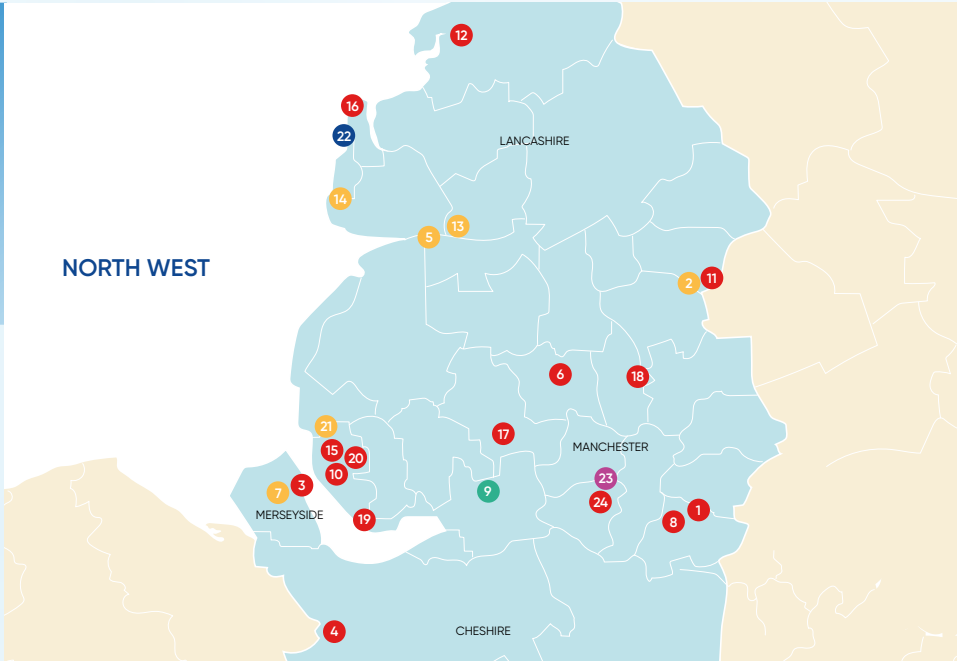
- 3-storey building
- The only JobCentre within an 11 km radius
- Less than 5 minutes' walk from local bus stations

PORTFOLIO PROFILES

NORTH WEST

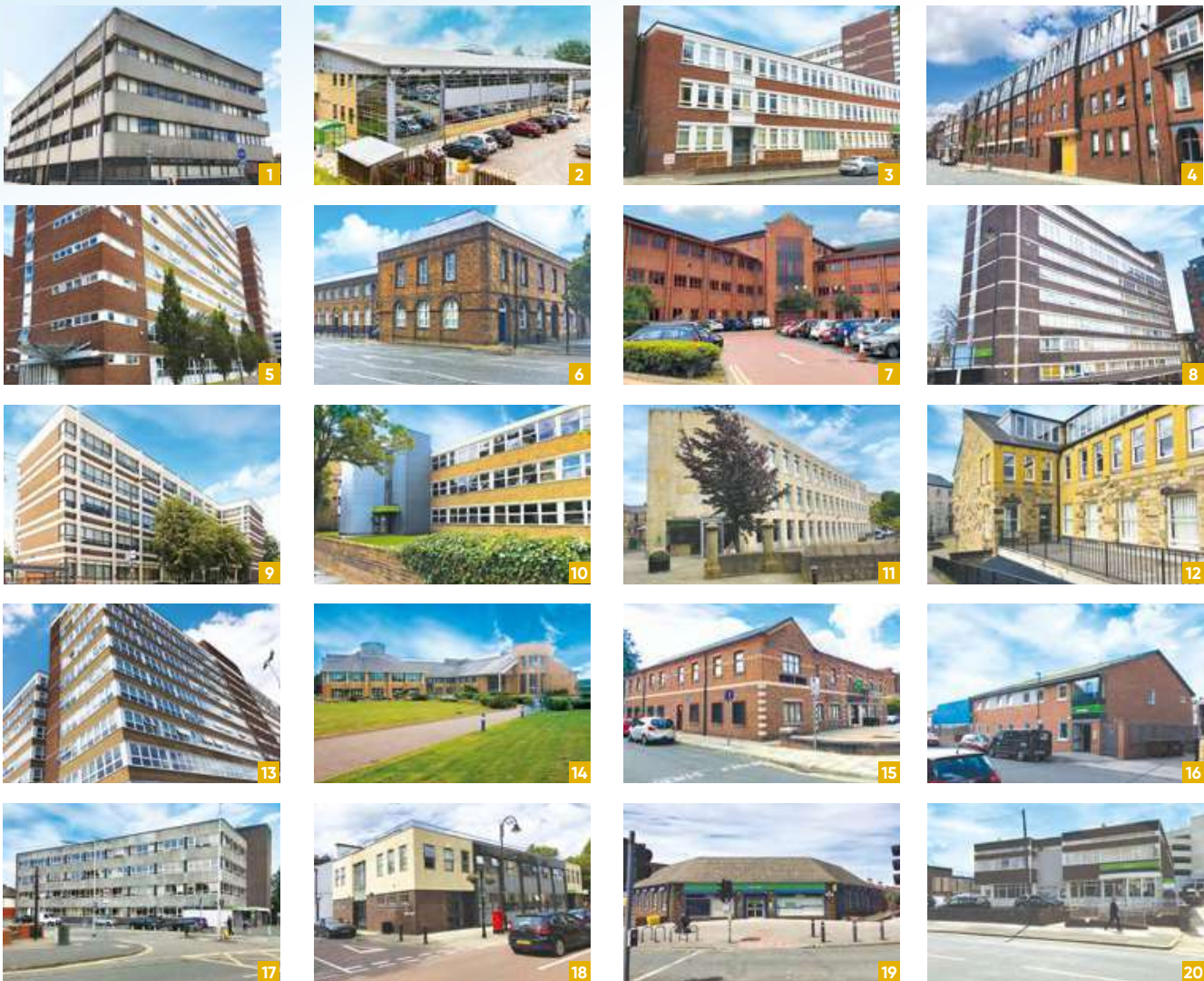


24
PROPERTIES



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

• Properties 5 and 13 are in close proximity and share the same post code.



NORTH WEST



No.	Name of Property ^(a)	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2023	Annualised Gross Rental Income as at 31 Dec 2023 ^(b)	Actual Rental Received in FY2023
1	Beech House, Hyde	Clarendon Street, Hyde, SK14 2LP	39,550	100	£2,519,483	£2,680,000	£257,117	£248,714
2	Blackburn Road, Burnley	Blackburn Road, Burnley, BB12 7NQ	47,591	100	£5,971,464	£5,275,000	£544,252	£526,464
3	Brunswick House, Birkenhead	Brunswick House, 17-21 Price Street, Birkenhead, CH41 6JN	27,956	100	£2,083,015	£1,870,000	£179,497	£173,630
4	Chantry House, Chester	Chantry House, 55-59 City Road and Crew Street, Chester, CH1 3AQ	34,561	100	£5,348,448	£4,890,000	£484,280	£463,499
5	Duchy House, Preston	96 Lancaster Road, Preston, PR1 1NS	43,217	100	£4,185,000	£2,940,000	£282,234	£273,010
6	Great Moor Street, Bolton	Jobcentre Plus, Great Moor Street, Bolton, BL3 6DT	13,842	100	£1,341,707	£1,190,000	£115,805	£112,020
7	Great Western House, Birkenhead	Great Western House, Woodside, Birkenhead, CH41 6DA	80,141	100	£9,120,000	£7,950,000	£786,955	£753,185
8	Heron House, Stockport	Wellington Street, Stockport, SK1 3BE	43,271	100	£3,967,462	£3,700,000	£371,766	£359,616
9	Hilden House, Warrington	Winmarleigh Street, Warrington, WA1 1LA	50,841	-	£7,083,512	£2,800,000	-	£419,010
10	Hougoumont House, Liverpool	29 Hougoumont Avenue, Waterloo, Liverpool, L22 0PB	17,082	100	£1,251,054	£1,330,000	£121,149	£117,189
11	Lee-Moran House, Burnley	Victoria Street, Burnley, BB11 1DD	17,886	100	£2,154,592	£1,970,000	£196,445	£190,025
12	Mitre House, Lancaster	Church Street, Lancaster, LA1 1EQ	64,597	100	£4,662,491	£5,080,000	£472,424	£456,984
13	Palatine House, Preston	Lancaster Road, Preston, PR1 1NS	36,522	100	£3,540,000	£2,490,000	£238,721	£230,919
14	Peel Park, Blackpool	Brunel Way, Blackpool, FY4 5ES	156,542	100	£28,210,000	£24,180,000	£1,953,996	£1,890,134
15	Premier House, Liverpool	Premier House, 95 Breckfield Road North, Liverpool, L5 4QY	9,475	100	£814,827	£680,000	£70,061	£67,771
16	Roskell House, Fleetwood	11-27 Kemp Street, Fleetwood, FY7 6JX	5,863	100	£527,064	£480,000	£53,951	£52,188
17	Roydale House, Leigh	2-10 Windermere Road, Leigh, WN7 1UT	21,022	100	£1,268,429	£1,560,000	£136,664	£132,198
18	Silver Street, Bury	Silver Street, Bury, BL9 0DP	9,352	100	£1,002,001	£1,000,000	£91,193	£88,213
19	Speke Road, Liverpool	Jobcentre Plus, Speke Road, Garston, Liverpool, L19 2JZ	8,317	100	£741,308	£630,000	£63,692	£61,610
20	Springfield House, Liverpool	416 Eaton Road, Liverpool, L12 3HT	10,534	100	£1,135,215	£1,150,000	£120,183	£116,255
21	St Martin's House, Bootle	Stanley Road, Bootle, L69 9BN	86,418	100	£4,008,005	£4,650,000	£443,913	£430,026
22	Tomlinson House, Blackpool	Tomlinson House, Norcross, Thornton Cleveleys, Blackpool, FY5 3WP	93,502	100	£10,543,733	£9,100,000	£908,801	£879,099
23	Units 1-2 Dallas Court, Salford	Units 1-2, Dallas Court, Salford, M50 2GF	16,044	100	£1,455,000	£1,070,000	£165,000	£165,000
24	Wilmslow Road, Manchester	96 Wilmslow Road, Manchester, M14 5BJ	22,553	100	£2,484,731	£3,300,000	£226,591	£219,185

Notes:

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

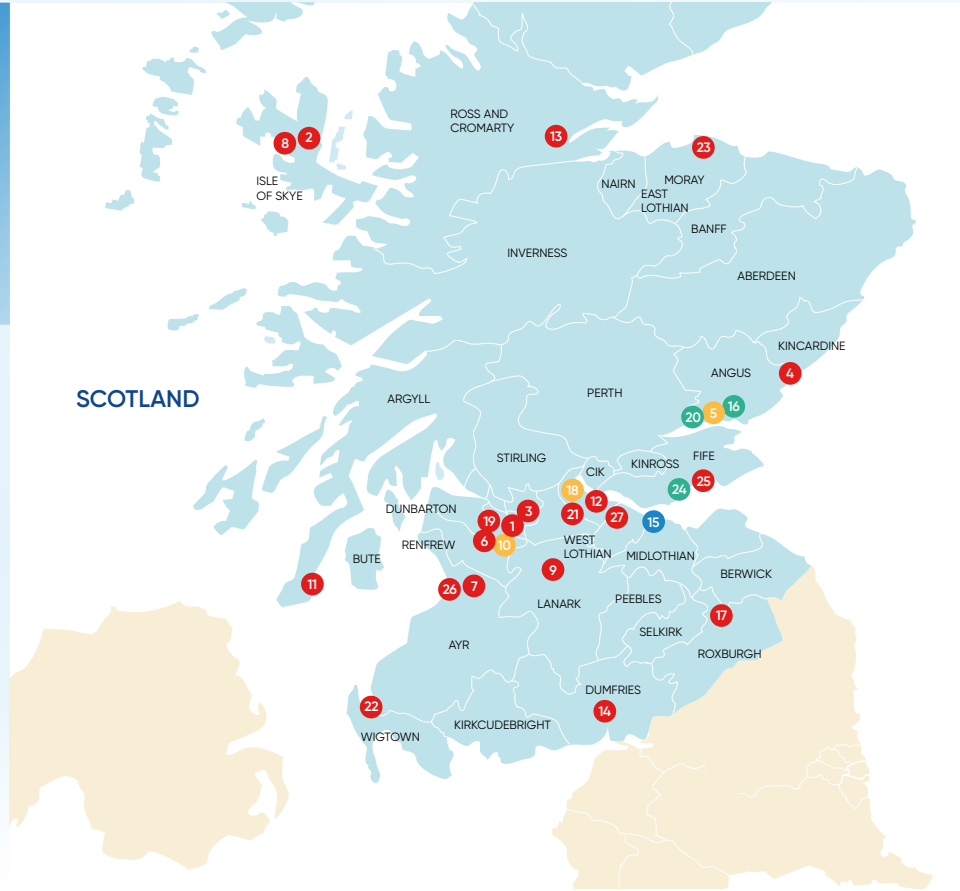
(b) Based on gross rental income as at 31 December 2023, annualised for FY2023.

PORTFOLIO PROFILES

SCOTLAND



27
PROPERTIES



SCOTLAND



PORTFOLIO PROFILES

SCOTLAND

No.	Name of Property ^(a)	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2023	Annualised Gross Rental Income as at 31 Dec 2023 ^(b)	Actual Rental Received in FY2023
1	Atlas Road, Glasgow	200 Atlas Road, Glasgow, G21 4DL	49,788	100	£4,488,734	£2,250,000	£228,895	£270,373
2	Bayfield Road, Portree	Bayfield Road, Portree, Isle of Skye, IV51 9EN	1,943	100	£312,763	£240,000	£28,706	£27,768
3	Bowling Green Street, Bellshill	417 Main Street, Bellshill, ML4 1HT	21,679	100	£2,843,830	£2,540,000	£320,302	£309,834
4	Castlestead House, Montrose	4 Castle Place, Montrose, DD10 8AL	4,246	100	£428,602	£390,000	£47,683	£46,125
5	Claverhouse Industrial Park, Dundee	6 Jack Martin Way, Dundee, DD4 9FF	45,740	100	£3,376,686	£2,825,000	£324,389	£313,787
6	Coustonholm Road, Glasgow	8 Coustonholm Road, Glasgow, G43 1SS	36,124	100	£3,625,739	£3,500,000	£349,813	£338,380
7	Crown Building, Kilmarnock	12 and 14 Woodstock Street, Kilmarnock, KA1 2BN	39,181	100	£3,434,606	£3,150,000	£347,871	£336,502
8	Discovery House, Stornoway	2 Castle Street, Stornoway, HS1 2BA	7,276	100	£1,117,840	£890,000	£107,509	£103,995
9	Flemington House, Motherwell	600 Windmillhill Street, Motherwell, ML1 2HN	29,268	100	£2,820,663	£2,510,000	£304,084	£294,146
10	Glasgow Benefits Centre, Glasgow	Northgate, 96 Milton Street, Glasgow, G4 0DX	137,287	100	£31,765,000	£23,200,000	£2,236,835	£2,163,729
11	Hall Street, Campbeltown	40 Hall Street, Campbeltown, PA28 6BZ	8,288	100	£567,608	£670,000	£68,889	£66,638
12	Heron House, Falkirk	Wellside Place, Falkirk, FK1 5SE	25,454	100	£2,635,321	£2,450,000	£302,242	£292,364
13	High Street, Dingwall	3 High Street, Dingwall, IV15 9HL	3,438	100	£330,139	£350,000	£35,515	£34,354
14	Irish Street, Dumfries	67-75 Irish Street, Dumfries, DG1 2NU	12,303	100	£1,427,478	£1,100,000	£136,648	£132,182
15	Ladywell House, Edinburgh	Ladywell House, Edinburgh EH12 7TF	54,622	100	£7,388,577	£4,300,000	£86,500	£443,434
16	Lindsay House, Dundee	Lindsay House, 18-30 Ward Road, Dundee, DD1 1NE	39,264	-	£4,692,911	£1,280,000	-	£97,233
17	New Reiver House, Galashiels	New Reiver House, Roxburgh Street, Galashiels, TD1 1PD	21,216	100	£2,830,450	£2,310,000	£270,908	£262,054
18	Parklands, Falkirk	Callendar Boulevard, Falkirk, FK1 1XT	81,350	100	£7,413,651	£6,370,000	£788,272	£762,509
19	Pollokshaws Road, Glasgow	159-181 Pollokshaws Road, Glasgow, G41 1PU	15,812	100	£1,957,667	£1,590,000	£178,364	£172,534
20	Sidlaw House, Dundee	Sidlaw House, Dundee, DD2 1DX	64,998	-	£5,955,000	£1,350,000	-	-
21	South Muirhead Road, Glasgow	3 South Muirhead Road, Cumbernauld, Glasgow, G67 1AX	9,097	100	£882,218	£840,000	£84,248	£81,494
22	St John Street, Stranraer	12 St John Street, Stranraer, DG9 7EL	6,402	100	£712,406	£600,000	£75,677	£73,204
23	Trinity Road, Elgin	13-21 Trinity Road, Elgin, IV30 1RJ	17,427	100	£1,476,938	£1,500,000	£164,788	£159,402
24	Victoria Road, Kirkcaldy	26 Victoria Road, Kirkcaldy, Fife, KY1 1EA	49,379	-	£4,478,483	£520,000	-	£91,771
25	Waggon Road, Leven	9 Waggon Road, Leven, KY8 4PT	4,901	100	£306,971	£280,000	£31,860	£30,819
26	Wallacetoun House, Ayr	John Street, Ayr, KA8 0BX	29,207	100	£3,046,547	£2,700,000	£327,103	£316,412
27	Whitburn Road, Bathgate	31-33 Whitburn Road, Bathgate, EH48 1HG	31,484	100	£2,756,951	£1,670,000	£153,511	£181,329

Notes:

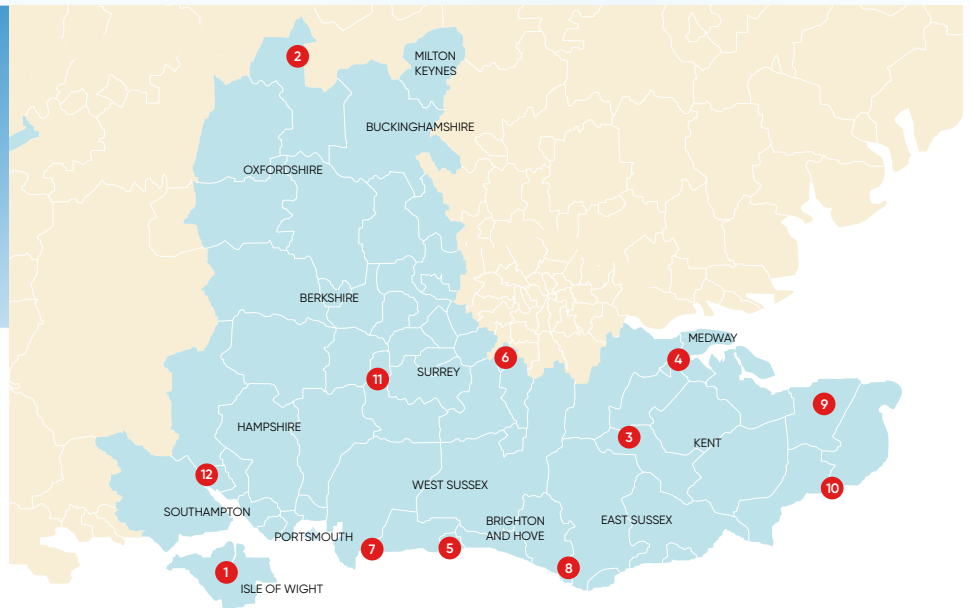
- (a) All properties in Scotland are freehold properties.
(b) Based on gross rental income as at 31 December 2023, annualised for FY2023.

PORTFOLIO PROFILES

SOUTH EAST



12
PROPERTIES



SOUTH EAST

● DWP Jobcentre Plus



SOUTH EAST

No.	Name of Property ^(a)	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2023	Annualised Gross Rental Income as at 31 Dec 2023 ^(b)	Actual Rental Received in FY2023
1	Broadlands House, Newport	Staplers Road, Newport, Isle of Wight, PO30 2HX	31,930	100	£8,360,000	£4,700,000	£539,869	£522,225
2	Crown Building, Banbury	Southam Road, Banbury, OX16 2EX	25,051	100	£4,112,260	£3,280,000	£291,756	£282,221
3	Crown Buildings, Tonbridge	Crown Buildings, Bradford Street, Tonbridge, TN9 1DU	11,480	100	£3,035,000	£2,260,000	£169,092	£163,566
4	Crown House, Chatham	The Brook, Chatham, ME4 4LQ	30,088	100	£6,654,910	£5,170,000	£498,385	£482,096
5	Crown House, Worthing	High Street, Worthing, BN11 1NG	31,503	100	£6,100,000	£3,610,000	£376,632	£364,323
6	East Street, Epsom	50 East Street, Epsom, KT17 1HQ	8,687	100	£2,554,234	£2,350,000	£160,000	£155,847
7	Gloucester House, Bognor Regis	High Street, Bognor Regis, PO21 1HH	21,318	100	£3,029,171	£2,510,000	£246,795	£238,729
8	Medwyn House, Lewes	Medwyn House, Mountfield Road, Lewes, BN7 2XR	24,440	100	£5,995,000	£4,320,000	£351,820	£340,321
9	Nutwood House, Canterbury	Chaucer Road, Canterbury, CT1 1ZZ	27,172	100	£9,600,000	£6,525,000	£590,234	£570,943
10	Palting House, Folkestone	Trinity Road, Folkestone, CT20 2RH	35,968	100	£4,800,000	£3,580,000	£309,919	£299,790
11	South Western House, Aldershot	Station Road, Aldershot, GU11 1HP	19,924	100	£2,241,471	£2,475,000	£189,260	£183,074
12	St Cross House, Southampton	St Cross House, 18 Bernard Street, Southampton, SO14 3PJ	42,700	100	£5,483,231	£5,470,000	£550,869	£527,230

Notes:

- (a) All properties in South East are freehold properties.
- (b) Based on gross rental income as at 31 December 2023, annualised for FY2023.

PORTFOLIO PROFILES

LONDON



10
PROPERTIES



- DWP Jobcentre Plus
- Elizabeth Line



No.	Name of Property ^(a)	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2023	Annualised Gross Rental Income as at 31 Dec 2023 ^(b)	Actual Rental Received in FY2023
1	Broadway House, Ealing	Broadway House, 86-92 Uxbridge Road, Ealing, London, W13 8RA	17,303	100	£10,890,000	£7,380,000	£511,108	£494,404
2	Collyer Court, Peckham	Collyer Court, Collyer Place, Peckham, SE15 5DL	16,786	100	£8,350,000	£6,170,000	£416,402	£402,793
3	Crown House, Romford	Crown House, 30 Main Road, Romford, RM1 3HH	35,119	100	£12,235,000	£8,700,000	£610,265	£590,320
4	Finchley Lane, Hendon	Crown Building, 10 Finchley Lane, Hendon, London, NW4 1DP	15,987	100	£5,550,000	£4,500,000	£293,042	£283,465
5	High Road, Ilford	564-570 High Road, Ilford, IG3 8EJ	18,741	100	£5,791,915	£5,830,000	£410,851	£397,423
6	Kilner House, Canning Town	Kilner House, 197 Freemasons Road, London, E16 3PD	13,276	100	£6,255,000	£4,620,000	£311,913	£301,719
7	Medina Road, Finsbury Park	53-53 Medina Road, Finsbury Park, London, N7 7JX	15,710	100	£6,400,000	£5,180,000	£319,283	£308,848
8	Oates House, Stratford	Oates House, 1 Tramway Avenue, London, E15 4PN	14,424	100	£8,640,000	£6,600,000	£405,584	£392,328
9	Peckham High Street	24-26 Peckham High Street, SE15 5DS	17,470	100	£9,625,000	£6,580,000	£480,012	£464,324
10	Raydean House, Barnet	Raydean House, 15 Western Parade, Barnet, EN5 1AH	28,716	100	£8,330,000	£7,140,000	£391,095	£378,313

Notes:

(a) All properties in London are freehold properties.

(b) Based on gross rental income as at 31 December 2023, annualised for FY2023.

PORTFOLIO PROFILES

SOUTH WEST



12
PROPERTIES



- DWP Jobcentre Plus
- DWP Back Office
- DWP Others
- Vacant



SOUTH WEST

No.	Name of Property ^(a)	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2023	Annualised Gross Rental Income as at 31 Dec 2023 ^(b)	Actual Rental Received in FY2023
1	Brendon House, Taunton	Upper High Street, Taunton, TA1 3RL	41,750	100	£5,560,238	£4,850,000	£440,050	£425,668
2	Cotswold House, Torquay	Warren Road, Torquay, TQ2 5UX	22,260	100	£3,250,000	£2,560,000	£238,099	£230,317
3	Cyppa Court, Chippenham	Cyppa Court, Chippenham, SN15 3LH	12,299	100	£2,138,154	£1,860,000	£193,712	£185,399
4	Hanover House, Bridgwater	Hanover House, Northgate, Bridgwater, TA6 3HG	21,598	100	£2,144,280	£2,280,000	£215,725	£206,468
5	Kent Street, Bristol	17-19 Kent Street, Bedminster, Bristol, BS3 3NW	6,339	100	£1,040,000	£1,050,000	£109,612	£106,030
6	Lodge House, Bristol	Fishponds Road, Bristol, BS16 3HZ	25,979	100	£4,000,000	£4,660,000	£422,603	£408,791
7	Monks Park Avenue, Bristol	1 Monks Park Avenue, Horfield, Bristol, BS7 0UD	10,183	100	£2,160,000	£1,475,000	£133,122	£128,771
8	Queens House, Plymouth	Queens House, St Levan Road, Plymouth, PL2 3BD	14,094	100	£1,421,352	£1,250,000	£122,752	£118,740
9	Regent House, Weston Super Mare	High Street, Weston Super Mare, BS23 1JH	21,704	100	£2,722,200	£2,630,000	£245,128	£237,117
10	Spring Gardens House, Swindon	Princes Street, Swindon, SN1 2HY	47,918	100	£7,807,501	£8,050,000	£711,708	£688,447
11	St Paul's House, Chippenham	Marshfield Road, Chippenham, SN15 1LA	15,785	-	£3,695,242	£870,000	-	£67,285
12	Summerlock House, Salisbury	Summerlock Approach, Salisbury, SP2 7RW	17,136	100	£2,722,200	£2,060,000	£213,645	£206,662

Notes:

(a) All properties in South West are freehold properties.

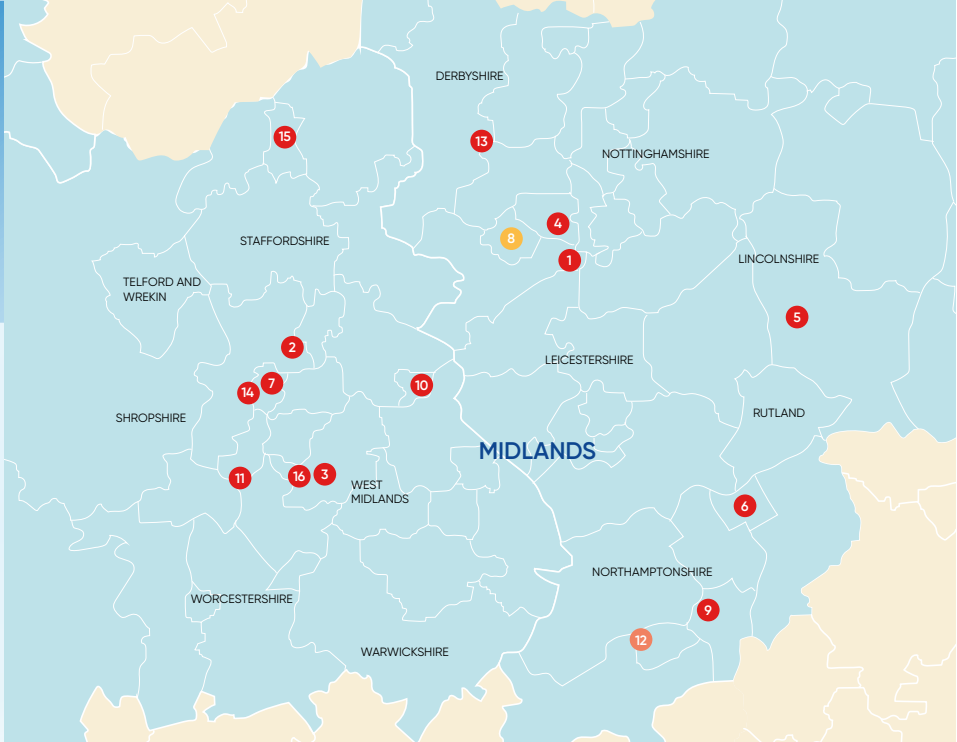
(b) Based on gross rental income as at 31 December 2023, annualised for FY2023.

PORTFOLIO PROFILES

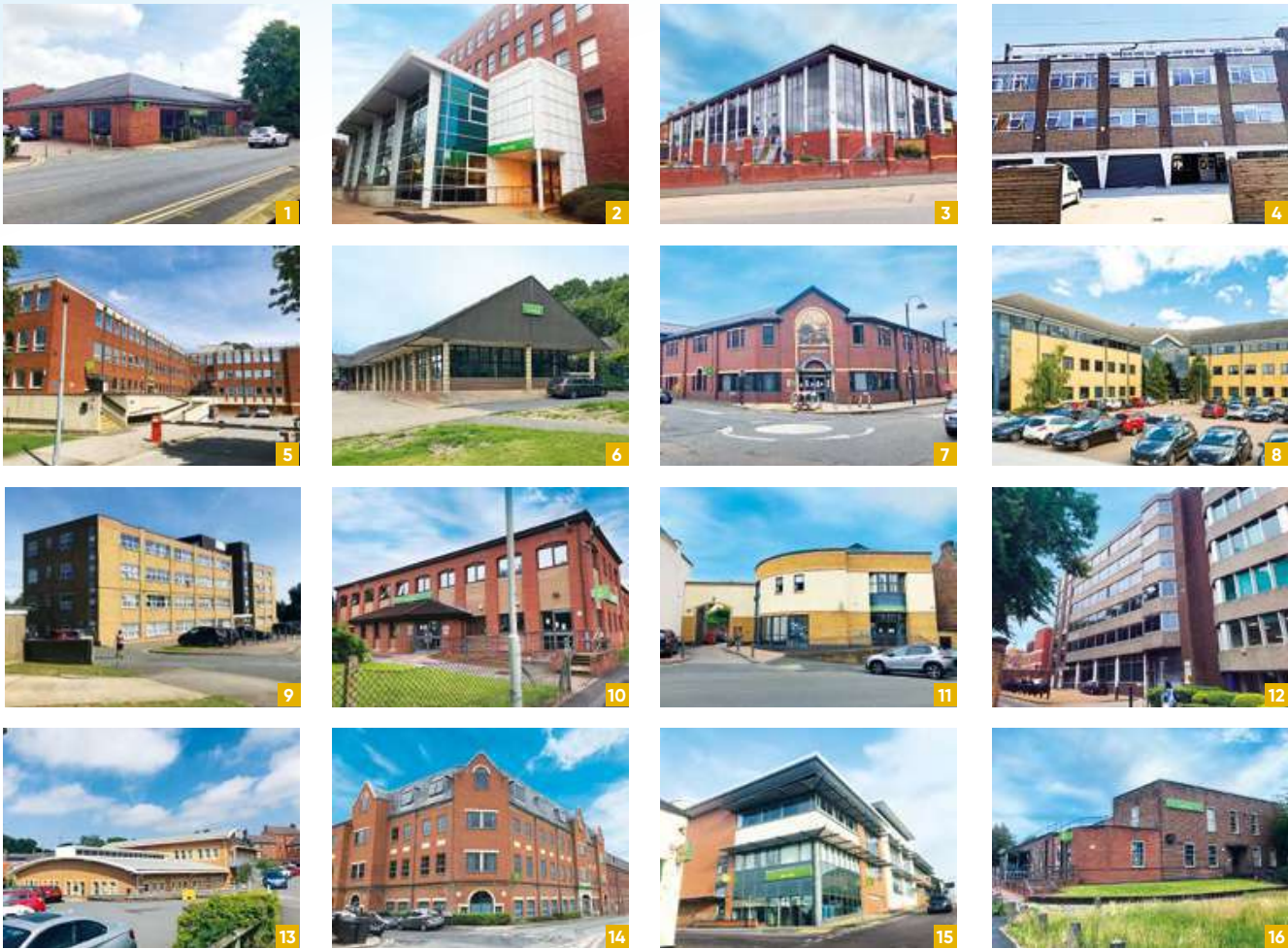
MIDLANDS



16
PROPERTIES



- DWP Jobcentre Plus
- DWP Back Office
- HM Courts and Tribunals Service



MIDLANDS

No.	Name of Property ^(a)	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2023	Annualised Gross Rental Income as at 31 Dec 2023 ^(b)	Actual Rental Received in FY2023
1	Acacia Walk, Nottingham	3 Acacia Walk, Beeston, Nottingham, NG9 2LW	4,306	100	£776,117	£730,000	£66,466	£64,294
2	Beecroft Road, Cannock	Beecroft Road, Cannock, WS11 1JR	31,517	100	£1,778,118	£1,160,000	£118,463	£123,038
3	Bristol Road South, Birmingham	1300 Bristol Road South, Northfield, Birmingham, B31 2TQ	18,996	100	£4,306,940	£3,230,000	£330,042	£319,255
4	Crown Buildings, Ilkeston	58 South Street, Ilkeston, DE7 8TU	18,352	100	£1,419,019	£1,280,000	£130,156	£125,902
5	Crown House, Grantham	49A Castlegate, Grantham, NG31 6SY	24,962	100	£2,650,000	£1,350,000	£163,014	£157,686
6	George Street, Corby	Thoroughsale House, George Street, Corby, NN17 1PH	8,847	100	£1,341,707	£980,000	£115,551	£111,774
7	High Street, Bilston	Jobcentre Plus, 14 High Street, Bilston, WV14 0DB	10,779	100	£1,684,792	£1,350,000	£137,228	£132,743
8	Holborn House, Derby	Wyvern Business Park, Stanier Way, Derby, DE21 6BF	35,120	100	£6,440,609	£4,790,000	£521,802	£504,748
9	Lothersdale House, Wellingborough	West Villa Road, Wellingborough, NN8 4TA	32,313	100	£4,019,589	£2,010,000	£229,166	£238,016
10	Saxon Mill Lane, Tamworth	Jobcentre Plus, 90 Saxon Mill Lane, Tamworth, B79 7JJ	10,698	100	£1,366,213	£1,180,000	£111,151	£107,518
11	Scotland House, Stourbridge	Scotland House, 169 Lower High Street, Stourbridge, DY8 1ES	12,452	100	£1,813,449	£1,430,000	£147,849	£143,017
12	St Katherine's House, Northampton	St Katherine's House, 21-27 St Katherine's Street, Northampton, NN1 1RS	27,745	100	£2,100,000	£2,070,000	£209,430	£205,414
13	Tannery House, Alfreton	King Street, Alfreton, DE55 7AF	10,226	100	£1,164,175	£1,020,000	£99,716	£96,457
14	Temple House, Wolverhampton	Temple House, Wolverhampton, WV2 4AU	27,523	100	£2,983,613	£2,785,000	£299,043	£286,210
15	Upper Huntbach Street, Stoke-On-Trent	91 Upper Huntbach Street, Hanley, Stoke on Trent, ST1 2BX	21,540	100	£2,739,576	£2,110,000	£241,875	£233,970
16	Washwood Heath Road, Birmingham	Jobcentre Plus, 295 Washwood Heath Road, Birmingham, B8 2XX	14,922	100	£1,029,255	£830,000	£88,590	£85,695

Notes:

(a) All properties in Midlands are freehold properties.

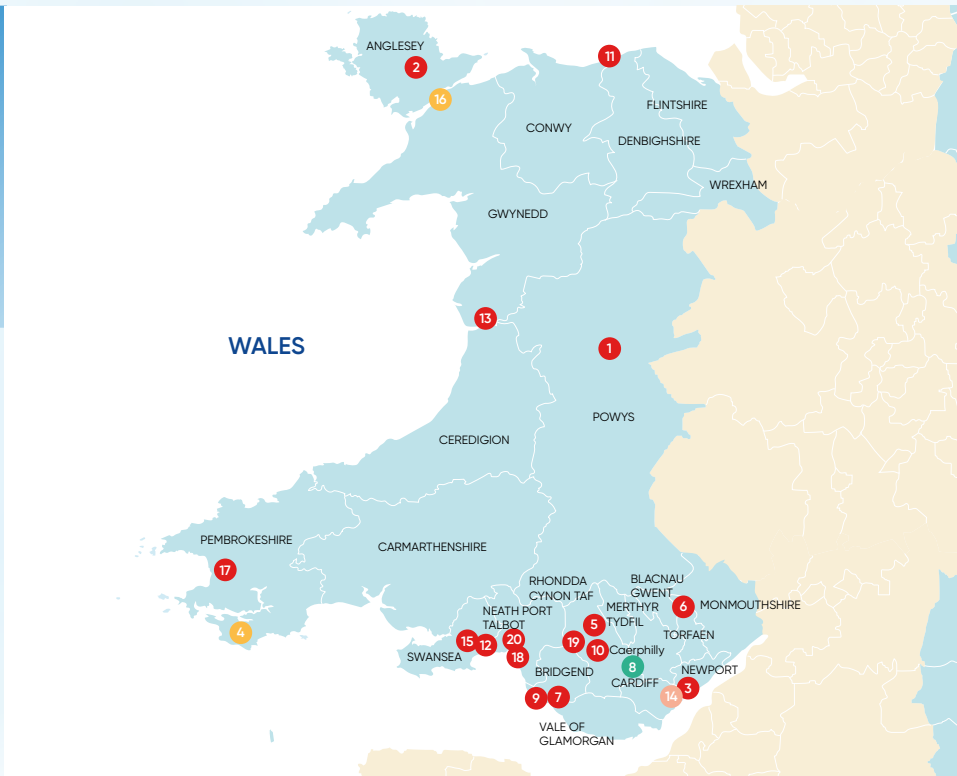
(b) Based on gross rental income as at 31 December 2023, annualised for FY2023.

PORTFOLIO PROFILES

WALES



20
PROPERTIES



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



WALES



17



18



19



20

No.	Name of Property ^(a)	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2023	Annualised Gross Rental Income as at 31 Dec 2023 ^(b)	Actual Rental Received in FY2023
1	Afon House, Newtown	Afon House, The Park, Newtown, SY16 2PZ	19,160	100	£1,697,045	£1,640,000	£154,475	£149,426
2	Bridge Street, Llangefni	Bridge Street, Llangefni, LL77 7YJ	9,601	100	£764,533	£690,000	£73,768	£71,357
3	Charles Street, Newport	2-6 Charles Street, Newport, NP20 1JR	18,334	100	£2,217,799	£1,950,000	£191,077	£184,832
4	Cleddau Bridge Business Park, Pembroke Dock	Pembroke Dock, SA72 6UP	19,418	100	£1,430,603	£1,430,000	£137,713	£133,212
5	Crown Buildings, Aberdare	Greenbach Street, Aberdare, CF44 7HU	24,290	100	£1,262,637	£990,000	£88,761	£92,189
6	Crown Buildings, Abertillery	Portland Street, Abertillery, NP13 1YF	9,159	100	£411,226	£430,000	£42,789	£41,390
7	Crown Buildings, Bridgend	Angel Street, Bridgend, CF31 4AA	46,058	100	£4,286,017	£4,020,000	£433,803	£419,625
8	Crown Buildings, Caerphilly	Claude Road, Caerphilly, CF83 1WT	20,712	-	£1,540,649	£530,000	-	£30,668
9	Dock Street, Porthcawl	Dock Street, Porthcawl, CF36 3BL	3,023	100	£318,555	£340,000	£29,626	£28,658
10	Hannah Street, Porth	35 Hannah Street, Porth, CF39 9RB	7,018	100	£660,278	£730,000	£74,659	£72,219
11	High Street, Rhyl	Jobcentre Plus, 80 High Street, Rhyl, LL18 1UB	9,452	100	£894,472	£790,000	£81,636	£78,968
12	High Street, Swansea	37-38 High Street, Swansea, SA1 1LS	19,609	100	£2,160,384	£2,110,000	£216,733	£209,650
13	Maengwyn Street, Machynlleth	43-45 Maengwyn, Machynlleth, SY20 8EB	3,655	100	£173,757	£170,000	£14,319	£13,851
14	Newport Road, Cardiff	Ty Cambria, 29 Newport Road, Cardiff, CF24 0TP	33,749	100	£4,876,706	£3,530,000	£405,000	£405,000
15	Oldway House, Swansea	Clase Road, Morriston, Swansea, SA6 8BT	14,575	100	£1,251,054	£1,130,000	£120,596	£116,654
16	Parc Menai, Bangor	Parc Menai, Bangor, LL57 4FD	32,583	100	£3,973,254	£3,590,000	£442,901	£428,426
17	Quay Street, Haverfordwest	16-20 Quay Street, Haverfordwest, SA61 1BH	8,603	100	£839,828	£890,000	£86,460	£83,634
18	Station Road, Port Talbot	64-66 Station Road, Port Talbot, SA13 1LX	8,793	100	£814,827	£740,000	£70,475	£68,172
19	Thistle House, Tonypandy	Llwynypia Road, Tonypandy, CF40 2EP	14,650	100	£1,198,926	£1,040,000	£96,873	£100,614
20	Windsor Road, Neath	1 Windsor Road, Neath, SA11 1LY	15,816	100	£1,507,123	£1,310,000	£137,343	£132,854

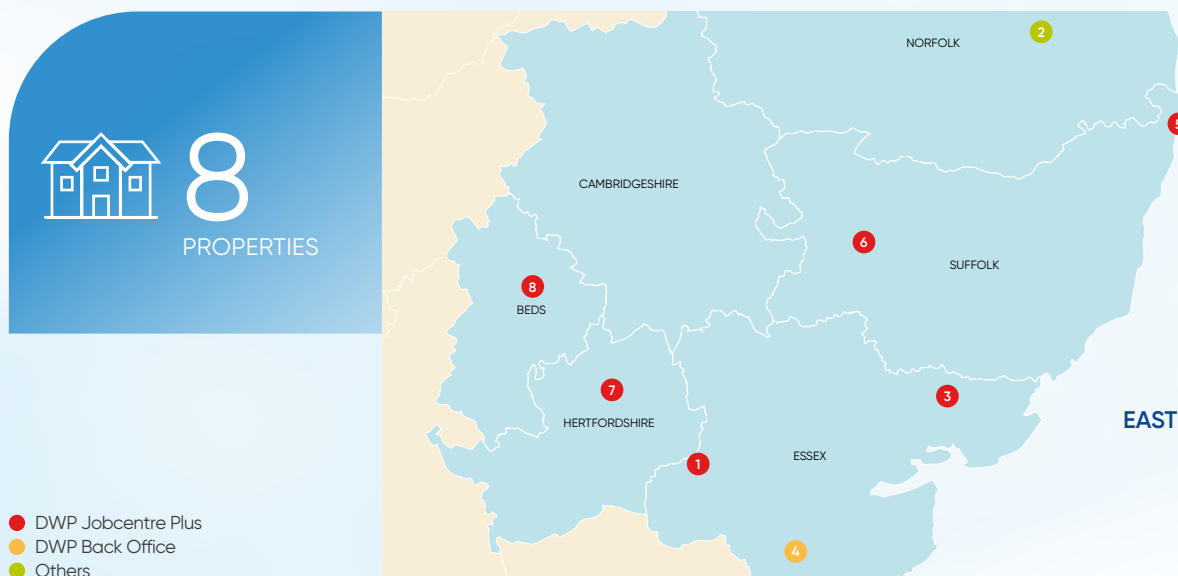
Notes:

(a) All properties in Wales are freehold properties except for Parc Menai, Bangor which is on long leasehold tenure with a 250-year lease term from 20 May 2005.

(b) Based on gross rental income as at 31 December 2023, annualised for FY2023.

PORTFOLIO PROFILES

EAST



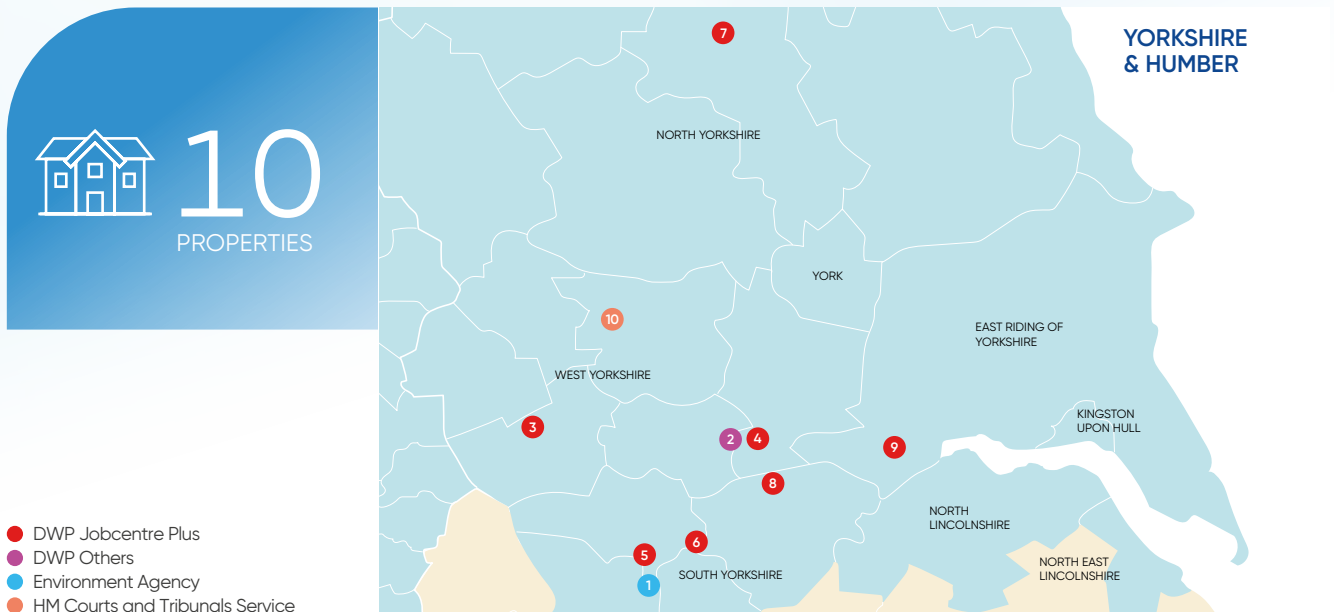
No.	Name of Property ^(a)	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2023	Annualised Gross Rental Income as at 31 Dec 2023 ^(b)	Actual Rental Received in FY2023
1	Beaufort House, Harlow	Crown Gate, Harlow, CM20 1NA	28,170	100	£6,411,650	£5,840,000	£500,199	£483,851
2	Blackburn House, Norwich	Blackburn House, 1 Theatre Street, NR2 1RG	9,302	100	£1,520,000	£880,000	£164,000	£164,000
3	Crown Buildings, Colchester	40 Chapel Street South, Colchester, CO2 7AZ	19,152	100	£3,825,000	£2,760,000	£235,552	£227,853
4	Great Oaks House, Basildon	Great Oaks House, Great Oaks, Basildon, SS14 1JE	54,432	100	£9,005,000	£7,140,000	£665,885	£637,311
5	Rishton House, Lowestoft	Clapham Road South, Lowestoft, NR32 1RW	41,656	100	£2,710,616	£2,580,000	£123,655	£146,063
6	St Andrew's House, Bury St Edmunds	St Andrew's Street North, Bury St Edmunds, IP33 1TT	28,863	100	£3,272,432	£2,700,000	£198,797	£206,474
7	The Forum, Stevenage	Stevenage, SG1 1EZ	18,473	100	£4,818,873	£2,360,000	£277,846	£290,746
8	Wyvern House, Bedford	53-57 Bromham Road, Bedford, MK40 2EH	23,799	100	£3,162,386	£2,450,000	£216,428	£209,354

Notes:

- (a) All properties in the East are freehold properties except for Blackburn House, Norwich and Great Oaks House, Basildon; which are on a 99-year lease term from 10 August 1978 and 999-year lease term from 17 June 2004, respectively.
- (b) Based on gross rental income as at 31 December 2023, annualised for FY2023.

PORTFOLIO PROFILES

YORKSHIRE & HUMBER



No.	Name of Property ^(a)	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2023	Annualised Gross Rental Income as at 31 Dec 2023 ^(b)	Actual Rental Received in FY2023
1	Bradmarsh Business Park, Rotherham	Bradmarsh Business Park, Bow Bridge, Rotherham, S60 1BX	12,054	100	£1,180,000	£1,150,000	£120,000	£119,639
2	Bridge House, Castleford	Bridge House, 28 Wheldon Road, Castleford, WF10 2JD	12,949	100	£1,004,749	£770,000	£86,460	£83,634
3	Castle House, Huddersfield	Jobcentre Plus, 8 Market Street, Huddersfield, HD1 2NE	20,389	100	£2,695,667	£2,150,000	£232,411	£224,815
4	Centurion House, Castleford	Centurion House, Bank Street, Castleford, WF10 1HY	11,238	100	£1,047,634	£860,000	£90,067	£87,123
5	Chantry House, Rotherham	Chantry House, Douglas Street, Rotherham, S60 2DL	20,618	100	£1,635,780	£1,330,000	£140,771	£136,170
6	Crown Buildings, Mexborough	Adwick Road, Mexborough, S64 0BD	14,994	100	£660,278	£690,000	£71,213	£68,886
7	Elder House, Northallerton	East Road, Northallerton, DL6 1NU	14,517	100	£978,834	£800,000	£81,575	£84,724
8	Low Hall, Pontefract	Market Street, Hemsworth, Pontefract, WF9 4HP	14,208	100	£874,579	£710,000	£88,572	£85,677
9	Mulberry House, Goole	North Street, Goole, DN14 5RA	6,202	100	£417,018	£460,000	£42,345	£40,961
10	Phoenix House, Bradford	Phoenix House, Rushton Avenue, Leeds Old Road, Bradford, BD3 7BH	37,649	100	£4,440,000	£2,970,000	£452,201	£443,529

Notes:

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

(b) Based on gross rental income as at 31 December 2023, annualised for FY2023.

PORTFOLIO PROFILES

NORTH EAST



11
PROPERTIES



● DWP Jobcentre Plus



NORTH EAST

No.	Name of Property ^(a)	Location	Net Internal Area (sq ft)	Occupancy Rate (%)	Purchase Price	Valuation as at 31 Dec 2023	Annualised Gross Rental Income as at 31 Dec 2023	Actual Rental Received in FY2023
1	Broadway House, Houghton Le Spring	Frederick Place, Houghton Le Spring, DH4 4AH	20,075	100	£1,592,777	£1,320,000	£166,101	£160,672
2	Crown Buildings, Chester Le Street	Crown Buildings, Station Road, Chester Le Street, DH3 3AB	10,490	100	£869,965	£640,000	£75,273	£72,813
3	Hadrian House, Eston	81 High Street, Eston, Middlesbrough, TS6 9EH	24,219	100	£1,546,441	£1,450,000	£172,542	£166,903
4	Hatfield House, Peterlee	St Cuthberts Road, Peterlee, SR8 1PB	19,889	100	£1,106,256	£980,000	£123,421	£119,387
5	Norham House, Berwick Upon Tweed	15 Walkergate, Berwick Upon Tweed, TD15 1DS	7,766	100	£434,394	£370,000	£37,551	£39,001
6	Portland House, Redcar	Portland House, West Dyke Road, Redcar, TS10 1DH	9,559	100	£900,598	£650,000	£75,000	£75,000
7	Reiverdale House, Ashington	Reiverdale Road, Ashington, NE63 9YU	23,702	100	£1,181,551	£940,000	£98,516	£102,320
8	St Andrew's House, Hexham	Haugh Lane, Hexham, NE46 3RB	21,451	100	£3,058,131	£2,270,000	£278,904	£269,789
9	St John's Square, Seaham	St John's Square, Seaham, SR7 7JE	6,658	100	£654,486	£560,000	£70,830	£68,515
10	Theatre Buildings, Billingham	Theatre Buildings, Billingham, TS23 2NA	7,261	100	£686,170	£530,000	£57,000	£57,000
11	Ward Jackson House, Hartlepool	Wesley Square, Hartlepool, TS24 8EZ	20,451	100	£2,328,350	£1,940,000	£238,111	£230,329

Notes:

(a) All properties in North East are freehold properties.

(b) Based on gross rental income as at 31 December 2023, annualised for FY2023.

ABOUT THE PRIMARY OCCUPIER



Upper Huntbach, Stoke On Trent

Quality Tenant Base Backed by AA-rated Credit Strength

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

More than 99% of Elite REIT's FY2023 gross rental income¹ is leased to the UK Government², backed by AA-rated sovereign credit rating, providing financial stability and income certainty. The credit strength of the tenant has ensured that Elite REIT has been able to consistently collect rental three months in advance, in full and on time, ensuring stable cashflows. Leases are signed with a diversified mix of UK Government departments and agencies on a full repairing and insuring³ ("FRI") basis, providing insulation in a rising inflation and rising energy prices environment.

Our Primary Occupier Delivers Essential Public Services

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

The DWP is integral in supporting the UK's social fabric as it delivers essential public services to the community. The DWP served over 22 million⁴ claimants in the year to February 2023, dispensing over £230 billion⁵ in benefits and pensions in FY2022/23.



Department
for Work &
Pensions

DWP contributed approximately 93.2% of Elite REIT's gross rental income as at 31 December 2023.

Notes:

1. As at 31 December 2023.
2. A majority of the leases are signed by the Secretary of State for Levelling Up, Housing and Communities (formerly known as the Secretary of State for Housing, Communities and Local Government), which is a Crown Body.
3. Under a full repairing and insuring lease, commonly known as triple net lease, the responsibility for the repair of the external and internal parts as well as the structure of the property is placed with the tenant for occupied assets.
4. Gov.UK, National statistics, DWP benefits statistics: August 2023, 15 August 2023.
5. Gov.UK, Corporate report: DWP annual report and accounts 2022 to 2023, 6 July 2023.

Although labour demand had begun to ease, the labour market remained tight⁶. While still being under pre-pandemic rates, the unemployment rate had been on the rise for the first half of 2023 and fairly stable at 4.2% for the second half⁷. Vacancies continue to fall all the way to December 2023⁷, but the vacancies-to-unemployment ratio remained at a very elevated level⁶.

The DWP also aims to commit more to helping people over the age of 50 by giving extra personalised work coaching as part of their Universal Credit claims⁵. This initiative, having started since February 2023 across all Jobcentre Plus, allows the DWP to more accurately identify the core setbacks that these people face regarding employment.

Moreover, in light of the upward movement of global prices caused by Covid-19 as well as the invasion of Ukraine, the DWP has been on the frontlines giving critical support to the nation's social stability. Through their new support programmes and plans, the DWP has helped countless people, especially those with disabilities or employment challenges, to either return to employment for those who need it, or to enjoy their deserved retirement⁸.

With 88.2% of the DWP-occupied properties designated as Jobcentre Plus offices, our properties continue to remain part of the crucial public infrastructure serving the UK society.

DELIVERING ESSENTIAL SERVICES

Largest public service department of the UK Government

Supported over **22m** claimants in the year to February 2023⁴

Dispensed over **£230b** in benefits and pensions in FY2022/23⁵

DWP workforce **77,944** employees⁹

SUPPORTING THE COMMUNITY



People seeking employment



People with a disability or health condition



People planning for or in retirement



Children and families

MORE ABOUT JOBCENTRE PLUS

Provides dedicated support to the **50 Plus** age group since September 2022 in all 37 Jobcentre Plus districts

Collaborates with partner organisations in the region to **support youths** get employed, while monitoring the region's employment landscape

Involved in increasing the number of disabled people in employment by about **73%** from 2014 to 2023¹⁰

Partnered with Good Things Foundation (formerly Tinder Foundation) in supporting more than **65,000** jobseekers every year¹¹



For more information about our primary occupier:



Visit <https://www.gov.uk/government/organisations/department-for-work-pensions/about>

Notes:

- 6. Bank of England, Monetary Policy Report, Monetary Policy Committee, February 2023.
- 7. Office for National Statistics, Labour market overview, UK: January 2024, 16 January 2024.
- 8. Gov.UK, Corporate report: DWP annual report and accounts 2022 to 2023, Secretary of State's Foreword, 6 July 2023.
- 9. As of October 2023. Data.gov.uk. Workforce Management Information, Department for Work and Pensions October 2023.
- 10. Parliament of UK, Research Briefing: Disabled people in employment, House of Commons Library, 19 June 2023.
- 11. Parliament of UK, Report: Written evidence from the Tinder Foundation (FJP0082), June 2016.

| OTHER KEY TENANTS AND OCCUPIERS

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



**Ministry
of Defence**

Ministry of Defence

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

Contribution to 2023 GRI: 2.4%

For more information:



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





HM Courts & Tribunals Service

HM Courts and Tribunals Service

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

Contribution to 2023 GRI: 1.7%

For more information:



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



Home Office

Home Office

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

Contribution to 2023 GRI: 0.4%

For more information:



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



Cyfoeth Naturiol Cymru Natural Resources Wales

Natural Resources Wales (Cyfoeth Naturiol Cymru)

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

Contribution to 2023 GRI: 1.1%

For more information:



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



Environment Agency

Environment Agency

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

Contribution to 2023 GRI: 0.3%

For more information:



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

UNITED KINGDOM: ECONOMY & GOVERNMENT

The UK Government

The UK Government is divided up into departments which are responsible for administering government policies. As at the time of writing, there are currently 24 ministerial departments, 20 non-ministerial departments and 421 agencies and other public bodies, demonstrating the depth and strength of support available to the community.



Notes:

- * Elite Commercial REIT's tenants and occupiers.
- 1. The IMD World Competitiveness Center, Switzerland.
- 2. Office for National Statistics, ONS, United Kingdom.



With a GDP of more than £3 trillion, the United Kingdom is the world's sixth largest economy and the second largest in Europe.

In the IMD's World Competitiveness Ranking 2023³, the UK was ranked 29th amongst 64 economies, in terms of economic performance, government efficiency, business efficiency and infrastructure.

The UK economy has been declining throughout the year, with the level of quarterly gross domestic product ("GDP") in Q4 2023 falling by 0.3% while GDP is estimated to have increased by 0.1% in 2023 from the previous year's 4.3% growth in 2022².

In the Bank of England's ("BoE") March 2024 Monetary Policy Committee's ("MPC") central projections, GDP is projected to rise by 0.1% in Q1 2024. Having declined through the second half of last year, UK GDP and market sector output are expected to start growing again during the first half of 2024. Four-quarter GDP growth is expected to be 0.5% in 2025 and 0.8% in 2026⁴.

Notes:

3. Bank of England, Monetary Policy Summary, March 2024
4. Bank of England, Monetary Policy Report, February 2024
5. Central Intelligence Agency World Factbook on United Kingdom.
6. International Monetary Fund (IMF) United Kingdom Datasets.

Statistics^{5,6}

Land Area (square km '000)	244.0
Population (million)	68.1
GDP (£ billion)	3,131
Real GDP Growth (%)	0.5
Unemployment Rate (%)	3.8
Labour force (million)	36.8

Strong Sovereign Credit Rating

S&P Global Credit Rating	AA
Moody's Credit Rating	Aa3
Fitch Ratings Credit Rating	AA-

MARKET REVIEW

BY KNIGHT FRANK

ECONOMIC UPDATE | Global and UK economy



GLOBAL ECONOMY

The global economic outlook remains soft, yet expectations of a soft landing remain.

Global outlook upgraded

Against a backdrop of challenging economics, the global economy has held up better than expected, demonstrating its resilience. The IMF revised its 2024 global GDP growth forecast by +20bps to 3.1% in February, compared to its October 2023 forecast.

Economic growth expectations for the US have also been upgraded for 2024. The IMF forecasts that the US GDP will grow by +2.1%, up by +60bps from its previous forecast in October. Meanwhile, the IMF revised its Euro Area GDP growth forecast lower for 2024, downgrading it by -30bps to +0.9%. For 2025, the IMF expects the US and Euro Area to grow by +1.7%.

Despite global economic headwinds, labour markets across many geographies remain tight. The US unemployment rate was unchanged at 3.7% in January 2024, below market expectations of 3.8%. In Germany, the unemployment rate was 5.7% for the fourth consecutive month in January, remaining below its 8.3% LTA.

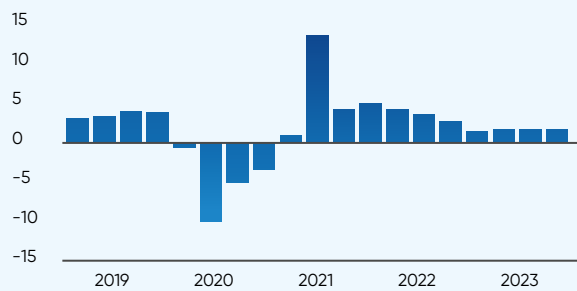
Global business activity improves

The Global Services PMI rose to a six-month high of 52.3 in January, from 51.6 in December, remaining in expansionary territory (figure above 50) for the 13th successive month.

Meanwhile, the Global Manufacturing PMI increased to 50.0 in January from 49.0 in December, entering expansionary territory for the first time in 17 months.

Gross Domestic Product

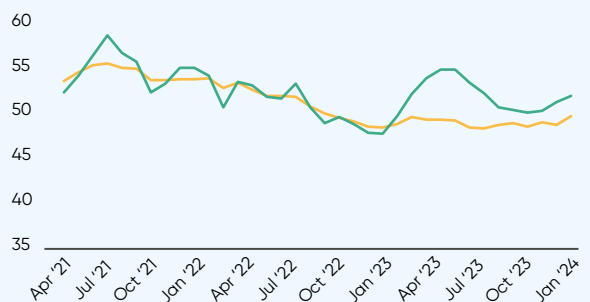
Quarterly OECD countries GDP growth, % change YoY, seasonally adjusted



Source: Knight Frank Research, Macrobond, OECD

Business Activity Index*

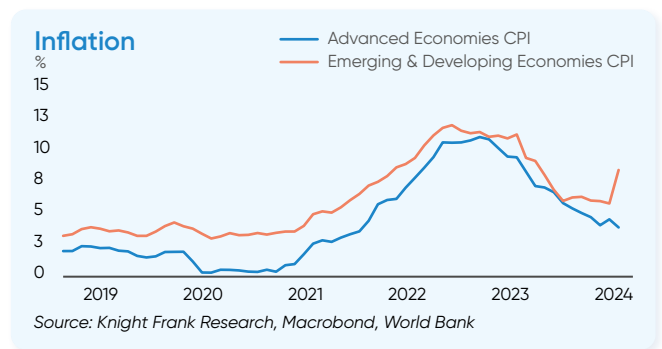
— Manufacturing PMI
— Services PMI



*Figure below 50 is contractionary
Source: Knight Frank Research, Macrobond, S&P Global /CIPS

Inflation to fall back to 2% target in 2024

Across the world, global headline inflation has fallen sharply due to favourable base effects and moderating energy prices. However, with noise around inflation surprises and continually evolving global geopolitics, this path is unlikely to be smooth. In the Euro Area, inflation fell to 2.8% in January 2024 from 2.9% in the month prior. Meanwhile, in the US, inflation rose to 3.4% in December, up from a five-month low of 3.1% in November.

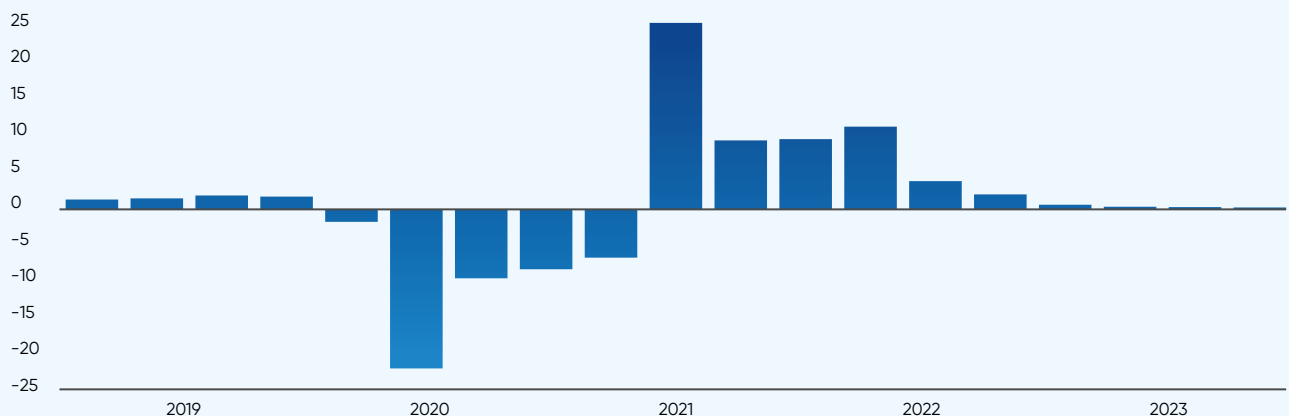


UK ECONOMY

UK inflation to moderate to the 2.0% target faster than previously expected.

Gross Domestic Product

Quarterly UK GDP growth, % change YoY, constant prices, seasonally adjusted



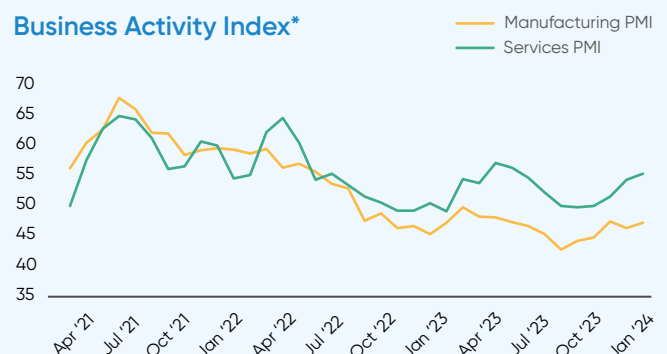
UK GDP expands in November

Between Q1 – Q3 2023, the UK avoided a recession, with GDP growth of +0.3% in Q1 2023 and 0.0% in Q2 2023 before recording a slight decline of -0.1% in Q3 2023. On a monthly basis, GDP expanded by +0.3% in November 2023, compared to a -0.3% contraction in October.

The Bank of England (“BoE”) updated its GDP forecasts in February 2024. It now expects the UK’s GDP to grow by +0.25% in 2024, up from its previous 0.0% growth forecast in November. For 2025 and 2026, the central bank expects the UK economy to grow by +0.75% and +1.00%, respectively.

The UK unemployment rate contracted to 3.8% in Q4 2023, from 4.0% in the quarter prior and below expectations of it remaining unchanged. The BoE forecasts UK unemployment to rise to 4.60% by the end of 2024, however, this will remain comfortably below the long-term average of 6.7%.

Business Activity Index*



*Figure below 50 is contractionary
Source: Knight Frank Research, Macrobond, S&P Global /CIPS

Business activity picks up

The UK Services PMI rose to its highest level in eight months at 54.3 in January, up from 53.4 in December, and its third month in expansionary territory (figure above 50).

MARKET REVIEW

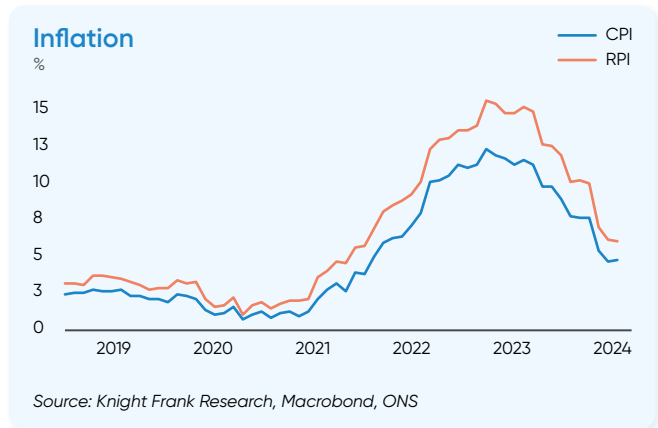
BY KNIGHT FRANK

Meanwhile, the UK Manufacturing PMI increased to 47.0 in January, from 46.2 in the month prior, albeit remaining in contractionary territory (figure below 50) for the seventeenth consecutive month.

UK inflation: target in sight

UK inflation rose for the first time in ten months in December 2023 to 4.0%, up from a near two-year low of 3.9% in November. Nonetheless, the BoE expects UK inflation to reach its 2% target by Q2 2024 (compared to Q4 2025 previously forecasted). This would bring UK inflation below the US and Euro Area for the first time in two years.

With inflation forecast to fall to target in H1 2024, most economists expect rate cuts from the BoE to start in June. Money markets are currently pricing in three quarter-point rate cuts, taking the base rate to 4.50% by the end of 2024.



CAPITAL MARKETS

UK commercial real estate



CAPITAL MARKETS

London was the top metro for overseas capital in 2023 for All Property and Offices.

Pockets of positivity in Q4

UK commercial real estate ("CRE") investment has shown signs of moderation in 2023, with preliminary numbers suggesting investment totalled £8.5 billion in Q4 2023. This was +11% up on investment in Q3 2023, yet a -22% contraction on Q4 2022.

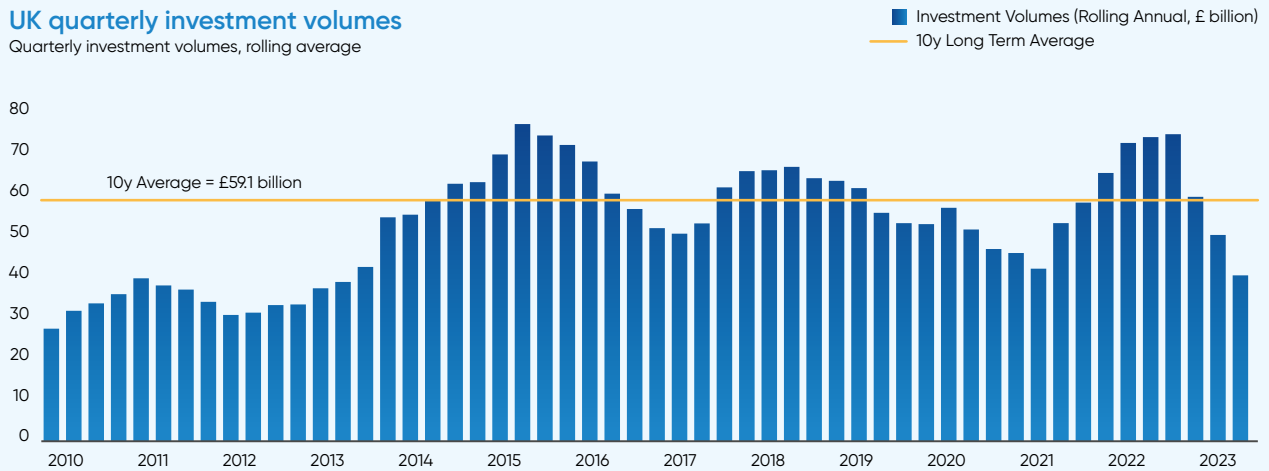
£32.6 billion was invested in UK CRE in 2023, which was -41% below investment in 2022 and -36% below the 10-year long-term average.

The UK was not unique in seeing reduced CRE investment volumes in 2023, with the US (-51%) and Europe (-48%) recording larger proportional declines YoY.

Office (£2.4 billion) and Industrial (£2.4 billion) were the most invested sectors in Q4, followed by the Residential (£2.0 billion) and Retail (£1.0 billion) sectors. Hotel (+52%), Office (+18%) and Industrial (+15%) recorded positive investment growth QoQ in Q4.

UK quarterly investment volumes

Quarterly investment volumes, rolling average



Source: Knight Frank Research, RCA

Cross-border capital was more active in the UK in Q4, with overseas investment up +51% QoQ to £4.2 billion, albeit down -49% YoY. Industrial received the most investment from cross-border sources in Q4 2023, with £1.6 billion invested.

London was the top global metro for overseas investment for All Property and Offices in 2023, and the UK was the second most invested market for cross-border capital in 2023, behind the US.

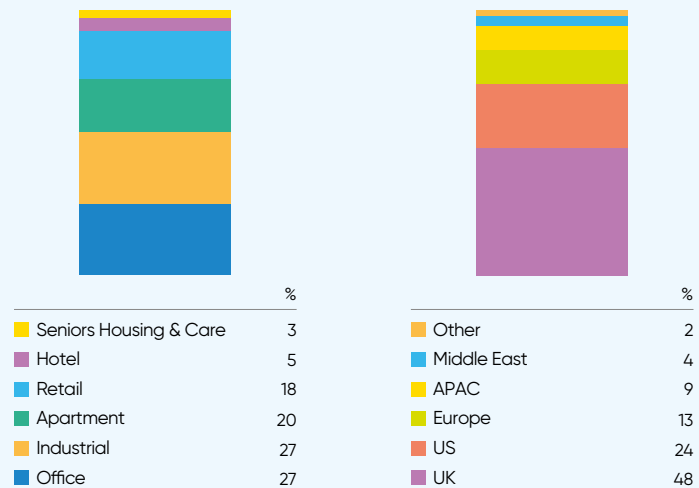
CRE investment to improve?

We have seen a pause in the hiking of base rates and while economists rarely agree, the narrative has shifted to when we will see rate cuts, which will also feed into swap rates. As debt costs start to come down, this will eliminate a significant barrier to transactional activity and encourage investment volumes to gradually increase this year.

With interest rates expected to remain elevated globally into H2 2024, we anticipate private capital to remain active. During previous times of dislocation, private capital has typically rotated back into commercial real estate. Private buyers are well positioned to transact in a high debt cost environment, as they are typically less reliant on upfront debt than other investors.

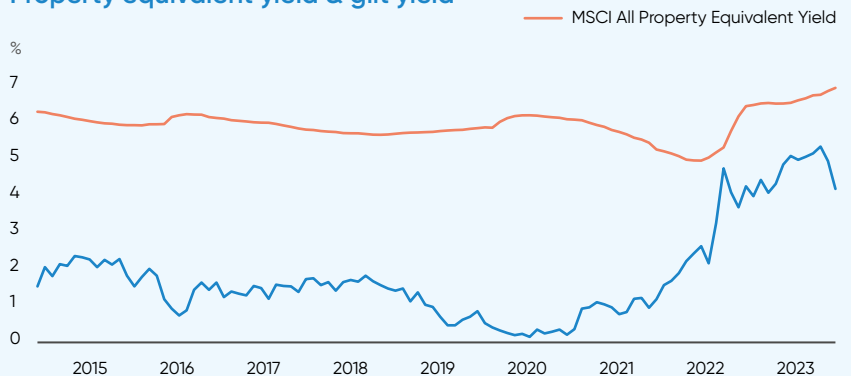
Investment volume breakdown

% of 2023 volume



Source: Knight Frank Research, RCA

Property equivalent yield & gilt yield

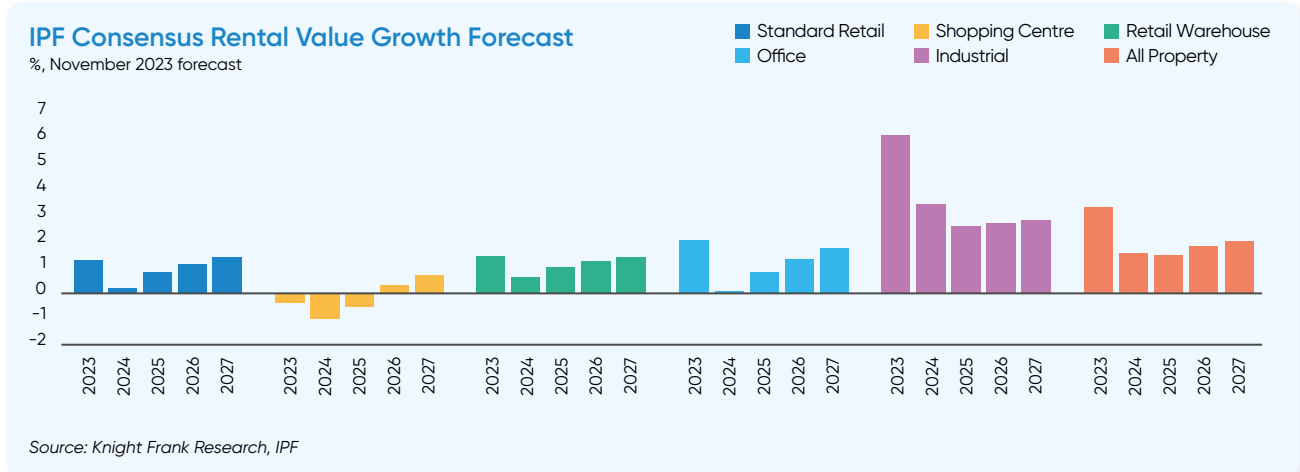
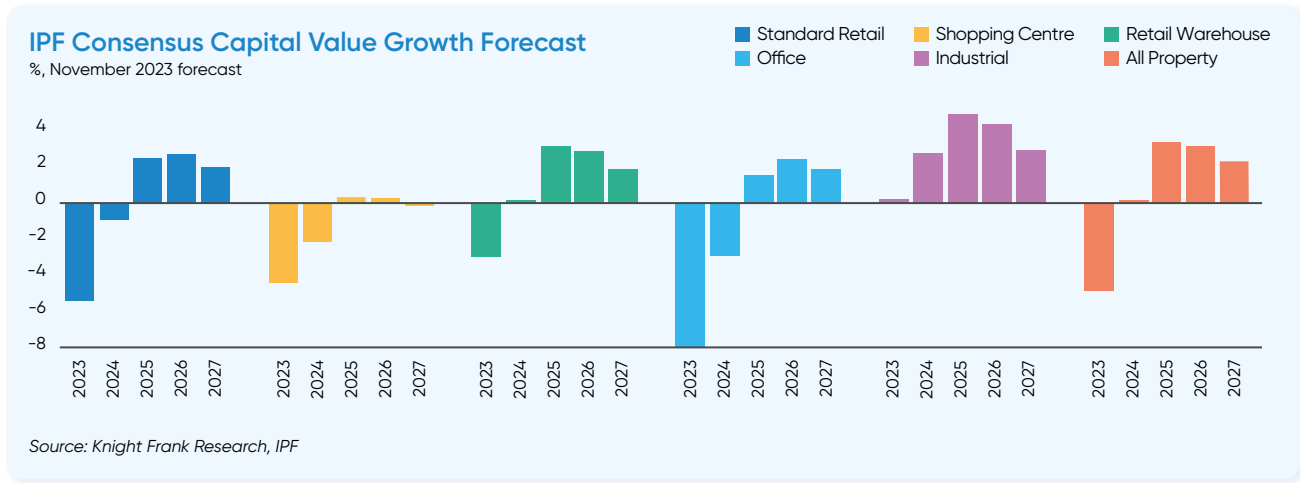
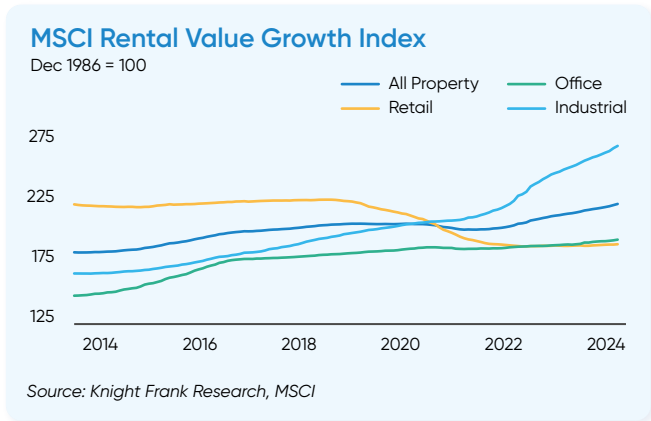
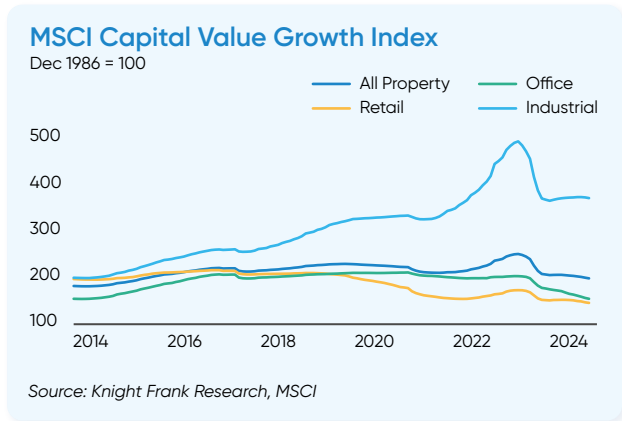


Source: Knight Frank Research, Macrobond, MSCI

MARKET REVIEW

BY KNIGHT FRANK

The IPF forecasts the Industrial sector to record the highest capital value growth in 2024.



OFFICES

City & Southbank, West End, Docklands & Stratford, South East & UK Cities

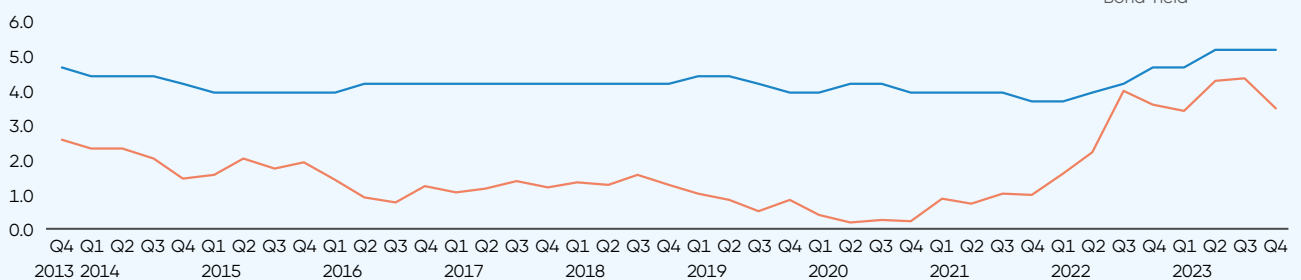


CITY & SOUTHBANK OFFICES

Transaction volumes fall, but yields remain stable.

City & Southbank: Prime yield and 10-year government bond yield

% per annum



Source: Knight Frank Research

Lower investment volumes

There were 15 investment transactions totalling £0.4 billion in Q4, down 52.8% compared to Q3. During the quarter, investors from the United Kingdom acquired £0.2 billion of offices, accounting for 51% of volumes, followed by APAC countries with £0.1 billion and a 30.1% share of all transactions.

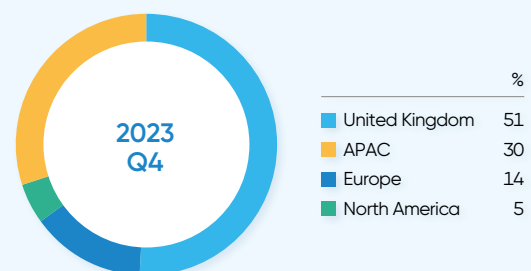
Private capital investors, less sensitive to rising interest rates, acquired £0.3 billion of offices in Q4, which was 87% of all transactions. The investor group were responsible for the largest deal of the quarter at 12-14 Fetter Lane, EC4, acquired by an investor from Taiwan for £133 million, reflecting a yield of 5.75%.

Managed investment funds were the next largest investor group with an 8.2% share of transaction volumes, and this was followed by private equity investors with a 5.2% share.

Current available stock is valued at £0.9 billion whilst there is £0.7 billion under offer. Prime yields have remained stable at 5.25% for a second consecutive quarter.

City & Southbank: Investment volumes by nationality

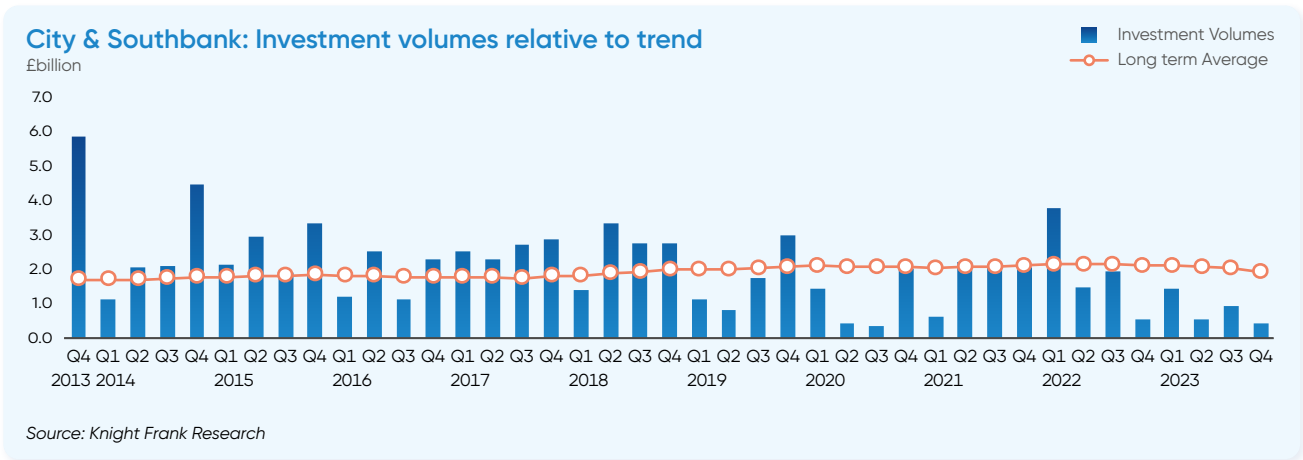
2023 Q4, % of total investment volumes



Source: Knight Frank Research

MARKET REVIEW

BY KNIGHT FRANK



Record take-up of new and refurbished offices.

Lettings at five-year high

There was 2.4 million sq ft of take-up in the City & Southbank during the quarter, an increase of 44.4% from Q3 and almost 50% above the long-term trend of 1.6 million sq ft. This was the highest level of take-up since Q4 2017 and was driven by 1.8 million sq ft of new and refurbished lettings – the highest level of prime take-up ever recorded and representing 73% of all lettings in the market. Take-up was above the long-term average in two submarkets of the City & Southbank – the City Core (87%) and Clerkenwell/Farringdon (21.7%).

The largest letting in Q4 was the 520,359 sq ft pre-let signed by HSBC at Panorama St. Paul's, a year ahead of the building's completion in 2025. There has not been a transaction of this scale since Q1 2018. The second largest transaction was CFC Underwriting Ltd, which acquired 88,322 sq ft across floors 10–15 at 8 Bishopsgate. The letting takes the scheme to 63% let.

We can expect momentum to continue in the market as the City & Southbank continues to be the focus of most active requirements in London. Active demand rose to 5.1 million sq ft, a 9.6% increase during the quarter and 23.6% above the long-term trend. Near-term demand continues to be led by the financial sector at 2.6 million sq ft (51.5%), followed by 1.3 million sq ft from professional occupiers (24.4%).

Availability falls slightly

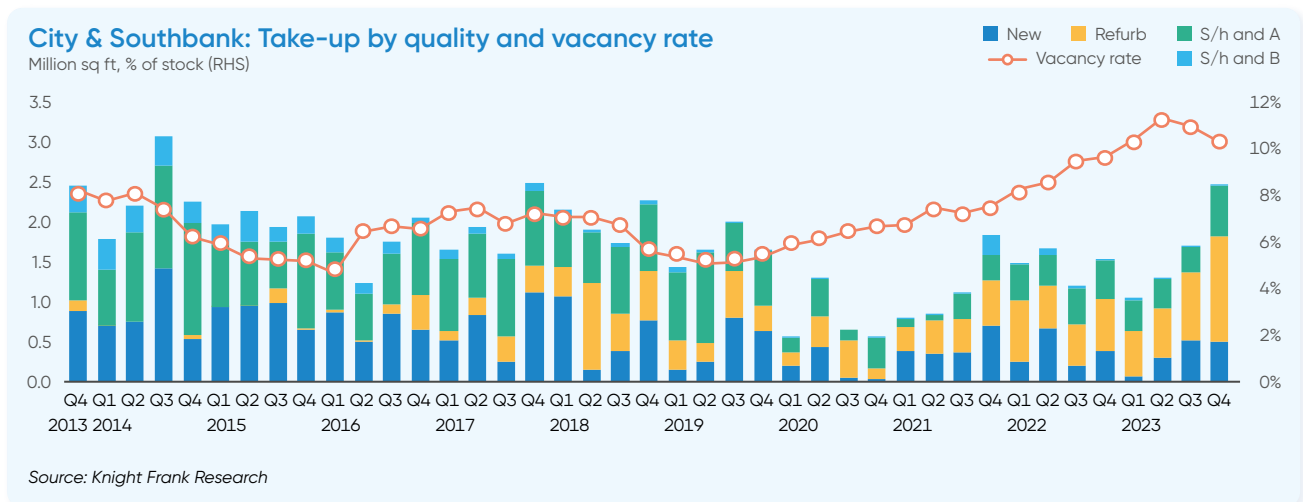
Availability fell for a second consecutive quarter in the City & Southbank, primarily driven by the high level of leasing activity during Q4. Down 5.5% to 13.9 million sq ft, this decrease has resulted in a vacancy rate of 10.1% and compares to the long-term trend of 7.0%. However, prime availability is tight and has a vacancy rate of 5.8% and is slightly below the long-term trend.

The City & Southbank development pipeline contracted to 9.9 million sq ft during the quarter, following 0.8 million sq ft of completions in Q4. Of the under-construction pipeline, 25% is pre-let, and there is 7.0 million sq ft of speculative floorspace being delivered before the end of 2026. Compared with long-term levels of new and refurbished take-up, this level of speculative development suggests a supply shortfall of 3.4 million sq ft by the end of 2026.

20 Ropemaker Street, EC2, was the most significant completion in Q4, comprising over half of all completed floorspace, followed by the Artesian, E1.

Higher prime rents

We have raised rents in the City Core from £77.50 to £87.50 per sq ft, in Clerkenwell/Farringdon from £85 to £90 per sq ft, in Midtown from £70 to £80 per sq ft and from £77.50 to £80 per sq ft in Southbank Core.



WEST END OFFICES

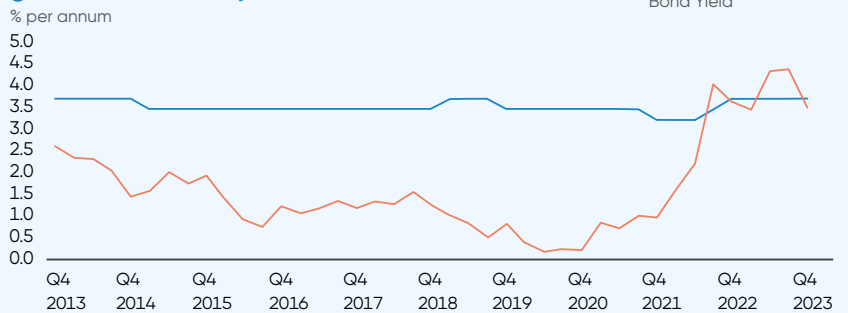
European investment drives strong transactional activity.

Investment market resilience in West End

Transaction volumes in Q4 totalled £1.3 billion, up 173% compared to Q3 and were aligned to the long-term trend. The largest transaction in Q4 was the sale of the Lotus Portfolio, W1, which comprised 27 freehold assets and was acquired by Oval Real Estate & Elliott Advisors for £300 million, reflecting a yield of 5.64%.

During the quarter, investors from Europe acquired £0.4 billion, accounting for 31.5% of volumes, followed by APAC countries with £0.3 billion and a 23.4% share of all transactions. European investors were responsible for 28% of all purchases in the West End during 2023, followed by the United Kingdom (27%) and APAC countries (23%). During 2023, private capital investors acquired £1.7 billion of West End offices, 50% of total volumes. Prime yields have remained stable at 3.75% and unchanged during 2023.

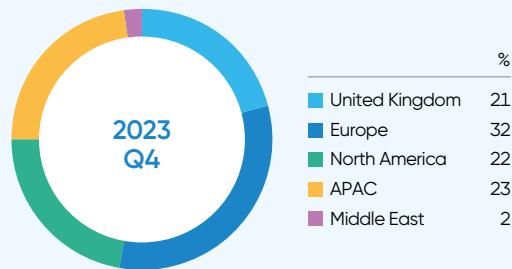
West End: Prime yield and 10-year government bond yield



Source: Knight Frank Research

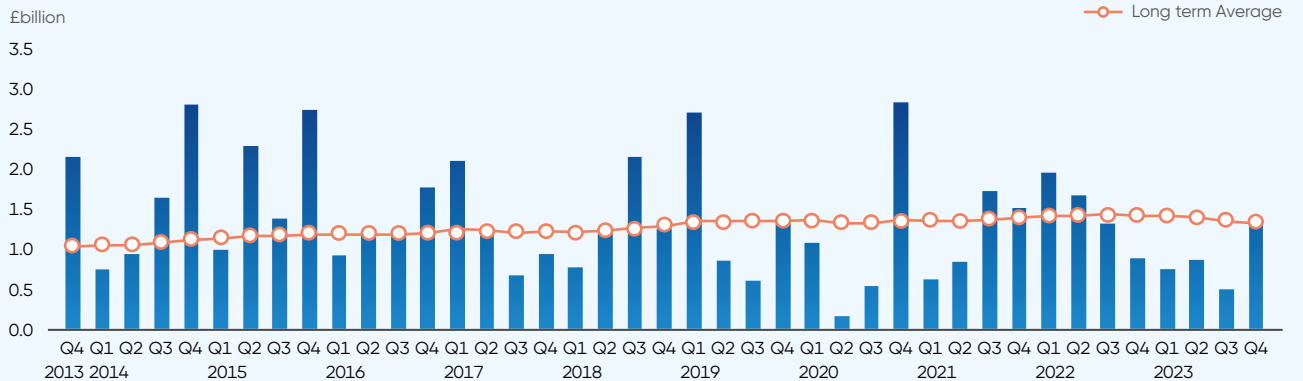
West End: Investment volumes by nationality

2023 Q4, % of total investment volumes



Source: Knight Frank Research

West End: Investment volumes relative to trend



Source: Knight Frank Research

MARKET REVIEW

BY KNIGHT FRANK

Above trend take-up in majority of West End submarkets.

Above trend take-up

There was 1.40 million sq ft of take-up in the West End during the quarter, an increase of 60.8% from Q3 and 25% above the long-term trend of 1.12 million sq ft. This was the highest level of take-up since 2022 Q2. Transactions of the best quality offices represented 56.7% of lettings in the market.

Take-up was above the long-term average in two-thirds of the submarkets in the West End and was highest in the West End Core (77.7%), Soho (153%), and Strand/Covent Garden (59%).

The largest letting in Q4 was the 172,405 sq ft pre-let signed by Millenium Capital Management at 50 Berkeley Street, W1J, at a rent of £135.00 per sq ft. The move will be a return to the Berkeley Street premises, Millenium Capital Management's home from 2004 to 2022, once refurbishment works are completed in 2025. The second largest transaction was law firm Paul, Weiss, Rifkind, Wharton & Garrison LLP, who acquired 81,433 sq ft of space across three floors at Air, W1.

Following a quarter of strong leasing momentum, active demand in the West End has fallen to 1.88 million sq ft. There is however, 0.8 million sq ft of space under-offer in the West End, predominantly in the West End Core and Fitzrovia submarkets. Near-term demand is driven by the financial sector at 0.6 million sq ft (34%) followed by 0.4 million sq ft from manufacturing and corporate occupiers (23%).

Slight rise in availability but future pipeline is modest

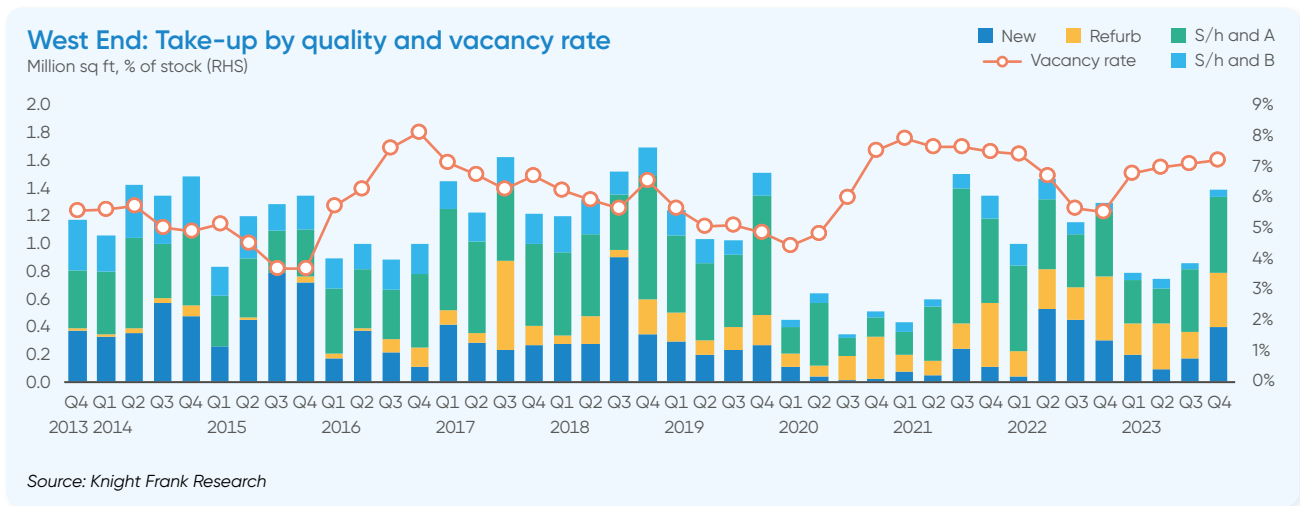
West End availability has risen by 2.1% to 6.8 million sq ft. The rise has been primarily driven by upcoming development completions in 2024 Q2 and constitutes a vacancy rate of 7.3%. Prime availability remains constrained and has a vacancy rate of 4.9%. Just under half of the West End's submarkets have total vacancy rates below long-term trends.

The under-construction development pipeline has increased to 5.17 million sq ft. However, the volume of speculative space is down 4% to 3.69 million sq ft. The West End pipeline is 29% pre-let. This volume of under-construction speculative activity is anticipated to result in a shortfall of 1.7 million sq ft of prime space by the end of 2026.

151 Buckingham Palace Road, SW1, was the largest completion in Q4 and delivered 202,916 sq ft of which 27,215 sq ft was under offer. Pre-let lead-in times over the last five years for the West End are, on average, 12.6 months ahead of a scheme's completion.

Further rises to prime rents

As a result of our change to the assessment of prime rents we have raised rents in all but two submarkets – Bloomsbury and White City. The most significant rises have been in the West End Core from £140 to £150 per sq ft, in King's Cross/Euston from £82.50 to £90 per sq ft and in Strand/Covent Garden from £80 to £87.50 per sq ft.



DOCKLANDS & STRATFORD OFFICES

Take-up has fallen over the quarter, and availability remains high.

Take-up falls in Q4

During the quarter, there was 0.09 million sq ft of take-up in Docklands & Stratford, a decrease of 37% from Q3 and 55% below the long-term trend.

Transactions of the best quality offices represented 12.2% of lettings in the market as availability is predominantly second-hand, resulting in lower levels of new and refurbished take-up compared to other London markets.

The largest letting in Q4 was the 84,999 sq ft lease signed by the National Crime Agency across floors 12–14 at 1 Westfield Avenue (S5), E20. The sub-lease was signed at the rental rate of £40.00 per sq ft. As such, this one deal means that public sector take-up was 86.4% in Q4. The second largest deal was AviadoBio, letting 11,000 sq ft at 20 Water Street, E14, at £57.70 per sq ft.

Throughout 2023, manufacturing and corporate occupiers represented 29% of take-up in Docklands and Stratford, followed by miscellaneous occupiers at 28%.

There is currently 0.2 million sq ft floorspace under offer in the market; over half of this is in Canary Wharf and of a new and refurbished quality. Active demand has reduced to 0.14 million sq ft, down 37.8% from the previous quarter. Financial occupiers drive demand with 85% of all named demand in the market.

Total availability remains high

Availability has risen 7% on the quarter to 4.19 million sq ft, resulting in a vacancy rate of 16.8%, almost double the long-term trend of 9.7%. However, vacant new and refurbished space is much lower at 7.8% of all stock.

Only one scheme is under construction, the 350,779 sq ft Turing building in Stratford which completes later this year.

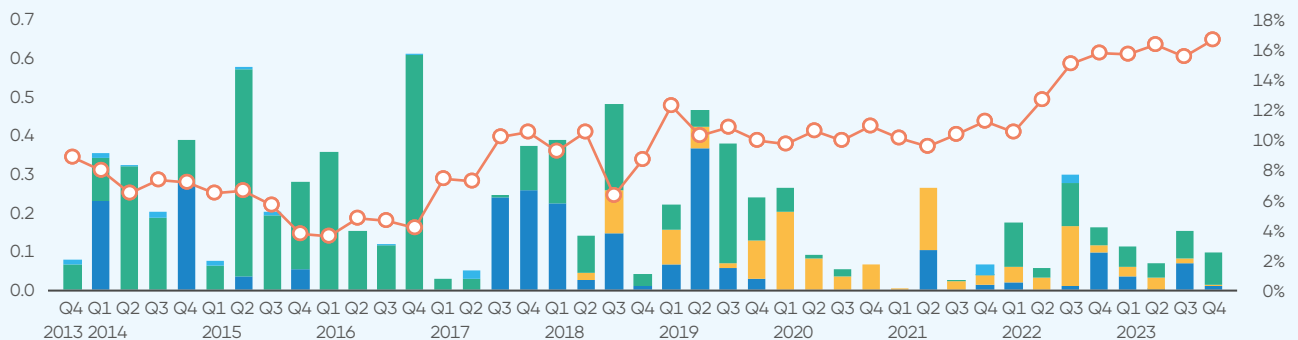
We have raised rents in Canary Wharf from £55 to £57.50 as available prime space remains limited. Rent frees are unchanged at 28.5 months on a typical 10-year lease.

Higher yields

There was no investment activity during Q4. Investment availability has risen 88% to £0.52 billion, and a further £0.02 billion is under offer. Prime yields have moved out to 7.25%, reflecting the challenging investment landscape of the market.

Docklands & Stratford: Take-up by quality and vacancy rate

Million sq ft, % of stock (RHS)



Source: Knight Frank Research

SOUTH EAST OFFICES

Investment activity remained subdued in Q4, however falling interest rates in 2024 are expected to encourage investors back to the UK office markets.

Wider turmoil hinders office investment

Investment activity remained subdued in Q4, with £218 million of office stock traded, a 57% increase compared with Q3 2023 but 69% below the 10-year quarterly average. Consequently, investment volumes for 2023 finalised the year at £1.3 billion, 55% less than in 2022 and 54% below the 10-year annual average.

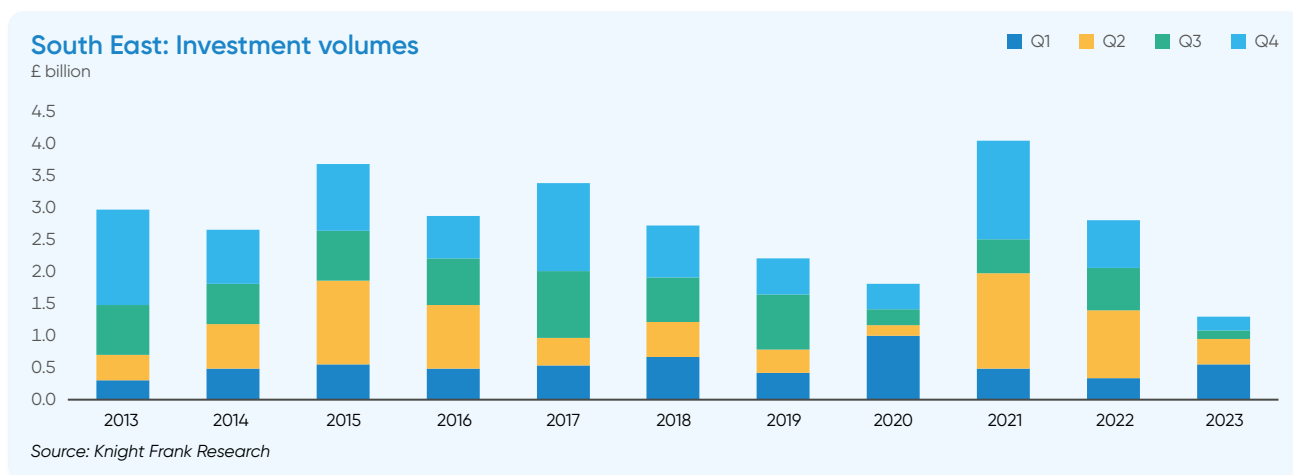
The absence of international buyers partly contributed to the subdued level of market activity in 2023. Although responsible for two of the three transactions over £50 million, the number of deals completed by foreign buyers represented 26% of the market, down from 37% in 2022.

Liquidity thin for higher value assets

Despite market challenges, 2023 registered a relatively high number of investment deals. During the year, 88 investment transactions were completed, just ahead of the 5-year annual average of 86. However, liquidity at the higher-value section of the market proved tight in 2023, with only three transactions above £50 million completed. This compares with an annual average of 16. Notably, Life Sciences assets accounted for two of the three transactions above £50 million.

MARKET REVIEW

BY KNIGHT FRANK



Pricing to settle in 2024?

The continued turbulence within domestic and global capital markets led to rapid market repricing in 2023. Prime office yields for the South East offices increased by 100bps to 7.00% over the year, a level not recorded since the Global Financial Crisis.

Moving forward, inflationary pressure and capital markets have stabilised, with forecasts indicating a fall in interest rates can be expected in 2024. Price discovery will remain a firm market characteristic, at least for the short term, with the shift in capital values offering opportunities for some investment groups. Equity-backed opportunistic buyers are active, and as markets continue to stabilise, we anticipate that core and core-plus investors will grow in number.

A comparatively strong Q4, in which several large occupier deals completed, pushed take-up above the 5-year annual average.

Occupier activity proves resilient despite significant headwinds

The expectation of a tight future supply landscape set the tone for solid occupier activity in the final quarter of 2023. During Q4, take-up increased by 64% quarter-on-quarter to reach 1.4 million sq ft, the highest quarterly total since 2018. Consequently, take-up across the South East for the year increased to 3.45 million sq ft, almost identical to the total of 2022 and 3% above the 5-year annual average. A high deal count supported the level of take-up. In 2023, 333 occupier transactions were completed, the highest number of deals in our records.

Best and the rest

A continuing occupier trend observed in 2023 was a distinct focus on acquiring the best quality. This has meant that firms have acted earlier to secure spaces. In 2023, 13 leases were agreed prior to the completion of development, the highest total since 2001. New and grade A space accounted for 84%, well above the long-term average of 66%. In contrast, take-up of grade B space was low, accounting for just 16% of the total.

Quality over quantity

The final annual results demonstrated a broader trend of reducing requirement sizes. During the year, 74% of deals were for 10,000 sq ft or less, albeit the number of deals completed at the size range was the highest in our records. Overall, the average deal size in 2023 was 10,400 sq ft. This is the smallest in our records, dating back to 1992.

Demand concentration creates upward rental pressure

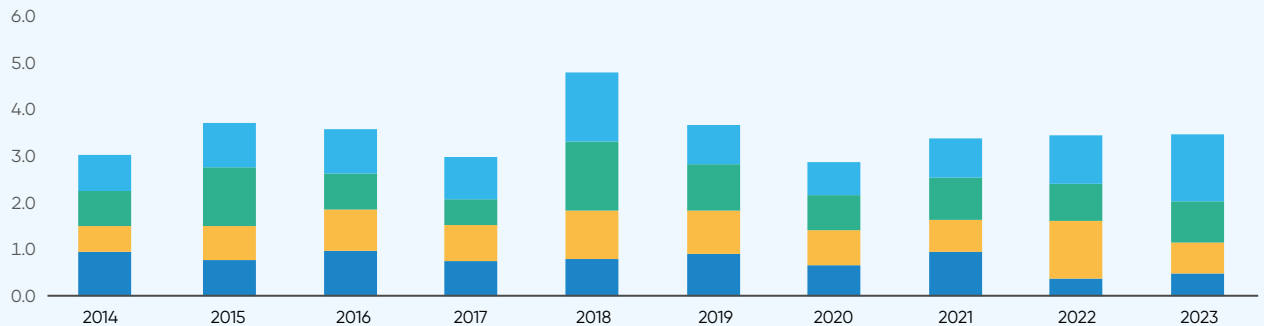
Activity levels varied considerably across the markets. In 2023, 6 markets accounted for 50% of total take-up. Consequently, due to this pressure on high quality and the polarisation of markets, 17 of 54 markets recorded an increase in prime rent during 2023, and 17 of 54 recorded a decrease. The remainder stayed the same as year-end 2022.

Supply landscape shifting

The overall vacancy for the South East increased marginally in 2023, finishing the year above the long-term average at 7.8%. Interestingly, Grade B space accounted for 24% of South East availability at year-end. This is the lowest representation since mid-2021 and demonstrates new stock coming to market and a greater prevalence of lower-quality stock being taken out of the market.

South East: Occupier take-up

Million sq ft



Source: Knight Frank Research

In 2023, over 1.4 million sq ft of speculative development was completed, the highest total since 2017. However, Oxford and Cambridge accounted for 44% of this total as these markets respond to demand for Life Sciences companies. At year-end, 3 million sq ft of speculative space was under construction and due to be completed before the end of 2025. Of this, Oxford and Cambridge account for 28%.

UK CITIES OFFICES

Investment volumes continue to rise quarter-on-quarter, albeit liquidity for large lot sizes stays low.

A sustained rise in investment volumes throughout 2023

Investment across the regional offices rose each quarter in 2023, reaching £395.98 million in Q4, more than double that in Q1. Despite this, annual office investment finished 37% below the previous year, and 41% below the 5-year annual average, at £1.13 billion. In a challenging investor market, the largest transaction across the regional cities in 2023 was the sale of One Angel Square in Manchester to Menomadin Group for £137.5 million.

Is this the end of the current repricing?

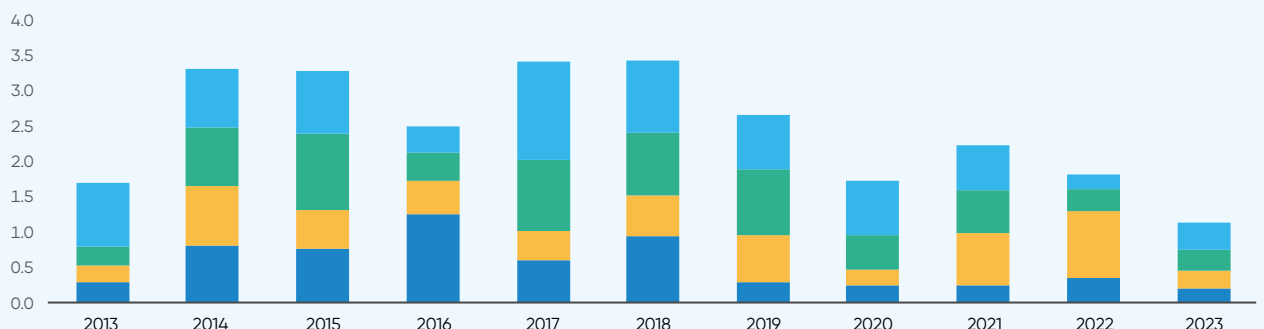
Prime office yields continued to soften in Q4 and increased by up to 200bps across the regional cities in 2023. However, interest rates will be a key driver of the office market in 2024. With further interest rate hikes now unlikely, debt costs will remain steady, providing a pricing benchmark for buyers and sellers. Prime office yields will stabilise, encouraging more investment activity as investors take advantage of pricing that offers discounts compared to the long-term average.

Overseas investors take the top spot for inward capital flows in Q4

In the final quarter of 2023, overseas investors accounted for close to 40% of investment turnover.

UK Cities: Investment volumes

£ billion



Source: Knight Frank Research

MARKET REVIEW

BY KNIGHT FRANK

However, this is largely attributed to the acquisition of One Angel Square by a Middle Eastern investor. In terms of deal number, property companies continued to dominate in Q4, accounting for half of transactions. Considered for all of 2023, property companies also dominated, accounting for 40 out of 71 transactions (56% of all completed deals).

Smaller lot sizes dominate

Alongside falling investment volumes, the average deal size has fallen incrementally over the past five years, and is currently £15.4 million, 20% below the long-term annual average. Notably, just three deals above £50m completed in 2023, 76% below the 10-year annual average of circa. 13 deals in this size band.

Occupier take-up in Q4 reaches the long-term average, whilst a lack of best-quality supply is supporting pre-letting and rental growth.

Occupier activity increasing

Take-up in Q4 reached 1.3 million sq ft across the UK cities, a level on par with both the previous quarter and the 5-year quarterly average. Despite this, annual leasing volumes finished below the total of the previous year at 4.7 million sq ft, 10% below the long-term average. Deal numbers however reached 1,087, 7% above the 5-year annual average, albeit the average deal size was low at 4,347 sq ft.

Supply squeeze for the best

A shortage of supply for best-in-class space is evident across the UK cities. The percentage of take-up accounted for by new or grade A space fell to 43% from 57% the previous quarter. Despite this, 5 out of 10 cities recorded take-up for new and grade A space of above 50% of overall take-up, reaching as high as 81%.

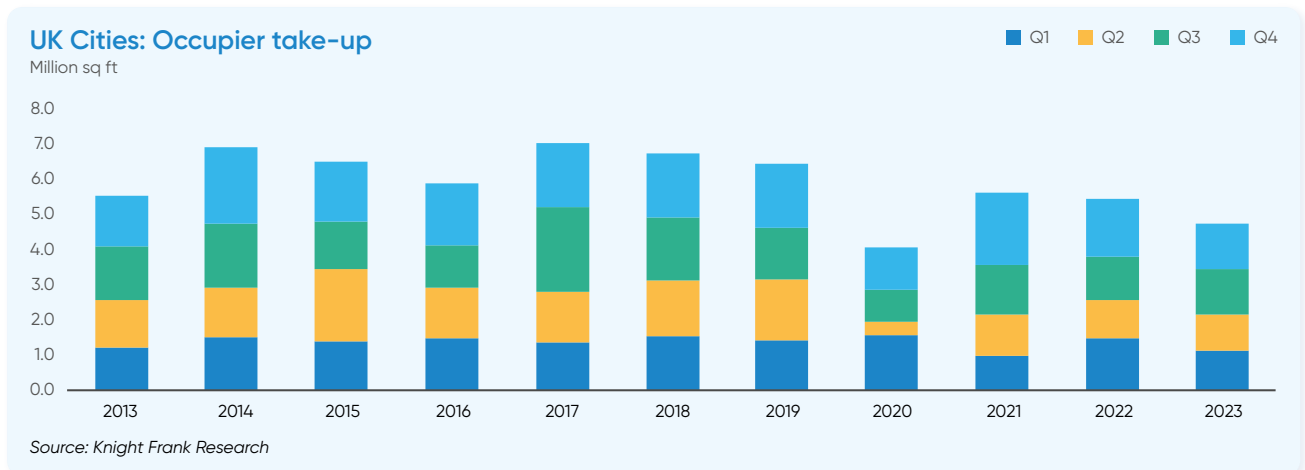
Notable occupier deals for best-quality space include the letting of circa. 32,000 sq ft of BREEAM 'Excellent' and SMART-enabled space at One Centenary Way in Birmingham to legal firm Mills & Reeve. Meanwhile, the global consultancy BDO took circa. 23,000 sq ft of space at Eden in Manchester, a building designed to be net zero in operation and WiredScore 'Platinum' and BREEAM 'Outstanding' certified.

The rise of the pre-let

The scarcity of prime space is forcing tenants to secure spaces well ahead of forthcoming lease events. While overall vacancy rates have risen, high-quality space has remained limited, with a vacancy rate of below 3% for new and grade A space. The supply squeeze is most acute for those requiring large floorplates. With high construction costs, lower market rates and a switch to alternative use further restricting future supply, competition for space will continue in the coming year. Consequently, prime rents are forecasted to increase by 3% on average. Pre-letting activity and leases agreed during the construction period will be a significant factor in the market in 2024.

Serviced offices footprint grows in 2023

In 2023, serviced office providers including Cubo, Orega, Re-defined, Regus, and Wizu expanded their presence in many UK regional cities, with this subsector taking 259,000 sq ft across 15 deals. Occupiers are exploring flex space as part of their real estate strategies, especially when an interim solution is required whilst longer-term space is secured. More are seeking higher levels of flexibility than afforded by conventional leased space. Flex space is especially important to the growth of the technology, creative and digital sectors, to which traditional leases are not suited. Further expansion is expected in 2024.



Empowering Sustainable Tomorrows

Our vision for sustainability is **forward-thinking** and **purpose-driven** towards a thriving future that benefits our tenants, stakeholders, as well as the wider community.

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PURPOSE



Crown House, Worthing

SUSTAINABILITY REPORT

FY2023 SUSTAINABILITY HIGHLIGHTS

ENVIRONMENT

Upgrade in Energy Performance Certificate ratings from **D → C** for Unit 1-2 Dallas Court, Salford and **C → B** for Lindsay House Dundee

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

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

Disbursed¹ **75%** of the ~£15 million committed under the landmark Sustainability Collaboration with the UK Government's DWP and MOD, towards approved sustainability asset enhancement works to improve energy efficiency of their occupied assets

Proportion of portfolio with green lease clauses **98.7%** which facilitate environmental data sharing by occupiers

GOVERNANCE AND STEWARDSHIP

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

Majority **Independent Board**

Maintained inclusion in SGX Fast Track Programme which recognises listed issuers who have upheld high standards of corporate governance and maintained a good compliance track record.

SOCIAL

Supporting UK Government's social agenda through providing crucial **Social Infrastructure** which enables Elite REIT's primary occupier DWP to carry out its mission to improve people's day-to-day lives and help them build a secure and prosperous future by maximising employment and in-work progression²

Female representation on the Board **11.1%** with the appointment of Ms Sarena Cheah as a Non-Independent Non-Executive Director on 1 January 2024

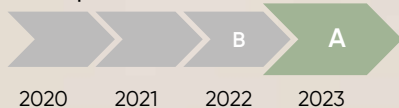
Average Training Hours per Employee in FY2023 **29.8 hours**

Volunteering with Care Corner Singapore by **Taking Mindful Steps with the Elderly** through participation as facilitators in its Mindful Steps activity to bring festive cheer to the elderly participants in the neighbourhood during the holiday season

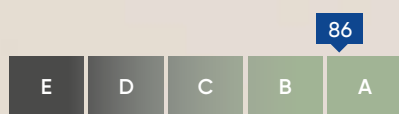
Collaboration with CampusImpact through **Engagements with Children** by sponsoring an arts and craft workshop and conducting dance sessions. Donated sports equipment to the centre for the children to play with even after the visit

ESG ratings: GRESB 2023 public disclosure & real estate assessment

Participation & Score



GRESB Public Disclosure Level



Global Average: **B**
Comparison Group Average: **A**



Achieved 2023 GRESB Top Public Disclosure Level **A 86**
18% improvement from its inaugural participation in 2022



Achieved 2023 GRESB Real Estate Assessment score of **54%**
42% improvement from its inaugural participation in 2022

Notes:

- As of FY2023, about 75% or approximately £11.1 million of the total committed Sustainability Contribution has been disbursed for sustainability enhancement works on assets occupied by the Department for Work and Pensions ("DWP") and Ministry of Defence ("MOD").
- Gov.UK, Corporate report: DWP annual report and accounts 2022 to 2023, Secretary of State's Foreword, 7 August 2023.

ABOUT THIS REPORT

This is the third sustainability report for Elite Commercial REIT (“Elite REIT” or “We”). The report provides a detailed overview of Elite REIT’s environmental, social and governance (“ESG”) performance for the financial year ended 31 December 2023. The report is presented by the manager of Elite REIT, Elite Commercial REIT Management Pte. Ltd. (the “Manager”).

Standards and Frameworks

The report has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards for sustainability reporting. The Manager has chosen the GRI Standards for their international recognition and emphasis on managing material impacts on the economy, environment, and society. We have aligned this report with the SASB Real Estate Sustainability Accounting Standard to address the financially material ESG metrics of interest to investors. The report complies with the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules (711A and 711B) for Sustainability Reporting. This report includes our third climate report, adhering to the Taskforce on Climate-related Financial Disclosures (“TCFD”) framework, and the Guidelines on Environmental Risk Management (“EnvRM”) for Asset Managers, issued by the Monetary Authority of Singapore (“MAS”). Finally, the report outlines Elite REIT’s contributions to sustainable development in support of the United Nations Sustainable Development Goals (“UN SDGs”).

STANDARDS AND FRAMEWORKS USED

GRI Standards 2021

SASB Real Estate Sustainability Accounting Standard

TCFD Recommendations

MAS ERM Guidelines

SGX-ST Listing Rules (711A and 711B) – Sustainability Reporting

UN SDGs

Restatement

Environmental data for 2021 has been recalculated to exclude five assets divested in 2023. The recalculation for 2021 also excludes previously reported vacant properties to align with the reporting practices for 2022 and 2023.

Notes:

- Commonly known as triple net leases, the responsibility for the repair of the external and internal parts as well as the structure of the property is placed with the tenant for occupied assets.
- As at 31 December 2023.

Reporting Scope

The report details Elite REIT’s operations as a real estate investment trust, encompassing its entire portfolio of properties. As of 31 December 2023, Elite REIT’s portfolio consisted of 150 properties in the United Kingdom, the majority of which were leased to the UK Government on a full repairing and insuring³ (“FRI”) basis. Due to the nature of these leases, we do not have operational control over the day-to-day management and utilities consumption of these properties. The report includes data for occupied properties as provided by the primary occupier and excludes vacant properties where utilities consumption is minimal and not deemed material.

As a part of our sustainability policy, we actively engage with our primary occupier, the Department for Work and Pensions (“DWP”), on Environmental, Social, and Governance (“ESG”) issues and seek to obtain environmental performance data for reporting. Approximately 98.7% of our portfolio, measured by gross rental income⁴, includes green lease clauses. These clauses are instrumental in facilitating the sharing of sustainability data by occupiers. Management is committed to continuously enhancing transparency and information sharing on sustainability-related matters.

Reporting Principles

In preparing this report, we have considered the following principles included in the GRI Standards (Universal Standards 2021): Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability context, Timeliness and Verifiability.

External Assurance

As our leases operate on an FRI basis, we depend on occupiers to supply environmental data, which we report in good faith. For other disclosures in the report, the Manager has relied on internal checks to guarantee the accuracy of the data presented. Additionally, the report has undergone a review by an audit firm providing independent internal assurance to ensure the adequacy and effectiveness of internal controls and procedures in the Sustainability Reporting process. Seeking external assurance for future reports remains under consideration.

Feedback

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

Investor Relations

CHAI Hung Yin

Elite Commercial REIT Management Pte. Ltd.

T: (65) 6955 9977 | E: hungyin.chai@elitereit.com

SUSTAINABILITY REPORT
 > GOVERNANCE AND STEWARDSHIP

GOVERNANCE AND STEWARDSHIP



Managing ESG factors (including environmental risk management) is a critical component of corporate governance at Elite REIT, with Board-level oversight.

The Board of Directors of the Manager (the **"Board"**) assesses the materiality of ESG factors, evaluates climate-related risks and opportunities, oversees ESG performance management, and holds ultimate responsibility for sustainability reporting. The management of the Manager (the **"Management"**) is in charge of implementing, managing, and monitoring material ESG issues and targets, and providing regular updates to the Board.

The Board has established a Sustainability Committee (**"SC"**) to spearhead sustainability performance. Chaired by the Independent Board Chairman, the SC's members comprise an Independent Director, a Non-Independent Director, the Chief Executive Officer (**"CEO"**), Chief Investment Officer, Chief Financial Officer, and the Assistant Vice President of Investor Relations.

The SC is tasked with developing, managing, implementing, and monitoring Elite REIT's ESG strategy to address material sustainability risks and opportunities under supervision of the Board, thereby creating long-term value for all stakeholders. It also takes into account stakeholder concerns and expectations in its strategy.

Supporting the SC is a Sustainability Working Team (**"SWT"**) led by the CEO. This team comprises representatives from the Investor Relations, Asset Management, Finance, and Compliance divisions. The SWT is responsible for executing sustainability strategies and gathering ESG performance data from various internal stakeholders for reporting purposes.

The SC convenes biannually to assess progress and performance in sustainability, and to receive updates from senior management. Additionally, the committee undergoes an annual review of its sustainability performance and effectiveness.

Board Statement

The Board is pleased to present the third sustainability report for Elite REIT.

Recognising the integral role of sustainability in good governance, the Board acknowledges its stewardship responsibilities for Elite REIT. It is committed to building a sustainable and resilient REIT, aiming to create value for our unitholders and stakeholders.

The Board actively champions good corporate governance, risk management, diversity, ethical business conduct, responsible business practices, and environmental and social stewardship.

The Manager is responsible for ensuring that the ESG factors are monitored on an ongoing basis and properly managed, as well as providing regular updates to the Board.

The Board determines material ESG factors, including climate-related risks and opportunities in the short, medium and long term, and considers them in Elite REIT's sustainability and business strategy. It oversees the management and monitoring of sustainability issues through periodic updates from the Management.

This sustainability report has been reviewed and approved by the Board.

- Board of Directors

SUSTAINABILITY GOVERNANCE STRUCTURE



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

Board Diversity

The Board has in place a diversity policy aimed at ensuring that the Board has an appropriate level of diversity in its composition. The Board's Nominating and Remuneration Committee ("NRC") is charged with considering diversity aspects, such as professional qualifications, industry knowledge, skills, length of service, age, gender, and the needs of Elite REIT, when reviewing and assessing the composition of the Board and making recommendations on new director appointments.

The Board is diverse in terms of professional qualifications, knowledge, and skills. In Elite REIT's second sustainability report, the Board acknowledged the importance of gender diversity, and stated its commitment to progressively increase gender diversity in the Board upon renewal or expansion. To this end, the Board's target is at least 30% female directors by 2029. Ms Sarena Cheah Yean Tih was appointed as a Non-Independent Non-Executive Director on 1 January 2024, replacing Mr Evan Cheah Yean Shin. As a result of this change, female representation in the Board is now 11.1% – one step closer to the Board's target.

At the end of 2023, the Board comprised ten directors; in terms of age diversity, 70% of the directors were above 50 years old, and the remainder were between 30 years old and 50 years old. As from 1 January 2024, following Ms Cheah's appointment as a Non-Independent Non-Executive Director, the Board comprises of nine directors. In terms of age diversity, 67% of the directors are above 50 years old, and the remainder are between 30 years old and 50 years old.

For further details on our Board Diversity Policy, please see pages 129 to 131.

Directors Training

The Board recognises the complexity and rapid evolution of ESG issues, acknowledging their significant impact on strategic risks and opportunities for the business. Therefore, both the Board and Management are continually enhancing their knowledge and skills, staying abreast of the latest ESG regulations, standards and frameworks, trends and stakeholder expectations. The Board believes that developing robust ESG competencies is crucial for providing effective governance and facilitating Elite REIT's transition to a lower-carbon economy.

The Board strives to keep itself updated on emerging sustainability trends by attending training and expert briefings. In FY2023, various Directors attended trainings on information technology ("IT") and cybersecurity, anti-money laundering and countering the financing of terrorism as well as anti-bribery and anti-corruption compliance training.

For more details on directors' trainings, please refer to Trainings for Directors on pages 91 and 129.

Regulatory Compliance

Non-compliance with relevant laws and regulations can lead to reputational damage, fines, penalties, and business disruption. We are dedicated to adhering to the laws in the

regions where we operate, which include but are not limited to business and commercial laws, governance codes, environmental regulations, and employment laws.

Our operations are primarily governed by UK laws, where our assets are located, and Singapore laws, where our head office is situated and where we are listed on SGX-ST. We have established necessary internal controls within our broader enterprise risk management framework to mitigate regulatory compliance risks.

During the reported period, there were no incidents of significant non-compliance with environmental and socioeconomic regulations.

Ethical Conduct

Maintaining ethical norms and integrity is vital for fostering trust, preserving reputation, and ensuring Elite REIT's long-term success. Our Elite Partners Group-wide ("Group-wide") Code of Conduct and Ethics Policy sets out detailed guidelines for all directors, managers, and employees to perform their duties with high ethical standards. The policy covers a range of issues, including regulatory compliance, confidentiality, personal data protection, insider trading, anti-money laundering and combating the financing of terrorism, corruption and bribery. It also addresses human rights, social and environmental responsibility, and whistleblowing. Non-compliance with this policy may lead to disciplinary action.

For more information on our **Group-wide Code of Conduct and Ethics Policy**, please refer to pages 149, 150 and 154.

Anti-corruption

Incidents of corruption and bribery can lead to serious legal repercussions, damage reputation, and erode public trust. The Manager is committed to upholding the highest standards of governance and ethical conduct, adopting a zero-tolerance policy against all forms of corrupt practices, including bribery, fraud, and money laundering.

All employees must comply with the Group's strict anti-bribery and anti-corruption policies and procedures. Our comprehensive Group-wide Code of Conduct and Ethics Policy outlines detailed guidelines and measures regarding the giving and receiving of gifts (monetary or otherwise), kickbacks, concessionary offers, entertainment, and business dealings that could potentially create real or perceived obligations or indebtedness to any party. This policy, applicable to all employees and directors, strictly prohibits the acceptance or offering of bribes, gratification, or any other inducements.

We ensure that our Group-wide Code of Conduct and Ethics Policy is communicated to all employees and directors. Additionally, our Group-wide Third-Party Agent and Outsourcing Policy mandates a corruption risk assessment for our service providers. The dissemination of policies and training materials to all employees is achieved through emails, contractual agreements, and our corporate website. To the Manager's knowledge, there were no incidents of corruption in the reported period.

SUSTAINABILITY REPORT

GOVERNANCE AND STEWARDSHIP

Find out more about our **Corruption and Bribery Prevention Policy** on page 154.

Anti-Corruption Training for the Board				
Performance Indicator	Unit	2021	2022	2023
Number of Directors who received anti-corruption training	Number	9	10	10
Percentage of the Board who received anti-corruption training	%	100%	100%	100%

Anti-Corruption Training for Employees				
Performance Indicator	Unit	2021	2022	2023
Number of employees who received anti-corruption training	Number	6	6	5
Percentage of employees who received anti-corruption training	%	100%	100%	100%

Whistleblowing Policy

Our Whistleblowing Policy offers a confidential channel for employees, directors of the Manager, and other stakeholders or individuals to report potential improprieties or raise concerns about our policies or practices. These include, but are not limited to, suspected fraud, corruption, unlawful or dishonest conduct, and grievances about potential negative impact on stakeholders.

Reports can be submitted via a dedicated email address at whistleblow@elitecreit.com or by post to Elite REIT's office, addressed to the Board Chairman, ARC Chairman, or the CEO. We uphold strict confidentiality standards to protect whistleblowers from reprisals and victimisation.

In FY2023, there were no whistleblowing concerns raised through the whistleblowing channel.

Read more about our **Whistleblowing Policy** on pages 149 to 150 and on our website: <https://www.elitecreit.com/whistleblowing-statement.html>

Anti-Money Laundering

We are committed to complying with applicable laws concerning anti-money laundering and countering the financing of terrorism. Our Anti-Money Laundering and Combating the Financing of Terrorism Measures requires all employees to adopt a risk-based approach to Know Your Customer ("KYC") due diligence procedures and take steps to prevent and detect unacceptable and suspicious forms of payments.

Read more about our **Anti-Money Laundering and Countering the Financing of Terrorism Measures** on page 150.

Political Contributions

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

Anti-Competition

We maintain a strict stance against anti-competitive behaviour, anti-trust, and monopoly practices. Our employees are prohibited from engaging in anti-competitive practices, including price fixing, market allocation, and monopolistic behaviours.

There were no incidents of non-compliance during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislations.

Human Rights and Modern Slavery

Slavery, servitude, forced or compulsory labour, child labour, and human trafficking contravene fundamental human rights principles. We are committed to implementing the necessary measures to safeguard against modern slavery and human trafficking within our operations and supply chain. We endorse internationally affirmed principles for protecting human rights, such as the UN Declaration of Human Rights and the International Labour Organization's core labour standards. Our human rights policy aims to foster a supportive work environment free from human rights infringements, grounded in mutual trust, where employees treat each other with dignity.

Our Code of Conduct and Ethics Policy further prohibits any form of employee discrimination or harassment, including that based on race, ancestry, familial status, age, disability, religion, gender, or marital status. We respect our employees' right to freedom of association and collective bargaining. Currently, our employees are not engaged in any collective bargaining agreement.

Our whistleblowing channel is available for stakeholders to raise human right concerns or grievances. The Manager is committed to take and/or support remedial measures in cases where it has caused or contributed to negative impact on human rights.

Data Protection and Cyber Security

We are committed to protecting the personal data of our employees, customers, and any other data collected in the course of business. We have instituted necessary measures to ensure privacy and comply with applicable data protection laws in the regions we operate. In Singapore, we adhere to the requirements of the Personal Data Protection Act 2012 ("PDPA"). In the UK, we follow the principles outlined in the Data Protection Act 2018.

Information technology ("IT") risk and cyber security are critical components of our enterprise risk management strategy. We have established a comprehensive framework and process to implement control measures aimed at protecting our IT systems from cyber-attacks and preventing data loss.

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

There were no complaints or incidents of, as far as the Manager is aware, incidents of personal data breaches in the reported period.

Supply Chain

Elite REIT's suppliers encompass various service providers, including legal counsel, unit registrars, tax agents,

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

Our Group-wide Third-Party Agent and Outsourcing Policy mandates that service providers undergo stringent evaluation criteria to address corruption and outsourcing risks among other concerns. Those assessed as higher risk are required to annually certify compliance with all applicable laws including anti-corruption regulations. We perform rigorous due diligence checks before initiating any business activities with critical suppliers, ensuring their practices align with the ethical standards upheld by the Group.

ESG Targets and Performance

ESG Topic	Ongoing Target	2023 Performance
Anti-Corruption	<ul style="list-style-type: none"> Zero incidents of corruption and bribery Annual training on anti-corruption and anti-money laundering policies 	<ul style="list-style-type: none"> No incidents 100% of eligible staff completed the annual training 100% of the Board completed the annual training
Regulatory Compliance	Zero incidents of significant non-compliance with environmental and socioeconomic regulations	No incidents of significant non-compliance with environmental and socioeconomic regulations

SUSTAINABILITY STRATEGY

Our sustainability strategy aims to create long-term, sustainable value for unitholders and stakeholders by addressing the economic, environmental, social, and governance impacts, risks, and opportunities related to Elite REIT's portfolio. We strive to minimise the negative environmental, social, and governance impacts of Elite REIT's portfolio, mitigate potential risks, and seize opportunities to contribute positively to sustainable development. We are committed to establishing robust governance, implementing relevant policies

and strategies, setting short-, mid-, and long term targets, and monitoring and reporting Elite REIT's sustainability performance publicly.

Sustainability Policies

The Manager has developed an overarching Sustainability Policy, as well as adopted various policies, endorsed by the Board, to achieve its sustainability goals and objectives. These policies are detailed throughout this report in the relevant sections. A summary of our policies is provided in the table below.

Sustainability Policies		
Environmental	Social	Governance
<ul style="list-style-type: none"> Climate Change Policy GHG Emissions Policy Energy Efficiency Policy Water Conservation Policy Waste Management Policy Biodiversity Policy Tenant Engagement Policy Employee Awareness and Training Policy Environmental Risk Management Policy 	<ul style="list-style-type: none"> Talent Management Policy Diversity and Inclusion Policy Employee Engagement Policy Health & Safety Policy Human Rights Policy 	<ul style="list-style-type: none"> Group-wide Code of Conduct and Ethics Policy Corruption and Bribery Prevention Policy Whistleblowing Policy Anti-Money Laundering and Countering the Financing of Terrorism Framework Data Protection and Privacy Policy Political Contributions Policy Group-wide Third-Party Agent and Outsourcing Policy

SUSTAINABILITY REPORT

GOVERNANCE AND STEWARDSHIP

Sustainable and Sustainability-Linked Finance Framework

In line with our commitment to achieving net zero carbon emissions by 2050, we established a Sustainable and Sustainability-Linked Finance Framework (the “**Framework**”) in November 2022 to support our current and future projects and activities that have a positive impact on the environment, society, and overall sustainability.

Through the Sustainable Finance Framework, we aim to ensure that our projects not only contribute to our growth but also align with broader environmental and social objectives. Meanwhile, the Sustainability-Linked Finance Framework allows us to maintain operational flexibility while being accountable to ambitious and quantifiable sustainability goals.



Read more about our Sustainable and Sustainability-Linked Finance Framework on our website: <https://www.elitecreit.com/pdf/Green-Finance-Framework.pdf>

The Framework introduces Sustainable Finance Instruments (“SFI”) under two sub-frameworks:

SUSTAINABLE FINANCE INSTRUMENTS

Sustainable Finance Framework:

The proceeds are allocated to eligible green and/or social projects. This allows Elite REIT to issue SFIs to fund or refinance, wholly or partially, new or existing projects that fall under the eligible green and social categories. We can also refinance projects initiated within the 24 months prior to the issuance of an SFI.

Sustainability-Linked Finance Framework:

This provides the flexibility for Elite REIT to issue financing instruments for general corporate purposes. However, the unique feature is that the financial characteristics of these instruments are linked to selected Sustainability Key Performance Indicators (“KPIs”) and associated Sustainability Performance Targets (“SPTs”). These KPIs and SPTs are significant to our business, ambitious, and measurable.



We developed the Framework with strict adherence to internationally recognised principles and standards. DNV Business Assurance Singapore Pte. Ltd., as an Independent Second Party Opinion Provider, has reviewed the Framework.

Inaugural Green Loan

In FY2022, Elite REIT secured its first green loan – a revolving credit facility of £15 million. The loan facility is used to exclusively fund initiatives and projects that contribute to Elite REIT’s sustainability goals, allowing for more focus on ‘green’ projects and assets that support value creation for all stakeholders involved. For example, the Manager will use loan proceeds to fund agreed-upon sustainability-related

asset enhancement initiatives and eligible green projects for assets occupied by the DWP and MOD, including existing and new projects in the future.

As of FY2023, Elite REIT has disbursed about 75% or approximately £11.1 million of the total committed Sustainability Contribution for sustainability enhancement works on assets occupied by the DWP and MOD. The Manager is tracking and monitoring the progress and outcome of these sustainability enhancement works on the selected DWP-occupied assets.

Read more about some of the sustainability enhancement works that have been completed, as well as the sustainability enhancement works that are planned, on page 99.

STAKEHOLDERS

Maintaining trust with our stakeholders is essential for Elite REIT's success. We are committed to building trust with our stakeholders through constructive engagement, transparency, and clear communication. Creating value for our stakeholders is a fundamental aspect of maintaining their trust. We prioritise interactions with

stakeholders crucial to our value creation and those potentially impacted by our decisions and actions. Some stakeholder interactions are periodic, such as annual general meetings, while others are ongoing and based on arising needs. The Manager proactively engages with stakeholders to drive the business both effectively and efficiently.

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

Stakeholders	Engagement Method	Purpose of Engagement	Stakeholders' Expectations	Our Response	Engagement Examples (FY2023)
Internal Stakeholders					
Directors	<ul style="list-style-type: none"> Meetings and calls Quarterly Board Meetings Regular engagements with committees delegated by the Board Ad hoc Board Meetings (when required) 	<ul style="list-style-type: none"> To comply with regulatory requirements Best practices for good corporate governance For the interest of unitholders For strategic guidance 	<ul style="list-style-type: none"> Regular and timely updates on Elite REIT's and the Manager's operations and performance 	<ul style="list-style-type: none"> Terms of Reference for each Board committee are documented and executed Clear agenda setting for all Board Meetings All matters arising are addressed in a timely manner Promote productive engagements between Management and the Board Providing regular, timely and accurate updates on Elite REIT's operations and performance 	<ul style="list-style-type: none"> Regular Board Meetings held in FY2023 Directors attended trainings on a range of topics including corporate governance and compliance amounting to an average training hours of 6.1 hours per director in FY2023 UK site visits by independent directors and Trustee in FY2023
Employees	<ul style="list-style-type: none"> Face-to-face meetings Regular conference calls for cross-border teams Emails Health and well-being activities 	<ul style="list-style-type: none"> To build a cohesive team with high productivity To ensure the well-being of employees To provide an inclusive environment that is conducive for working To attract future and potential employees with a sustainability mindset 	<ul style="list-style-type: none"> Competitive remuneration and benefits for talent retention Good personal growth and development opportunities Career progression Attentive and supportive managers Fair treatment A respectful and conducive working environment Work-life balance 	<ul style="list-style-type: none"> People-friendly human resources ("HR") policies and practices Regular open communication Training and development opportunities Regular employee engagements and performance reviews Whistleblowing channels for malpractice and compliance concerns 	<ul style="list-style-type: none"> Open communication Team lunch gatherings Weekly hybrid team meetings

SUSTAINABILITY REPORT

GOVERNANCE AND STEWARDSHIP

Stakeholders	Engagement Method	Purpose of Engagement	Stakeholders' Expectations	Our Response	Engagement Examples (FY2023)
External Stakeholders					
Investors (Retail and institutional)	<ul style="list-style-type: none"> One-on-one and group investor meetings and conference calls Local and overseas non-deal roadshows Public outreach events, such as participation in virtual investment conferences, webinars, panel discussions and seminars Corporate website with a dedicated investor relations contact Social media via our corporate LinkedIn page Annual General Meetings Extraordinary General Meetings when required Regular announcements and updates Results briefings Spreadsheet containing asset-related information is made available on our website 	<ul style="list-style-type: none"> To keep all unitholders, investors and stakeholders informed of the financial and portfolio performance of Elite REIT and material information that could affect the price or value of Elite REIT's units 	<ul style="list-style-type: none"> Stable and growing returns from their investments Sustainable financial and portfolio performance Timely and accurate information for their investment decisions Good corporate governance Prudent risk management Unitholder interests are aligned with the management and the Board 	<ul style="list-style-type: none"> Timely and accurate disclosures of material information Majority independent Board with competent Board members ensuring quality corporate governance Experienced management with ground presence in the UK Engage competent consultants on remuneration matters, controls and governance Necessary disclosures under corporate governance in the Annual Report 	<ul style="list-style-type: none"> AGM Annual Report SIAS-SGX Corporate Connect REITs Symposium Broker-organised investor calls Trading representative and retail investor teach-in sessions Corporate LinkedIn page and YouTube account <p>(Please refer to page 37 for the full events listing)</p>
Investment community (Analysts, the media and financial bloggers)	<ul style="list-style-type: none"> Regular analysts and media briefings Face-to-face and virtual meetings Conference calls, emails and phone calls Media interviews 	<ul style="list-style-type: none"> To keep the market informed on the financial and portfolio performance of Elite REIT and material information that could affect the price or value of the units 	<ul style="list-style-type: none"> Good corporate governance Prudent risk management Unitholder interests are aligned with the management and the Board Access to senior management 	<ul style="list-style-type: none"> Timely, transparent and accurate disclosures of material information Necessary disclosures under corporate governance in the Annual Report 	<ul style="list-style-type: none"> Research reports by our covering analysts Gathering of feedback from analysts and unitholders Site visits
Tenants/ Occupiers	<ul style="list-style-type: none"> Periodic engagement to ensure they are satisfied with our buildings Collection of environmental performance data Quarterly face-to-face meeting with the DWP 	<ul style="list-style-type: none"> To engage on energy efficiency measures Get buildings improved for lease longevity To ensure regulatory compliance for energy performance certifications and other regulatory requirements Seek engagement on 2028 regears and opportunities for co-location for other government departments 	<ul style="list-style-type: none"> Higher energy performance rating for buildings Ensuring occupiers comply with regulation by ensuring building accessibility to end users 	<ul style="list-style-type: none"> Ongoing engagement on sustainability issues such as energy, emissions and water Negotiations and discussions for co-investments to improve buildings' energy efficiency Proactive incorporation of green lease clauses into new lease agreements 	<ul style="list-style-type: none"> Discussions with occupiers and agents on a regular basis Quarterly dialogues with primary occupier to track progress of sustainability enhancement works across DWP-occupied assets to improve energy efficiency Engagements to obtain energy performance data
Property Managers	<ul style="list-style-type: none"> Meetings, emails, calls Annual inspection and formal quarterly reporting 	<ul style="list-style-type: none"> To keep updated on the operational aspects of our assets 	<ul style="list-style-type: none"> Communication of business plans and strategy 	<ul style="list-style-type: none"> Regular and open communication and engagements Engagements on ESG matters 	<ul style="list-style-type: none"> Daily engagements and dialogues to keep an ear to the ground

Stakeholders	Engagement Method	Purpose of Engagement	Stakeholders' Expectations	Our Response	Engagement Examples (FY2023)
External Stakeholders					
Trustee	<ul style="list-style-type: none"> Meetings, emails and calls 	<ul style="list-style-type: none"> To keep the Trustee updated on the financial, operational and portfolio performance of Elite REIT 	<ul style="list-style-type: none"> Transparent, honest and accurate information 	<ul style="list-style-type: none"> Regular, timely and accurate updates on business and sustainability plans Regular dialogues 	<ul style="list-style-type: none"> Regular meetings and engagements Site visit in the UK for the Trustee to visit Elite REIT's assets to gain a better understanding of the nature of the properties, such as how the occupiers use and interact with the properties
Lenders	<ul style="list-style-type: none"> Meetings, emails and calls Ongoing compliance to loan covenants Dialogues on sustainability issues 	<ul style="list-style-type: none"> For funding and advisory needs 	<ul style="list-style-type: none"> Transparent and accurate information Asset package, compliance and business plan Manage sustainability risk, timely interest and maturity payments 	<ul style="list-style-type: none"> Timely interest and maturity payments Continuous engagements as added confidence for loan disbursements Regular updates on business and sustainability plans Regular dialogues Asset package 	<ul style="list-style-type: none"> Weekly calls before loan drawdown Underwriting due diligence Yearly credit update call Year-end bank calls Site visits in the UK to understand our assets better
Regulators	<ul style="list-style-type: none"> Ad hoc and periodic survey submissions Regulatory applications and clarifications as appropriate Timely regulatory filings SGX announcements Circulars Website, AGM/ EGM, Annual Report, Sustainability Report 	<ul style="list-style-type: none"> To comply with the regulatory requirements in all countries of operations 	<ul style="list-style-type: none"> Timely and transparent information Adequate resources devoted to compliance Instilling compliance culture across all staff Good corporate governance Compliance with policies, rules and regulations 	<ul style="list-style-type: none"> Stay updated on all regulatory requirements Establish comprehensive policies, procedures and controls Independent review by third-party internal and external auditors Accountability of senior management and the Board Active membership in industry associations Maintenance of zero tolerance approach towards fraud, corruption, bribery and unethical practices across the business Regular communication with regulators and governing bodies 	<ul style="list-style-type: none"> Attend sustainability trainings prescribed by SGX Inputs to consultation and industry feedback via REITAS
Auditors	<ul style="list-style-type: none"> Planning of audit schedule and scope Participating in audit exercises (internal and external) 	<ul style="list-style-type: none"> To comply with regulatory requirements in all countries of operations 	<ul style="list-style-type: none"> Timely and transparent information Compliance with policies, rules and regulations 	<ul style="list-style-type: none"> Stay updated on all regulatory requirements Establish comprehensive policies, procedures and controls Unfettered access to information 	<ul style="list-style-type: none"> Annual internal and external audit exercises

SUSTAINABILITY REPORT

GOVERNANCE AND STEWARDSHIP

Stakeholders	Engagement Method	Purpose of Engagement	Stakeholders' Expectations	Our Response	Engagement Examples (FY2023)
External Stakeholders					
Industry associations (e.g REITAS, FIDRec, RICS, SGListCos)	<ul style="list-style-type: none"> Meetings, emails and calls 	<ul style="list-style-type: none"> To keep abreast of industry developments 	<ul style="list-style-type: none"> Active participation in activities and surveys Provide feedback when appropriate 	<ul style="list-style-type: none"> Active participation in activities and surveys Provide feedback when appropriate Attend training and courses provided by the associations Attend industry events organised by the associations 	<ul style="list-style-type: none"> Employee participation in the Rules and Ethics Course by REITAS as part of the requirement to fulfil continuing professional development ("CPD") hours Royal Institution of Chartered Surveyors ("RICS") -accredited asset management team
Local Community	<ul style="list-style-type: none"> Corporate social responsibility ("CSR") activities Philanthropic programmes and activities 	<ul style="list-style-type: none"> To contribute back to society Aligns with Elite REIT's theme of being a social infrastructure play 	<ul style="list-style-type: none"> Ongoing monetary and in-kind donations Ongoing volunteer work Ongoing support for their efforts 	<ul style="list-style-type: none"> Ongoing CSR activities for continual support 	<ul style="list-style-type: none"> Volunteering with Care Corner Singapore in its Mindful Steps activity to encourage healthy living among the elderly Collaboration with non-profit organisation CampusImpact to bring cheer to children during year-end school holidays
Government & local councils (e.g UKREiIF, etc)	<ul style="list-style-type: none"> In-person interactions at events held Meetings, emails and calls Conference calls 	<ul style="list-style-type: none"> To stay connected To stay abreast of the latest developments in the UK 	<ul style="list-style-type: none"> Sharing of information Relationship building Expanding network of contacts 	<ul style="list-style-type: none"> Attend events held for networking Get updated with the latest through the talks held Stay connected via various means 	<ul style="list-style-type: none"> Attended the UKREiIF 2023 event held in Leeds, UK

Membership Associations

We engage with relevant industry associations through membership and participation in their events and dialogues. Our key memberships include REIT Association of Singapore ("REITAS") and SGListCos, an association of companies listed on the Mainboard and Catalist of Singapore Exchange.

MATERIAL ESG TOPICS

Our materiality assessment aims to identify the most significant economic, environmental, and social impacts of our business activities, stakeholder expectations, and sustainability-related risks and opportunities for Elite REIT across short-, medium-, and long-term time horizons. The Board reviews, determines, and approves Elite REIT's material ESG factors for reporting.

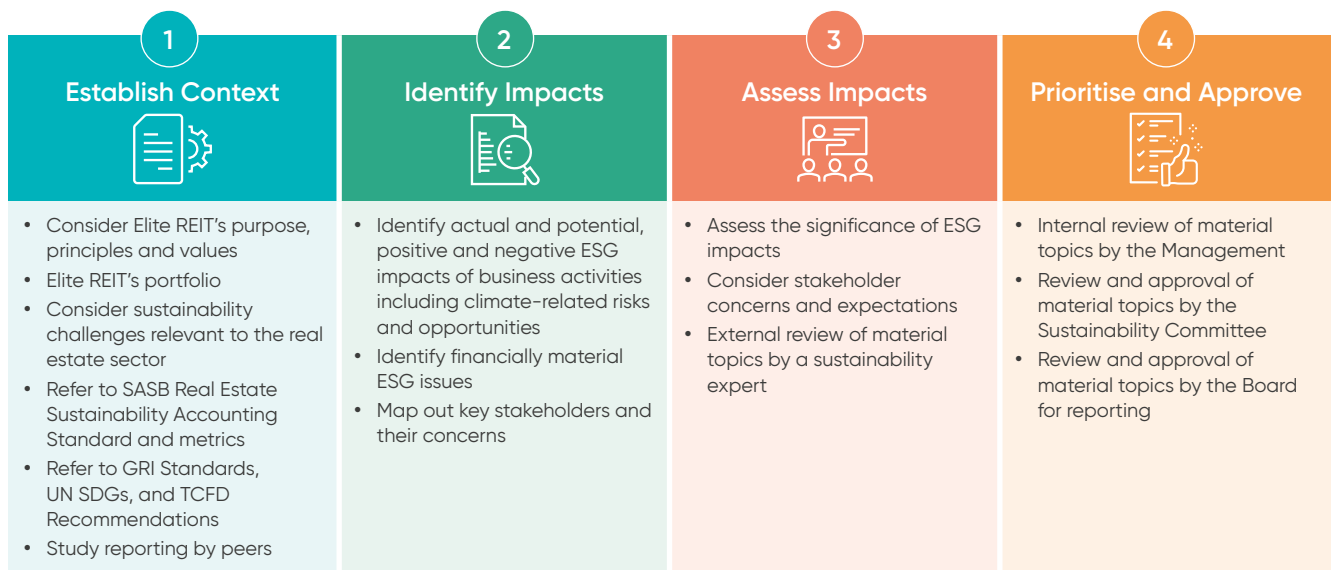
We reviewed our material sustainability issues in FY2022, building upon our comprehensive assessment in FY2021, which continues to form the basis for this

year's sustainability report. The materiality review in FY2022 encompassed a stakeholder engagement survey to gather insights on our material ESG topics from both internal and external stakeholders. Participants included Unitholders, current and prospective investors, analysts, Trustee, Sponsors, industry associations, business partners, and employees. Respondents ranked the proposed ESG topics and suggested new ones. The feedback received was instrumental in validating and prioritising ESG topics for reporting.

In our assessment, we consider various factors such as the potential and actual ESG impacts of our operations, climate-related risks and opportunities and their potential financial implications, tenant relationships, stakeholder expectations, global sustainability challenges specific to the real estate sector, reporting obligations mandated by SGX and MAS, regulatory developments in Singapore

and the UK, and ESG reporting trends among our peers. Our materiality process incorporates relevant standards, frameworks, and guidelines, such as the GRI Standards, SASB Real Estate Sustainability Accounting Standard, TCFD Recommendations, and the UN SDGs, to identify the topics for reporting.

Our materiality process is illustrated below.



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

Material ESG Topics		
 <p>Environment</p>	 <p>Social</p>	 <p>Governance</p>
<ul style="list-style-type: none"> • Climate Change • Energy and Greenhouse Gas (“GHG”) Emissions • Water • Tenant Engagement 	<ul style="list-style-type: none"> • Attracting and Retaining Talent • Employee Development • Diversity and Inclusion 	<ul style="list-style-type: none"> • Regulatory Compliance • Anti-corruption

SUSTAINABILITY REPORT

GOVERNANCE AND STEWARDSHIP

Supporting the UN SDGs

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

Contributing to the UN Sustainable Development Goals ("SDGs")		
Material ESG Topics	SDG Targets Supported	Relevant SDGs
ENVIRONMENT		
<ul style="list-style-type: none"> Climate Change Energy and GHG Emissions Water Tenant Engagement 	<p>SDG Target 6.4. By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p> <p>SDG Target 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p>SDG Target 7.3. By 2030, double the global rate of improvement in energy efficiency</p> <p>SDG Target 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> <p>SDG Target 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters</p> <p>SDG Target 13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>	   
SOCIAL		
<ul style="list-style-type: none"> Attracting and Retaining Talent Employee Development Diversity and Inclusion 	<p>SDG Target 5.5. Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p> <p>SDG Target 8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>	   
GOVERNANCE		
<ul style="list-style-type: none"> Regulatory Compliance Anti-corruption 	<p>SDG Target 16.5. Substantially reduce corruption and bribery in all their forms</p>	

I SUSTAINABILITY REPORT

> ENVIRONMENT

ENVIRONMENT



We are committed to building an environmentally responsible and resilient portfolio. Our goals are to mitigate the impacts of climate change, reduce greenhouse gas ("GHG") emissions, enhance energy efficiency, promote water conservation, and effectively manage waste. Our approach to environmental management involves continuous evaluation and enhancement of our portfolio's climate resilience, while also incorporating climate-related risks and opportunities into our new acquisition decisions.

We recognise that a low-carbon, climate-ready portfolio is crucial for maintaining Elite REIT's competitive edge. This is increasingly important as the demand for green commercial spaces rises, in line with the Paris Agreement's objectives to limit global warming well below 2 degrees Celsius ("°C"), aiming for 1.5°C by 2030, and to reach net zero carbon emissions by 2050. We believe that climate resilience will increasingly influence asset valuation, capital costs, and insurance. We aspire to achieve a net zero carbon emission portfolio by 2050.

As all our assets are in the UK, we strive to align our environmental strategy with the UK's goal to achieve net zero GHG emissions by 2050. Over 90% of our portfolio is leased to the DWP, the UK's largest public service department, making our environmental commitments closely aligned with the UK's national climate agenda. At the same time, as Elite REIT is listed in Singapore, we support the Singapore Green Plan 2030, a national roadmap to advance sustainable development.

We have adopted a three-pronged environmental strategy that involves mitigating climate-related physical and transition risks in our portfolio, upgrading assets to meet the growing demand for low-carbon commercial spaces, and engaging with our primary occupier to monitor our buildings' environmental performance.

Given that most of our portfolio is leased out on a full repairing and insuring ("FRI") basis, we lack direct operational and management control over the day-to-day energy, water, and waste management of our buildings. Therefore, it is crucial for us to actively engage with our tenants and/or occupiers to achieve our environmental objectives. The environmental data in this report comprising energy consumption, GHG emissions, water use and waste has been provided by our tenant and/or occupiers.

Tenant Engagement

We regularly engage with our primary occupier and tenants regarding environmental performance issues, such as the energy efficiency credentials of the properties. We also proactively interact with our primary occupier and tenants by holding regular dialogues, maintaining a physical presence for our operations in the UK, and harnessing the strengths of technology and big data. This allows us to analyse occupier utilisation comprehensively and to gain a deeper understanding of our primary occupiers' needs.

Several in-person meetings with the primary occupier and potential tenants were arranged during the year to discuss their key priorities and to identify opportunities.



I SUSTAINABILITY REPORT

> ENVIRONMENT

Green Lease

We proactively collaborate with our tenants to incorporate green lease clauses, which are vital for promoting sustainability and environmental responsibility within our properties. As a result, approximately 98.7% of our total portfolio by gross rental income¹ in FY2023 now includes these important clauses in their lease agreements, marking an increase from over 95.4% of total portfolio by gross rental income² in FY2022. Green lease clauses are instrumental in facilitating the sharing of environmental data between us and our occupiers, leading to more informed and responsible environmental management. This report includes energy and water consumption, as well as waste management data provided by our primary occupier, the DWP, illustrating the practical benefits and impact of implementing green lease agreements.



INCLUSION OF GREEN LEASE CLAUSES INTO NEW LEASES

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

Inclusion of Green Lease Clauses into New Leases



Bradmarsh Business Park, Rotherham

- Renewed lease includes specific green lease wording³
- Lease was renewed for another five years straight with no lease break option, which commenced in 2023 and will mature in April 2028
- Except for the inclusion of the specific green lease wording, the rest of the lease terms remain unchanged
- Two-storey purpose-built building located in South Yorkshire
- Currently occupied by the Environment Agency



Phoenix House, Bradford

- Renewed lease includes specific green lease wording³
- Lease has been renewed for another five years straight with no lease break option, which commenced in January 2024 and will mature in January 2029
- Except for the inclusion of the specific green lease wording, the rest of the lease terms remain unchanged
- Four-storey building located in West Yorkshire
- Currently occupied by the HM Courts and Tribunals Service

Notes:

1. As at 31 December 2023.
2. As at 31 December 2022.
3. Refers to green lease clauses within a lease agreement which facilitates the sharing of environmental data by Elite REIT’s occupiers.

GREENER BUILDINGS

Completed Sustainability Enhancement Works	
 <p>Unit 1-2 Dallas Court, Salford</p>	<p>Energy Performance Certificate ("EPC") rating for Unit 1-2 Dallas Court, Salford improved from D to C</p> <p>EPC rating for Lindsay House, Dundee improved from C to B</p>
 <p>Wyvern House, Bedford</p>	<p>Replacement of windows throughout the site</p>
 <p>Nutwood House, Canterbury</p>	<p>Replacement of gas- or oil-fuelled boilers with new high efficiency heating system solution</p>
 <p>Bristol Road South, Birmingham</p>	<p>Replacement of gas- or oil-fuelled boilers with new high efficiency heating system solution</p>

'Greening' the Portfolio

Driving Sustainable Value for the Long Term

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

Examples of works being planned include:

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

Note:

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

Energy Efficiency

Our energy policy is to enhance energy efficiency in our properties, aiming to lower energy use and reduce our carbon footprint. We are committed to working with tenants and occupiers to introduce and maintain energy-saving measures such as LED lighting, efficient HVAC⁴ systems, and modern smart building technologies. Our goal is to improve the energy performance of our properties by retrofitting older buildings with energy-efficient technologies and considering the adoption of renewable energy sources like solar panels.

We aim to achieve and maintain high standards of green building and energy certifications for our properties. We actively engage with tenants and occupiers to promote energy efficiency performance and practices to align with emerging technologies and industry best practices.

GHG Emissions

We are committed to reducing the carbon footprint of our portfolio by focusing on improving energy efficiency through smart building design, the use of efficient cooling and heating equipment, and adopting best industry practices. Collaborating closely with tenants and/or occupiers, we encourage their involvement in emission reduction efforts and the promotion of sustainable practices. To ensure accountability and transparency, we are committed to working closely with our tenants and occupiers to monitor and disclose the GHG emissions from our properties.

We have supported and facilitated our key occupier, the DWP, in the installation of electric vehicle chargers in our assets.

Water Conservation

Water is used in our properties mainly for domestic purposes by our tenants and occupiers. We recognise that water is a precious resource and are committed to reducing water consumption across Elite REIT's properties through proactive collaboration with tenants and/or occupiers. Although most of our properties are leased on a full repairing and insuring basis, limiting our control over water consumption, we remain committed to partnering with our tenants and/or occupiers.

Our water conservation policy promotes responsible water usage and collaboration with tenants and occupiers to implement measures such as installing water-efficient fixtures, fittings and landscaping practices. We also promote the adoption of water-efficient technologies and water-saving practices among tenants and occupiers. We engage in regular dialogue with tenants and/or occupiers to promote water saving practices. We explore innovative solutions like rainwater harvesting systems to collect and use rainwater for non-potable purposes where feasible. Our goal is to reduce water consumption and cultivate a culture of environmental stewardship and sustainability within Elite REIT's properties.

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Our properties are used as social infrastructure and workspaces, and as such does not involve industrial wastewater discharge. Foul water from domestic use is discharged in accordance with local building regulations.

We seek and review water use data from our tenants and/or occupiers on a regular basis. The water data presented in this report is provided by our primary occupier. Please also refer to the TCFD report section for more information about potential water stress risk to our portfolio.

Waste

Our commitment to waste management focuses on engaging with our tenants and/or occupiers to encourage effective waste management practices to reduce environmental impact. We are supportive of the efforts by our tenants and/or occupiers in reducing, reusing, and recycling waste effectively, including proper segregation to enhance recycling efforts and decrease landfill waste. We seek and review waste management data from our tenants and/or occupiers regularly periodically to have an ongoing discussion about improving environmental performance.

Biodiversity

Our policy is to ensure compliance with relevant biodiversity laws and perform necessary due diligence to minimise environmental impact. Our approach includes enhancing biodiversity around our properties by planting native trees, shrubs, grasses, and other vegetation, in cooperation with tenants and/or occupiers. We are committed to assessing biodiversity impacts in our decision-making processes, especially for properties in critical biodiversity areas. This involves conducting thorough biodiversity risk assessments for existing and new acquisitions to address potential threats to endangered species and protected areas in accordance with local laws. We are also mindful of biodiversity and forest conservation in our procurement practices, opting for certified sustainable materials like paper and timber.

Employee Awareness

We are committed to building environmental awareness among our employees by offering ongoing training and resources. This includes education on climate change, GHG reduction, energy efficiency, water conservation, green certifications, net zero transition, and sustainable financing, ensuring our team is well-equipped to handle environmental challenges and opportunities.

Environmental Targets and Performance

ESG Topic	2023 Target	2023 Performance	2024 Target	Mid- To Long- Term Targets
Climate Change	Integrate environmental risks into the Enterprise Risk Management framework	Sustainability and environmental risks are taken into consideration in the Enterprise Risk Management framework	Environmental Risk Management Policy is approved by the Board	Integrate climate-related risks and opportunities into our due diligence process when considering new asset investments, as well as existing portfolio
Energy and GHG Emissions	<ul style="list-style-type: none"> Reporting on buildings where sustainability enhancement works have completed Continue the engagements with the primary occupier Extend data gathering to non-DWP occupiers 	<ul style="list-style-type: none"> Monitoring progress of sustainability enhancement works Continued with regular engagements with the primary occupier 	<ul style="list-style-type: none"> Reporting on buildings where sustainability enhancement works have completed Continue the engagements with the primary occupier Extend data gathering to non-DWP occupiers 	Aspire to achieve EPC ratings of B or higher for all properties, in alignment with UK Government's national climate goals
Water	Extend data gathering to non-DWP occupiers	<ul style="list-style-type: none"> Continued to engage non-DWP tenants and occupiers to obtain relevant data points Obtained data from one of the non-DWP occupied asset 	Extend data gathering to non-DWP occupiers	Continue to engage tenants to expand the universe of sustainability-related data collection
Waste	Extend data gathering to non-DWP occupiers	Continued to engage non-DWP tenants and occupiers to obtain relevant data points	Extend data gathering to non-DWP occupiers	Continue to engage tenants to expand the universe of sustainability-related data collection
Tenant Engagement	Maintain regular engagements with the primary occupier on periodic sharing of environmental data for performance tracking	Regular engagements with the primary occupier are maintained on periodic sharing of environmental data for performance tracking	Maintain regular engagements with the primary occupier on periodic sharing of environmental data for performance tracking	Maintain regular engagements with the primary occupier on periodic sharing of environmental data for performance tracking

TCFD REPORT

Climate and Environmental Risk Management

This is our third TCFD Report consistent with the TCFD Recommendations to provide useful information to our stakeholders on climate-related risks and opportunities relevant to Elite REIT and how we are addressing these issues. The report is structured around four thematic areas—governance, strategy, risk management, and metrics and targets.

Governance

We have established a comprehensive governance structure where the Board has oversight of climate-related issues, and the Manager has the responsibility to implement and monitor climate strategies. The roles of the Board and the Manager are described below.

Board Responsibility: The Board holds overall responsibility for ensuring that environmental risks, including climate-related risks and opportunities, are effectively managed within Elite REIT. In its risk review process, reviewing strategy and action plans, and annual budgets, the Board takes into account climate-related risks and opportunities. Management regularly updates the Board on material climate risks and other ESG concerns, and the Board reviews and approves sustainability reporting and TCFD disclosures. The Board evaluates its sustainability performance against material ESG and climate-related metrics.

To oversee the assessment and management of climate-related risks and opportunities as part of its governance of material ESG issues crucial to Elite REIT's portfolio, the Board has established a Sustainability Committee ("SC"). The Independent Board Chairman presides over the SC, with its membership comprising an Independent Director, a Non-Independent Director, the Chief Executive Officer, Chief Investment Officer, Chief Financial Officer, and the Assistant Vice President of Investor Relations. The SC convenes biannually to review progress on ESG issues, including climate-related measures and initiatives.

Supporting the Board and the SC is the cross-functional Sustainability Working Team ("SWT"), chaired by the CEO.

Management Responsibility: The Manager is tasked with implementing, managing, and monitoring the climate-related strategy, climate risk management, and key performance indicators. As a member of the SC and chair of the SWT, the CEO plays a crucial role. The SWT, accountable for enacting climate strategies and collating performance data against established metrics and targets, supports these efforts.

Comprising cross-functional management representatives, the SWT assists the SC in identifying material climate-related risks and opportunities, assessing their financial impacts, and formulating mitigation and adaptation strategies. The SWT regularly updates the SC, which then reports to the Board.

The Manager's responsibilities include ongoing engagement with the primary occupier and tenants to identify opportunities to enhance building energy efficiency and reduce carbon emissions. To monitor the environmental performance of our portfolio effectively, the Manager maintains a dashboard of energy, water, and emissions data received from the primary occupier.

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

Strategy

The buildings and construction sector is responsible for nearly 37% of global energy-related CO₂ emissions. Enhancing the energy efficiency of buildings plays a crucial role in decarbonising the industry and achieving the Paris Agreement's objective of limiting global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels by 2030, and attaining net zero carbon emissions by 2050.

Emissions from building operations in the UK account for 19% of the total carbon footprint, primarily due to the energy consumed for heating, cooling, and powering buildings, as noted by the UK Green Building Council. Non-domestic buildings alone contribute to 23% of the built environment's carbon emissions¹. Considering that 80% of the buildings expected to be in use in 2050 are already constructed, focusing on decarbonising the existing stock is imperative.

The UK Government has set a legally binding target to achieve net zero emissions by 2050. To meet this goal, the UK Government is implementing policies and strategies to decarbonise every sector of the economy. In response to these commitments, the demand for energy-efficient, low-carbon buildings is rising sharply.

Since all of Elite REIT's assets are located in the UK, we align our decarbonisation strategy with the UK Government's net zero plans for the real estate sector. Our strategy involves a continuous evaluation of the climate-related risks and opportunities within our portfolio. This assessment forms a core part of our strategy to develop both mitigation and adaptation strategies, transitioning towards a low-carbon economy.

Note:

1. UKGBC's report titled 'Net Zero Whole Life Carbon Roadmap: A Pathway to Net Zero for the UK Built Environment'.

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Our strategic approach considers potential climate-related financial impacts on our portfolio across short-, mid-, and long-term horizons. For planning, we define 0-5 years as short-term, 6-10 years as mid-term, and over 10 years as long-term. Our strategic approach over time horizons is described below.

Short-Term: Our strategy prioritises enhancing the energy efficiency of our current assets in the near term and mitigating physical risks from extreme weather events, such as rising sea levels and floods, in the mid to long term. Given that we do not have operational or management control over the majority of our assets, it is crucial for us to collaborate with our full repairing and insuring tenants and occupiers to monitor the environmental performance of the buildings. All our leases with the primary occupier, the DWP, include green lease clauses. These clauses facilitate the sharing of environmental data, enabling us to track the environmental performance of these assets effectively. We are committed to engaging with our other tenants and occupiers to progressively incorporate green lease provisions into our mid- to long-term strategy for managing climate-related risks.

We continue to refine our framework to assess climate-related risks and opportunities for new acquisitions, considering various indicators such as potential physical risks from extreme weather events and the asset's environmental performance, which includes factors like energy efficiency, carbon emissions, and water efficiency.

For instance, we are working on improving the Energy Performance Certificate ("EPC") ratings of each asset in our portfolio, aiming for a B rating or higher by 2030. We are actively engaged with our primary and non-DWP occupiers to obtain their data on energy, emissions, water, and waste management performance. We are also exploring partnership opportunities for improvements. Additionally, we monitor the progress of agreed-upon sustainability enhancement works for assets occupied by the DWP and MOD as part of our Sustainability Collaboration.

Mid-Term: Our strategy involves ongoing engagement with our primary occupier, other occupiers and tenants, as well as investment in our property portfolio to comply with the UK Government's Minimum Energy Efficiency Standards. We aspire to achieve EPC ratings of B or higher for all properties, in alignment with the UK Government's national climate goals.

Long-Term: Our objective is to ensure that our properties remain tenable under various climate scenarios. We plan to continue investing in enhancing

the resilience of our existing properties through a range of mitigation and adaptation strategies. As part of our sustained approach, we will integrate climate-related risks and opportunities into our due diligence process when considering new asset investments. This will include evaluating the potential physical risks posed by climate change and conducting a carbon appraisal to estimate the costs associated with transitioning to a net zero carbon pathway.

Our primary occupier, the DWP, has developed a Carbon and Water Management Plan and a Sustainability Management Plan to support the UK's commitment to achieving net zero carbon by 2050. We remain committed to closely collaborating with the DWP, ensuring progress in our sustainability collaboration efforts. This includes enhancing energy and water efficiency across our properties and supporting the DWP's sustainability goals.

Risk Management

We continue to build on our understanding of potential climate-related risks and opportunities based on a climate scenario analysis conducted in 2021. Our scenario analysis was based on global temperature increases of 2°C and 4°C scenarios, referencing the Representative Concentration Pathways ("RCPs") published by the Intergovernmental Panel on Climate Change ("IPCC"). These RCPs are established models representing potential future emissions and greenhouse gas concentrations up to the year 2100. Our 2°C scenario, aligned with the IPCC's RCP2.6, evaluates both transition risks and opportunities, as well as physical risks. Meanwhile, our 4°C scenario is in line with the IPCC's RCP8.5, focusing on assessing the physical risks.

In line with this scenario analysis and Elite REIT's risk management framework, we have utilised the Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations and the Monetary Authority of Singapore's ("MAS") Guidelines on Environmental Risk Management to identify and assess climate-related risks and opportunities.

The Sustainability Committee supports the Board in overseeing climate-related risks as an integral part of our overall risk management strategy. The Audit and Risk Committee ("ARC") aids the Board by reviewing the adequacy and effectiveness of internal control policies and procedures. For further information on the roles and responsibilities of the ARC, please refer to pages 145 to 146, Principle 10 of the Corporate Governance Report.

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

ASSESSMENT OF CLIMATE-RELATED RISKS

Physical Risk

Global warming can lead to severe physical impact on societies, economies, and businesses, presenting two types of physical risks: acute and chronic. Acute risks are event-driven and include severe weather events like floods, cyclones, or hurricanes. Chronic risks arise from long-term climate shifts, leading to persistent issues like higher temperatures, sea level rise, or prolonged heatwaves. Both can potentially affect our properties, disrupt tenant operations, and potentially render properties unrentable in the case of extreme climate disasters.

We evaluated the physical risks to our 150 UK properties based on the Met Office's UK Climate Projections 2018 ("UKCP18") in FY2021. The projections indicate warmer, wetter winters and hotter, drier summers in the 21st century, with a possible increase in average summer temperatures between 0.9°C and 5.4°C, and winter temperatures between 0.7°C and 4.2°C by 2070 under a high emission scenario. Summer rainfall may decrease by up to 47%, while winter rainfall could increase by up to 35%.

The UKCP18 also predicts more frequent and intense extreme weather, including heavier summer rainfalls and more common hot spells, particularly in the South East. Additionally, the UK's sea levels have risen approximately 17 centimetres since the 20th century and are expected to continue rising, with London potentially seeing an increase between 0.53 meters and 1.15 meters by 2100 in a high emission scenario.

UK Weather in 2023

We closely monitor weather patterns in the UK to constantly review climate-related risks. In 2023, the UK experienced extreme weather events, with June marking the warmest month ever recorded, according to the Met office seasonal reports. However, the highest summer temperature was a modest 32.2°C, falling far short of 2022's 40.3°C. Still, this was the eighth warmest summer for the UK since 1884. Spring saw 155% of the average rainfall, ranking it provisionally as the sixth wettest March since 1836. Four named storms – Agnes, Babet, Ciarán, and Debi – brought exceptionally wet and stormy conditions during autumn, particularly from late September to mid November. Scotland recorded its wettest 2-day period on October 6 and 7. These storms led to significant weather impacts across the UK, especially in the south east of Northern Ireland, eastern Scotland, and the South Pennines and north Midlands, causing widespread flooding, wind damage, and large coastal waves. The autumn season recorded a mean temperature of 10.8°C, 1.0°C above the long-term average from 1991–2020, making it the sixth warmest since 1884.

Flood Risk

Our assets could be increasingly vulnerable to surface water flooding and river flooding due to rising precipitation and intense showers. Urban and low-lying areas are especially at risk of severe flash floods, while coastal assets face heightened coastal flooding risks with the projected sea-level rise. Preliminary analysis shows that approximately 22.1% of our portfolio (by floor area) is currently in high-risk flood zones. While a direct comparison of current and future flood risks is hindered by the lack of comprehensive data, we expect a long-term increase in surface water flooding exposure for our assets. However, the actual risk varies based on building characteristics, local drainage, and landscape. We will continue monitoring flood risks and integrating flood risks considerations into our asset management strategies.

Water Impact

Anticipating the UK's potential water shortages, we assessed water-related impact on our portfolio. The UK Climate Change Risk Assessment 2017 Report indicates that by the 2050s, England's water demand could exceed supply by 1.1 to 3.1 billion litres daily, influenced by climate change and population growth. Utilising the WRI Aqueduct Water Risk Atlas tool, we observe that about 10.7% of our portfolio is currently in areas with high baseline water stress, potentially rising to 33% by 2030 under the intermediate SSP2-45 scenario, referring to the middle-of-the-road development, the intermediate scenario provided in the latest IPCC assessment report Sixth Assessment Report ("AR6"), in which CO₂ emissions remain around current levels until the middle of the century. As climate science and data availability advance, we will keep reviewing our water stress risks and refine our analysis methods.

Transition Risk

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

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

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

Climate-related Risks

Risk Category	Risk Type	Risk Description	Potential Financial Impact	Mitigation or Adaptation Measures
Physical Risk	<ul style="list-style-type: none"> Increased severity of extreme weather events such as floods and flash floods 	<ul style="list-style-type: none"> Properties located in high flood-risk areas 	<ul style="list-style-type: none"> Asset valuation Inability to rent or sell the asset Increase in insurance costs Physical damage or impairment of assets Cost of pre-emptive mitigation measures 	<ul style="list-style-type: none"> Undertake a further study to assess local town councils' preparedness and plans in areas where there is a high risk of river, coastal and surface water flooding Engage with the local councils and the tenant and/or occupier
	<ul style="list-style-type: none"> Rising mean temperatures 	<ul style="list-style-type: none"> Properties located in high water-stressed or heat-stressed areas 	<ul style="list-style-type: none"> Asset valuation Inability to rent or sell the asset Higher energy costs for tenants and/or occupiers due to increased cooling demand 	<ul style="list-style-type: none"> Prioritise water efficiency measures in collaboration with tenants and occupiers in properties identified to be in high water-stress risk areas
Transition Risk	Policy and Legal	<ul style="list-style-type: none"> Stricter building energy efficiency and water efficiency regulations For example, the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 stipulated that from 1 April 2023, landlords of privately rented property in England or Wales must ensure that their properties reach at least an EPC rating of E before the non-domestic properties can be rented out¹. From 15 June 2022, new commercial buildings in England are required to emit 27% less carbon in comparison to current standards. Other improvements include increasing ventilation, boosting air quality and cutting transmission risks of airborne viruses. In addition, from 15 June 2022, existing non-residential, non-mixed-use buildings undergoing major renovation (more than 25% of the surface area of the whole building envelope) will be required to have at least one electric vehicle charging point for every 10 car parking spaces². Pricing on carbon emissions 	<ul style="list-style-type: none"> Cost of asset enhancements to meet high energy efficiency regulations Cost of asset enhancements to improve water efficiency Loss of revenue from the inability to lease non-compliant buildings Higher compliance cost Increased cost of operations due to carbon tax and carbon offsets 	<ul style="list-style-type: none"> Adopted a target to achieve EPC rating of B or higher for all properties in the portfolio by 2030 Committed to net zero portfolio by 2050
	Market	<ul style="list-style-type: none"> Reduced demand for carbon-inefficient buildings due to changing customer preferences Increasing demand for climate-related and ESG disclosures 	<ul style="list-style-type: none"> Repricing of assets Lower rental yield Inability to rent or sell the assets Lower ESG ratings could affect asset valuation 	<ul style="list-style-type: none"> Adopted a target to achieve an EPC rating of B or higher for all properties by 2030 Committed to a net zero portfolio by 2050

Notes:

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

Risk Category	Risk Type	Risk Description	Potential Financial Impact	Mitigation or Adaptation Measures
Transition Risk (cont'd)	Reputation	<ul style="list-style-type: none"> New reporting requirements: Market regulators may require adoption of the newly launched IFRS Sustainability Disclosure Standards (S1 and S2). S2 Standard relates to climate risk reporting 	<ul style="list-style-type: none"> Inability to comply with emerging reporting requirements may affect our reputation, including intangible assets such as brand equity. Increased cost of compliance 	<ul style="list-style-type: none"> We closely monitor emerging regulations to plan timely implementation.

Climate-related Opportunities

Category	Opportunity	Description	Potential Financial Impact	Management Approach
Resource Efficiency	<ul style="list-style-type: none"> Higher demand for energy-efficient buildings 	<ul style="list-style-type: none"> Improve energy efficiency of buildings 	<ul style="list-style-type: none"> Rental premium Asset valuation Energy and operational cost savings for tenants and occupiers Lease longevity 	<ul style="list-style-type: none"> Adopted a target to achieve an EPC rating of B or higher for all properties by 2030 Committed to a net zero portfolio by 2050
Energy Source	<ul style="list-style-type: none"> Use of renewable energy to lower carbon emissions 	<ul style="list-style-type: none"> Installation of photovoltaic ("PV") solar panels on our assets 	<ul style="list-style-type: none"> On-site PV solar panel installations could generate renewable energy to offset carbon emissions and lower carbon tax Surplus from on-site PV solar panel installations could generate additional source of revenue Asset valuation Rental premium Lease longevity 	<ul style="list-style-type: none"> Explore opportunities to collaborate with tenants and occupiers to improve properties' sustainability performance, including the feasibility of on-site PV solar panel installations
Products and Services	<ul style="list-style-type: none"> Higher demand for energy-efficient and green-certified buildings 	<ul style="list-style-type: none"> Improve energy efficiency of buildings Obtain green building certification 	<ul style="list-style-type: none"> Rental premium Asset valuation Energy and operational cost savings for tenants and occupiers Lease longevity 	<ul style="list-style-type: none"> Adopted a target to achieve an EPC rating of B or higher for all properties by 2030 Committed to a net zero portfolio by 2050
	<ul style="list-style-type: none"> Green finance 	<ul style="list-style-type: none"> Green finance for asset enhancements 	<ul style="list-style-type: none"> Lower interest cost on green loans 	<ul style="list-style-type: none"> Committed ~£14.8 million of Sustainability Contribution over three years from 2022 towards sustainability enhancement works to improve energy efficiency of assets occupied by the DWP and MOD. As at 31 December 2023, ~75% or ~£11.1 million of the Sustainability Contribution has been disbursed for sustainability enhancement works on assets occupied by the DWP and MOD

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Category	Opportunity	Description	Potential Financial Impact	Management Approach
Products and Services <i>(cont'd)</i>	<ul style="list-style-type: none"> Higher demand for buildings with electric vehicle ("EV") charging facilities 	<ul style="list-style-type: none"> Installation of EV charging stations in our assets 	<ul style="list-style-type: none"> Encourage users of buildings to switch to more energy-efficient vehicles Adhering to regulatory requirements 	<ul style="list-style-type: none"> Explore opportunities to collaborate with tenants and occupiers to improve properties' sustainability performance, including the feasibility of installing EV charging stations in the buildings' car parks
Resilience	<ul style="list-style-type: none"> Higher demand for energy-efficient and green-certified buildings 	<ul style="list-style-type: none"> Increased adoption of energy efficiency measures and renewable energy across the portfolio 	<ul style="list-style-type: none"> Increased market valuation due to climate-resilience 	<ul style="list-style-type: none"> Adopted a target to achieve an EPC rating of B or higher for all properties by 2030 Committed to a net zero portfolio by 2050

Metrics and Targets

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

TCFD Metrics and Targets

Climate-related Risks				
Topics	Metric	2021	2022	2023
Policy and legal	Percentage of portfolio with an EPC rating of F or G (by floor area)	3.5%	2.9%	3.0%
	Percentage of portfolio with an EPC rating of C, D or E (by floor area)	96.2%	96.2%	95.1%
Extreme weather	Percentage of portfolio exposed to high risk of inland, coastal and flash flooding (by floor area)	22.1%	21.3%	34.4%
	Percentage of portfolio exposed to high risk of inland, coastal and flash flooding (by value)	20.1%	19.4%	32.7%
Resource supply	Percentage of portfolio located at high and extremely high baseline water stress area (by floor area)	9.5%	10.1%	15.9%
	Percentage of portfolio located at high and extremely high baseline water stress area (by value)	21.7%	21.2%	30.4%
Climate-related Opportunities				
Topics	Metric	2021	2022	2023
Products and services	Percentage of portfolio with an EPC rating of A or B (floor area)	0.3%	0.9%	1.9%
	Percentage of gross rental income from EPC A and B-rated assets	0.4%	1.2%	1.3%

REIT Manager's Employee Travel				
Topics	Metric	2021	2022	2023
GHG emissions (Scope 3)	Total business commute (tCO ₂ e)	NA	1.6	1.1
	Total business travel (tCO ₂ e)	NA	0.7	49.7
	Total GHG emissions (tCO ₂ e)	NA	2.3	50.8
Occupier's Performance ^{1,2}				
Topics	Metric	2021	2022	2023
Energy	Total energy consumption (MWh)	71,728	70,346	61,940
	Total electricity consumption (MWh)	26,226	24,967	23,035
	Total fuel consumption (e.g. gas) (MWh)	45,502	45,379	38,905
	Total energy intensity by floor area (kWh/m ²)	232.4	227.9	200.7

Notes:

- Elite REIT does not have operational or management control of its assets in the portfolio in terms of day-to-day management or utilities' consumption, as all current leases are on full repairing and insuring basis, commonly known as a triple net lease. Performance data presented here pertains only to DWP-occupied assets and has been provided by our primary occupier who also publishes their own sustainability reports.
- Data for 2021 includes assets from maiden acquisition. Data for 2021, 2022 and 2023 is based on 136 DWP-occupied assets after having taken into account vacant and five divested assets as at 31 December 2023 for like-for-like comparison.

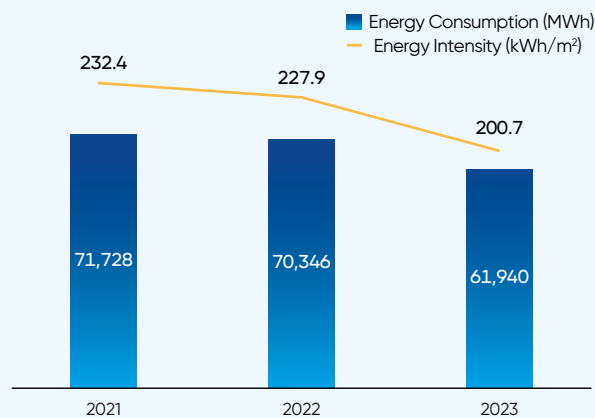
Occupier's Performance ^{1,2}				
Topics	Metric	2021	2022	2023
GHG emissions (Scope 3)	Total GHG emissions intensity by floor area (kgCO ₂ e/m ²)	48.2	47.2	41.6
Water	Total water consumption (m ³)	76,584	98,175	82,435
	Total water intensity by floor area (m ³ /m ²)	0.25	0.32	0.27
Waste³	Hazardous waste (tonnes)	NA	15.2	315.5
	Non-hazardous waste (tonnes)	NA	1,214.2	1,307.3
	Total waste (tonnes)	NA	1,229.4	1,622.8
	Hazardous waste recycled (tonnes)	NA	15.0	301.9
	Non-hazardous waste recycled (tonnes)	NA	590.5	722.2

Notes:

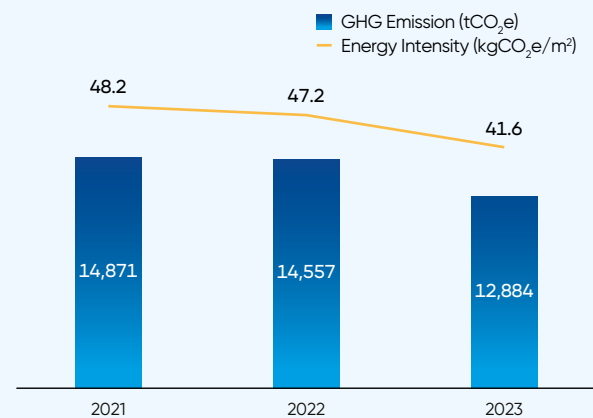
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2. Data for 2021 includes assets from maiden acquisition. Data for 2021, 2022 and 2023 is based on 136 DWP-occupied assets after having taken into account vacant and five divested assets as at 31 December 2023 for like-for-like comparison.
3. Waste data for 2022 has been restated to reflect 12 months' data as the full year data has become available.

Data presented below pertains only to DWP-occupied assets. Data for 2021 includes assets from maiden acquisition. Data for 2021, 2022 and 2023 is based on 136 DWP-occupied assets after having taken into account vacant and five divested assets as at 31 December 2023 for like-for-like comparison.

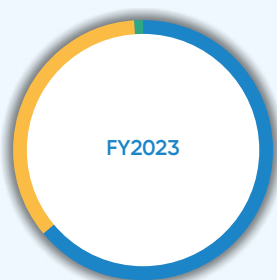
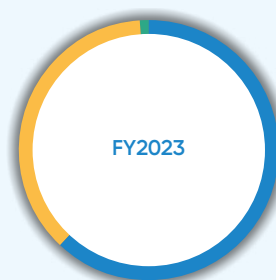
Energy Consumption – Absolute and Intensity



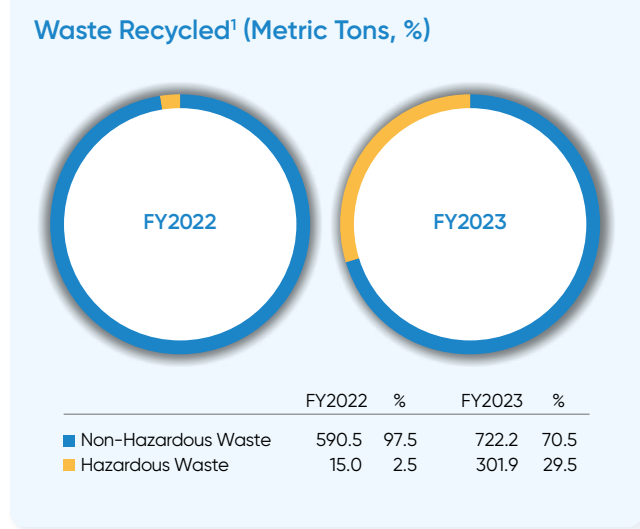
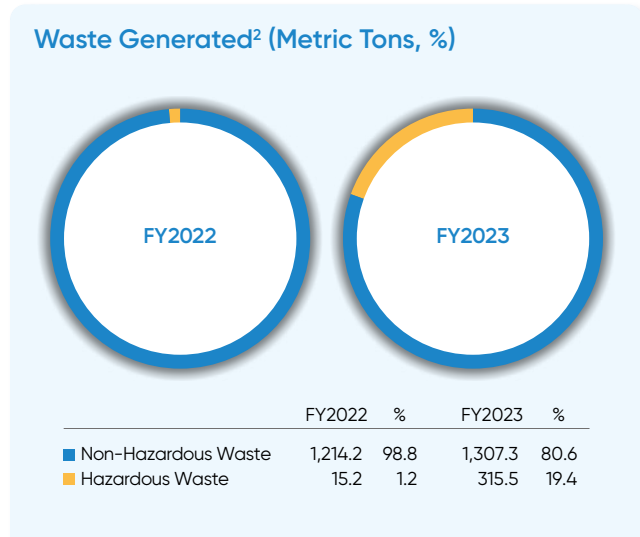
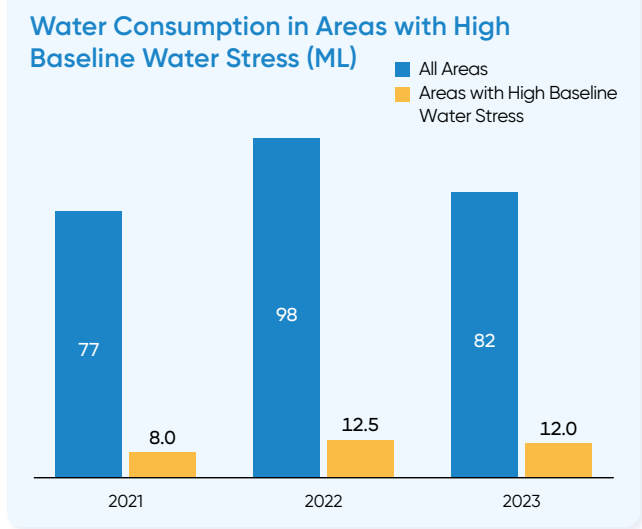
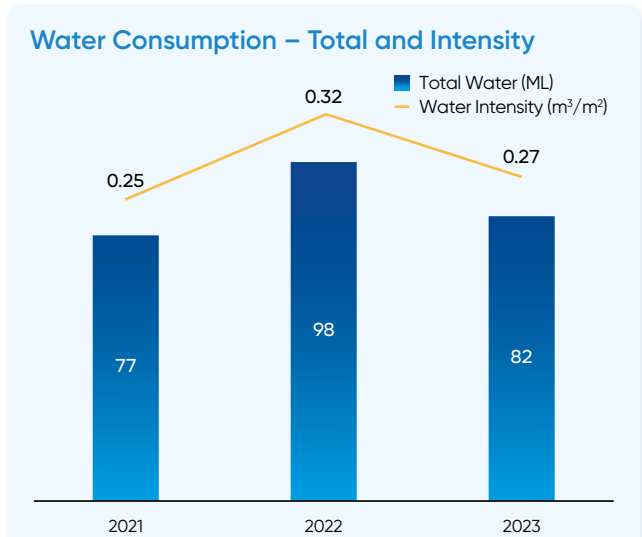
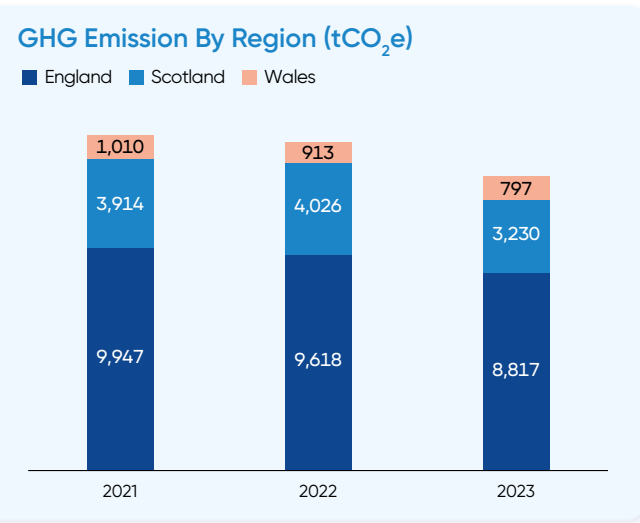
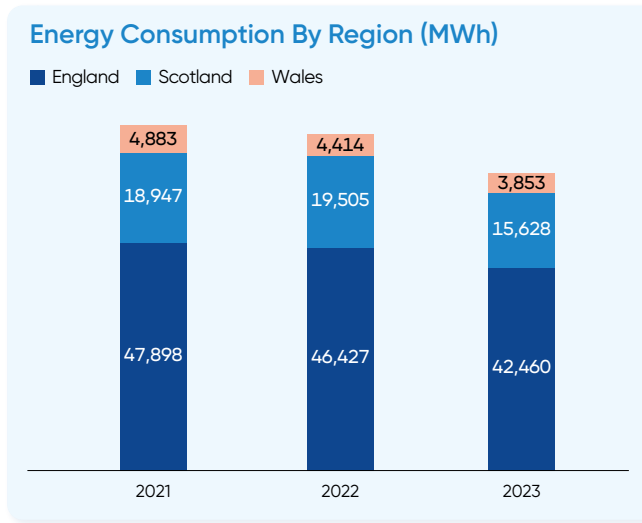
GHG Emissions – Absolute and Intensity



2023 Energy Consumption by Energy Type (MWh, %)

2023 GHG Emissions, by Energy Type (tCO₂e, %)

SUSTAINABILITY REPORT
 > ENVIRONMENT



Note:

1. The Manager started to track waste management data in FY2022. Close to four times more assets were reporting hazardous waste in FY2023 compared to FY2022, with correspondingly even higher total hazardous waste reported in FY2023. The trend observed is because the DWP has improved its waste reporting over the last year by stepping up data collection to cover more waste streams generated. While there is more hazardous waste reported in FY2023, about 96% of it were recycled, similar to the levels seen in FY2022, where 99% were recycled.

SUSTAINABILITY REPORT

> PEOPLE

PEOPLE



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

Employee Profile

As at 31 December 2023, we employed five people, all as full-time employees on permanent contracts. There were no temporary or part-time employees in the reported period. Three are based in our Singapore office, and two in our UK office. We currently do not track the number of non-employees whose workplace is controlled by us.

Talent Management

Effective talent management is crucial for the success and growth of Elite REIT. Our talent management approach is designed to cultivate a fair, supportive, and high-performance culture to constantly maintain our ability to attract and retain the best talent. Our policies promote employee engagement, people development, diversity and inclusion, teamwork, collaboration, work-life balance, and fair performance management system and rewards.

Employee Development

Investing in employee development is key to maintaining a knowledgeable and capable team, crucial for achieving Elite REIT's business objectives. We are committed to developing our people through regular training opportunities, as we recognise the importance of both personal and professional development in meeting our goals. It is essential for our teams to stay informed on emerging issues such as climate-related risks and opportunities, regulatory developments in climate change, energy, GHG emissions, water, ESG screening of assets, green building certifications, and sustainability reporting.

We have set an ongoing target of at least 20 hours of training per employee in a year and at least one hour of training on ESG matters. We monitor and report

average hours of training attended by our employees. Please refer to the data tables and charts for more information about our training performance.

Diversity

We believe workplace diversity enhances quality of decision-making, market competitiveness, talent attraction and retention, and corporate reputation. We are committed to fostering an inclusive and welcoming workplace that respects diversity with inclusive policies and practices. Our policies promote equality and mutual respect, ensuring every employee feels valued and empowered.

Women account for 40% of our employees. With the appointment of Ms Sarena Cheah as a Non-Independent Non-Executive Director from 1 January 2024, the proportion of the Board that is represented by women has increased to 11.1%, introducing gender diversity at the Board level. Our target is to achieve 30% minimum representation of each gender on the Board by 2029.

Non-discrimination

It is essential to foster a respectful and inclusive workplace where every individual feels valued and empowered. Our policies aim at ensuring fair, equal, and respectful treatment of all employees and external stakeholders. Our policy prohibits any form of discrimination or harassment, including but not limited to race, colour, ancestry, familial status, age, disability, religion, gender, or marital status.

We are committed to investigating all complaints of discrimination and implementing remedial measures in confirmed cases. In FY2023, there were no incidents of discrimination.

Employee Well-being

Promoting our employees' health and well-being is important to us. We regularly organise programmes aimed at enhancing team cohesion and promoting healthy lifestyles. For instance, our team participates in various sporting activities, including walking, jogging, badminton, and cycling, which contribute to their physical and mental well-being. These activities also reinforce teamwork, team bonding and camaraderie among employees.

SUSTAINABILITY REPORT

PEOPLE

Employee Engagement

Establishing an environment where employees are actively engaged and motivated to achieve business objectives is a critical component of our approach to talent management. As a compact team, we ensure open communication, frequent meetings, collaborative cross-functional groups, and continuous interactions. We also use formal engagement mechanisms such as performance evaluations and the establishment of personal development objectives.

Hiring and Turnover

Our human resources strategy focuses on recruiting and retaining the most qualified and suitable talent, both of which are essential in delivering high-quality services to our primary occupiers and tenants and healthy returns to Elite REIT's Unitholders. We regularly monitor our hiring and turnover numbers and rates for management review.

In FY2023, there were management leadership changes, where Mr Joshua Liaw assumed the role as the CEO of the Manager on 17 June 2023, while Mr Michael Tong was appointed as the CFO of the Manager with effect from 23 November 2023.

Performance Management

We are committed to maintaining a fair, objective, and equitable performance management system that

aligns employees' development needs and career aspirations with Elite REIT's business objectives. Our annual performance evaluation process encompasses self-assessment, discussions about performance, training and development needs, and the establishment of key performance indicators to motivate and enhance employee performance. Employees actively participate in setting and reviewing team and individual goals, clearly defining performance and compensation expectations.

In FY2023, all employees underwent regular performance and career development reviews, with a 100% participation rate.

Health and Safety

It is absolutely critical for us to ensure the safety and well-being of our employees, tenants, occupiers, customers, and visitors. We partner with primary occupiers and tenants to ensure they implement necessary safety measures, aimed at preventing workplace accidents and injuries within Elite REIT's buildings in strict adherence to the relevant health and safety regulations.

In our own offices, we ensure all necessary health and safety measures are in place in accordance with the applicable regulations. There were no incidents of reportable injuries in our workplaces during the reporting period.

Employee Data			
Particulars	2021	2022	2023
Employees (As at 31 Dec 2023)			
Total number of permanent employees			
Male	3	3	3
Female	3	3	2
Total number of temporary employees	0	0	0
Total number of fixed-term contract employees	0	0	0
Total number of employees	6	6	5
Total number of full-time employees			
Male	3	3	3
Female	3	3	2
Total number of part-time employees	0	0	0
Total number of employees	6	6	5
Proportion of female employees	50%	50%	40%
Proportion of female Heads of Department	50%	50%	25%
Employees by Region			
Singapore	4	4	3
UK	2	2	2
Employees by Age Group			
Under 30 years	2	1	0
30-50 years	4	5	5
Over 50 years	0	0	0
Employees by Category			
Senior Management	3	3	3
Executives	3	3	2
Non-executives	0	0	0

Employee Data			
Particulars	2021	2022	2023
HIRING			
New Hiring by Gender			
Male	1	0	2
Female	1	1	0
Total New Hiring	2	1	2
New Hiring by Age Group			
Under 30 years	1	0	0
30-50 years	1	1	2
Over 50 years	0	0	0
New Hiring by Region			
Singapore	2	0	2
UK	0	1	0
New Hiring Rate by Gender (%)			
Male	33%	0%	67%
Female	33%	33%	0%
Overall Rate	33%	17%	40%
New Hiring Rate by Age Group (%)			
Under 30 years	50%	0%	0%
30-50 years	25%	20%	40%
Over 50 years	0%	0%	0%
New Hiring Rate by Region (%)			
Singapore	50%	0%	67%
UK	0%	50%	0%
EMPLOYEE TURNOVER			
Number of Turnovers by Gender			
Male	0	0	2
Female	1	1	1
Total Number of Turnovers	1	1	3
Number of Turnovers by Age Group			
Under 30 years	0	0	1
30-50 years	1	1	1
Over 50 years	0	0	1
Number of Turnovers by Region			
Singapore	1	0	3
UK	0	1	0
Employee Turnover Rate by Gender (%)			
Male	0%	0%	67%
Female	33%	33%	50%
Overall Rate	17%	17%	60%
Employee Turnover Rate by Age Group (%)			
Under 30 years	0%	0%	20%
30-50 years	17%	17%	20%
Over 50 years	0%	0%	20%
Employee Turnover Rate by Region (%)			
Singapore	25%	0%	100%
UK	0%	50%	0%
EMPLOYEE TRAINING			
Average Training Hours per Employee			
By Gender			
Male	28.0	87.8	34.5
Female	36.1	54.3	22.8
Average Training Hours per Employee	32.0	71.0	29.8
By Category			
Senior Management	32.8	29.3	34.5
Executives	31.3	112.8	22.8
Non-Executives	N.A.	N.A.	N.A.

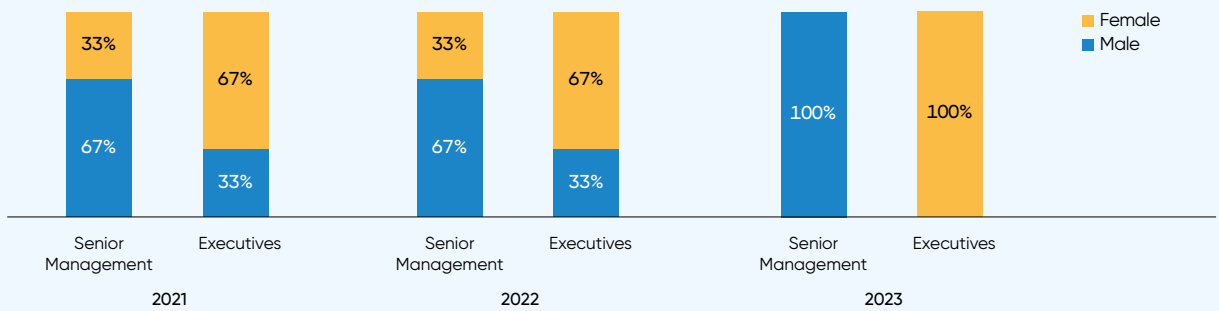
SUSTAINABILITY REPORT

PEOPLE

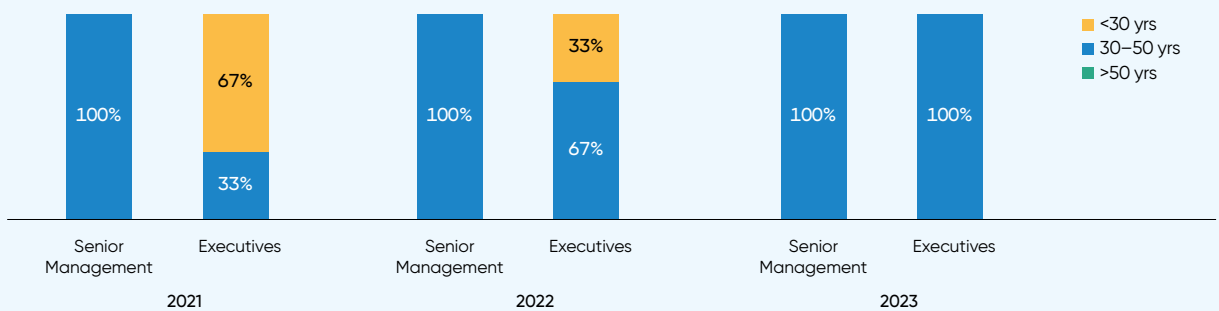
ESG Targets and Performance

ESG Topic	2023 Target	2023 Performance	2024 Target	Mid- To Long-Term Target
Attracting and retaining talent	<ul style="list-style-type: none"> Implement an employee engagement programme To continue with regular employee engagement efforts 	<ul style="list-style-type: none"> Conducted inaugural employee satisfaction survey 	<ul style="list-style-type: none"> To improve net promoter score of employee satisfaction survey 	<ul style="list-style-type: none"> To continue with regular employee engagement efforts
Employee Development	<ul style="list-style-type: none"> Average 20 hours of training per employee At least one hour of compulsory ESG training for all employees 	<ul style="list-style-type: none"> Average 29.8 hours of training per employee At least one hour of compulsory ESG training for all employees 	<ul style="list-style-type: none"> Average 20 hours of training per employee At least one hour of compulsory ESG training for all employees 	<ul style="list-style-type: none"> Average 20 hours of training per employee At least one hour of compulsory ESG training for all employees
Diversity	<ul style="list-style-type: none"> Maintain 50% of management positions being held by women 	<ul style="list-style-type: none"> 25% of management positions are held by women 	<ul style="list-style-type: none"> Introduction of gender diversity at the Board level 	<ul style="list-style-type: none"> Achieve 30% minimum representation of each gender on the Board by 2029

Employees by Gender

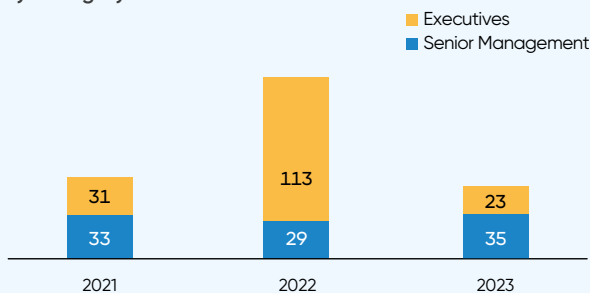


Employees by Age Group

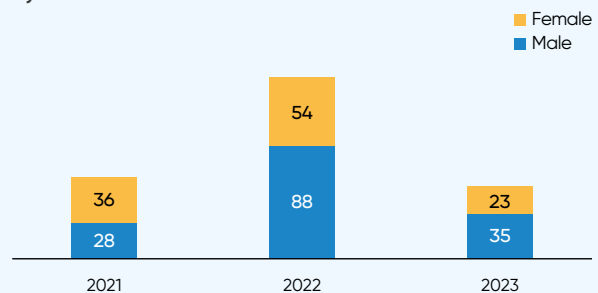


Average Training Hours per Employee

By Category



By Gender



SUSTAINABILITY REPORT

> COMMUNITY

COMMUNITY ELITE REIT CSR ACTIVITIES

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

2023

SG Cares Giving Week

Taking Mindful Steps with the Elderly

As part of SG Cares Giving Week, organised by the National Volunteer & Philanthropy Centre (NVPC), we spent time as facilitators on a walk with some elderly residents as part of Care Corner Senior Services' Mindful Steps programme.

Held on a regular basis, the programme aims to promote physical and mental wellness of seniors through combining brisk walking in the neighbourhood with cognitive games. Through the walk, our team was able to interact with the seniors and bring festive cheer during the holiday season.



Encouraging Art and Play with Children

We organised and sponsored an Acrylic Paint Pouring Workshop for the children at CampusImpact, a Social Service Agency working to prepare the next generation by helping them develop positive attitudes, pioneering spirits and purposeful lives. There were also board games and impromptu dance lessons after the workshop.

While we could not partake in outdoor activities due to the weather, we donated sports equipment to the centre for them to play during their regular weekly programmes.

Building Team Spirit



Elevating Camaraderie

As part of a team building event with the wider Elite Partners Group, we proved our mettle at the high elements course at X-scap8 in Orchard Central, Singapore. The team also played arcade games, building teamwork and camaraderie.



Scaling the Highest Peak

During some downtime while on a site visit, the Manager's employees took on the challenge of climbing Ben Nevis, the highest peak in Scotland.

I SUSTAINABILITY REPORT

> COMMUNITY

2022

Food for lower-income families

In the spirit of giving back to society, the Manager's employees spent an afternoon volunteering at soup kitchen Willing Hearts, a charity in Singapore, which helps lower-income families. Our colleagues prepared breakfast buns and packed cooked food into containers. They also organised groceries into storage units like the chiller and the freezer. Additionally, the team donated a certain amount of money as well as 35kg of rice towards Willing Hearts.

Conservation of biodiversity

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

Around 3,000 English trees were planted in March across three acres of unused field located just off New Road by the town's Recreation Ground.

The project, initiated by the Worshipful Company of Grocers and funded by fundraising and grants, was hoped to attract more birdlife to the area, considering it being one of the largest habitats for Snipes in Northamptonshire.

Healthcare for the needy elderly

We contributed \$5,000 in sponsorship to the annual Kwong Wai Shiu Hospital ("KWSH") Charity Golf Tournament, held at the Tanah Merah Country Club (Tampines Course) in Singapore. The funds raised through the event go towards alleviating the financial burden on the hospital's resources, enabling it to continue serving the elderly.

Ending youth homelessness

The Manager's UK team took part in the Steptober Challenge, the property industry event organised by LandAid Charitable Trust for teams to complete the most steps from 4th to 18th October 2022. The fundraising benefits youths in the UK who are homeless or are at risk of homelessness in the future. The team of four in London emerged among the top 9% out of 260 participating teams in term of funds raised in the event.

Distributing essential items to the elderly

We distributed care packs to 70 needy elderly, in a joint effort with our Sponsor in a collaboration with the Lion Befrienders. The event nurtured team bonding and helped build camaraderie among colleagues through interactions in a setting outside work, especially when many have been working from home for a large part of the year.

2021

Fundraising for Artemis

Chief Investment Officer Jonathan Edmunds rode with the Rawhides, a group of cycling enthusiasts, as part of their #fundraising4artemis quest to raise awareness and funds for The Royal Marsden Cancer Charity and The Institute of Cancer Research.

Riding a total of 800 miles within 8 days, a total of £236,554.06 were collectively raised, exceeding the initial target of £150,000.

All funds raised were split equally between The Royal Marsden and The Institute of Cancer Research to be used to support Professor Sir Mel Greaves' research in childhood leukaemia, including JMML.

Serving with Willing Hearts

Employees of the Manager volunteered at Willing Hearts, a secular, non-affiliated charity which provides 9,500 meals to the needy on a daily basis.

Our volunteers assisted with the preparation of meals which were distributed to more than 40 locations across Singapore. The event allowed our volunteers to connect with some of Willing Hearts' beneficiaries such as the elderly, the disabled, low-income families, children from single parent families or otherwise poverty-stricken families, and migrant workers in Singapore.

SGX Cares Bull Charge Charity Run 2021

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

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

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

I SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Content Index		
Statement of Use	Elite Commercial REIT has reported in accordance with the GRI Standards for the period 1 st January 2023 to 31 December 2023.	
GRI 1 Used	GRI 1: Foundation 2021	
Applicable GRI Sector Standard(s)	Not applicable as a GRI sector standard is not available for our industry	
GRI Standard	Disclosure	Location
The Organisation and its Reporting Practices		
GRI 2-1	Organisational details	Inside Front Cover
GRI 2-2	Entities included in the organisation's sustainability reporting	40-63
GRI 2-3	Reporting period, frequency and contact point	85
GRI 2-4	Restatements of information	85
GRI 2-5	External assurance	85
Strategy		
GRI 2-6	Activities, value chain and other business relationships	Inside Front Cover, 2, 40-67
GRI 2-7	Employees	109-114
GRI 2-8	Workers who are not employees	109
Governance		
GRI 2-9	Governance structure and composition	10-17
GRI 2-10	Nomination and selection of highest governance body	133-136
GRI 2-11	Chart of the highest governance body	10, 126, 132-133
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	86
GRI 2-13	Delegation of responsibility for managing impacts	86
GRI 2-14	Role of the highest governance body in sustainability reporting	86
GRI 2-15	Conflicts of interest	127, 135, 145
GRI 2-16	Communication of critical concerns	132-133, 149-150
GRI 2-17	Collective knowledge of the highest governance body	87
GRI 2-18	Evaluation of the performance of the highest governance body	86, 101, 136-137
GRI 2-19	Remuneration policies	137-140
GRI 2-20	Process to determine remuneration	137-140
GRI 2-21	Annual total compensation ratio Due to the confidentiality and sensitivity of staff remuneration, this requirement cannot be complied with.	139
Strategy, Policies and Practices		
GRI 2-22	Statement on sustainable development strategy	89-90, 101-102
GRI 2-23	Policy commitments	87-89
GRI 2-24	Embedding policy commitments	87-89
GRI 2-25	Processes to remediate negative impacts	88, 149-150
GRI 2-26	Mechanisms for seeking advice and raising concerns	88, 149-150
GRI 2-27	Compliance with laws and regulations	87
GRI 2-28	Membership associations	94
Stakeholder Engagement		
GRI 2-29	Approach to stakeholder engagement	91-94
GRI 2-30	Collective bargaining agreements	88
Material Topics		
GRI 3-1	Process to determine material topics	94-95
GRI 3-2	List of material topics	95

GRI Standard	Disclosure	Location
ENVIRONMENTAL TOPICS		
Energy		
GRI 3: Material Topics 2021	3-3 Management of material topics	94-95
GRI 302: Energy 2016	302-2 Energy consumption outside of the organization	107-108
	302-3 Energy intensity	107-108
Water		
GRI 3: Material Topics 2021	3-3 Management of material topics	94-95
Topic Management Disclosures	303-1 Interactions with water as a shared resource	99-100
	303-2 Management of water discharge-related impacts	99-100, 103
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	99-100, 108
Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	94-95
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	106-108
	305-4 GHG emission intensity	107-108
SOCIAL TOPICS		
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	94-95
GRI 401: Employment 2016	401-1 New Employee hires and employee turnover	110-111
Training and Education		
GRI 3: Material Topics 2021	3-3 Management of material topics	94-95
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	111-112
	404-3 Percentage of employees receiving regular performance and career development reviews	110
Diversity and Equal Opportunities		
GRI 3: Material Topics 2021	3-3 Management of material topics	94-95
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	112, 129-131
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Anti-Corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	94-95
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	87-89
Public Policy		
GRI 3: Material Topics 2021	3-3 Management of material topics	94-95
GRI 415: Public Policy 2016	415-1 Political contributions	88
Customer Privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	94-95
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	88-89
NON-GRI MATERIAL TOPICS		
GRI 3: Material Topics 2021	3-3 Management of material topics	94-95
Tenant Engagement	Refer to the SASB Index (Metric: Management of Tenant Sustainability Impacts)	116

SUSTAINABILITY REPORT

SASB STANDARDS

Real Estate Sustainability Accounting Standard

Topic	SASB Code	Accounting Metric	Property Subsector	2021	2022	2023
Energy Management	IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area, by property subsector (%)	Office (N742)	100% see Note #1	100% see Note #1	100% see Note #1
	IF-RE-130a.2	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity (%), and (3) percentage renewable, by property subsector	Office (N742)	(1) 258,221 GJ (71,728 MWh) (2) 100% (3) 0% see Note #1	(1) 253,246 GJ (70,346 MWh) (2) 100% (3) 0% see Note #1	(1) 222,984 GJ (61,940 MWh) (2) 100% (3) 0% see Note #1
	IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	Office (N742)	-	-1.9%	-11.9%
	IF-RE-130a.4	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property subsector	Office (N742)	(1) 100% (2) Not applicable to the UK	(1) 100% (2) Not applicable to the UK	(1) 100% (2) Not applicable to the UK
	IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	Office (N742)		Pages 97 to 103	
Water Management	IF-RE-140a.1	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	Office (N742)	(1) 100% (2) 9.5% see Note #1	(1) 100% (2) 10.1% see Note #1	(1) 100% (2) 9.1% see Note #1
	IF-RE-140a.2	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	Office (N742)	(1) 76,584 m ³ (2) 10.4%	(1) 98,175 m ³ (2) 12.7%	(1) 82,435 m ³ (2) 14.6%
	IF-RE-140a.3	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	Office (N742)	-	28.2%	-16.0%
	IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	Office (N742)		Pages 103 to 104	
Management of Tenant Sustainability Impacts	IF-RE-410a.1	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements and (2) associated leased floor area, by property subsector	Office (N742)	(1) 0% (2) 0	(1) 0% (2) 0	(1) 0% (2) 0
	IF-RE-410a.2	Percentage of tenants that are separately metered or sub-metered for (1) grid electricity consumption and (2) water withdrawals, by property subsector	Office (N742)	Not applicable	Not applicable	Not applicable
	IF-RE-410a.3	Discussion of approach to measuring, incentivising, and improving sustainability impacts of tenants	Office (N742)		Pages 97 to 99	
Climate Change Adaptation	IF-RE-450a.1	Area of properties located in 100-year flood zones, by property subsector	Office (N742)	857,466 sq ft (79,661m ²) see Note #2	829,540 sq ft (77,069m ²) see Note #2	781,966 sq ft (72,647m ²) see Note #2
	IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Office (N742)		Pages 101 to 106	

Activity Metric	Property Subsector	SASB Code	2021	2022	2023
Number of assets, by property subsector	Office (N742)	IF-RE-000.A	155	155	150
Leasable floor area, by property subsector	Office (N742)	IF-RE-000.B	3,875,004 sq ft (360,000 m ²)	3,889,340 sq ft (361,332 m ²)	3,773,433 sq ft (350,563 m ²)
Percentage of indirectly managed assets, by property subsector	Office (N742)	IF-RE-000.C	100%	100%	100%
Average occupancy rate, by property subsector	Office (N742)	IF-RE-000.D	100% see Note #3	97.9% see Note #3	92.3% see Note #3

Notes:

- The energy consumption and water withdrawal presented in this index covered only the assets occupied by the DWP, and pertains to the 12-month period of January to December 2021, January to December 2022 and January to December 2023.
- Properties refer those with High (>3.3% chance a year) and Medium (1% - 3.3% chance a year) risk of river, sea and surface water flooding in Wales, High (10% chance each year) and Medium risk (0.5% chance each year) of river, coastal and surface water flooding in Scotland, and High Probability (1% or greater chance each year) of river and coastal flooding in England.
- As at 31 December of the respective years.

TCFD DISCLOSURES

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

The following table indicates the locations of our TCFD disclosures.

Code	TCFD Recommendations	Page Number(s)
GOVERNANCE		
TCDF 1(a)	Describe the board's oversight of climate-related risks and opportunities.	101
TCFD 1(b)	Describe management's role in assessing and managing climate-related risks and opportunities.	101
STRATEGY		
TCFD 2(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	101-102, 104-106
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	101-102, 104-106
TCFD 2(c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	101-102, 104-106
RISK MANAGEMENT		
TCFD 3(a)	Describe the organisation's processes for identifying and assessing climate-related risks.	102-105
TCFD 3(b)	Describe the organisation's processes for managing climate-related risks.	102-105
TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	102-105
METRICS AND TARGETS		
TCFD 4(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	106-108
TCFD 4(b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	106-108
TCFD 4(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	100,106-108



SUSTAINABILITY REPORT

ELITE REIT SUSTAINABILITY REPORT 2023: STAKEHOLDER FEEDBACK



Thank you for your time in reading our Sustainability Report. Elite REIT welcomes any feedback or suggestions and will take your comments into due consideration for our next report. You may scan the QR code or send this feedback form to the address specified at the back cover or e-mail the completed form to enquiry@elitecreit.com

1. Which of the following best describes you?

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

2. In which region do you reside?

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

3. How did you hear about this report?

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

4. Please rank the material topics according to your interest in them, with the highest being of greatest interest and the lowest being not interested at all.

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

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

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

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

- Yes
- No
- Cannot say

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

1 2 3 4 5

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

1 2 3 4 5

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

1 2 3 4 5

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

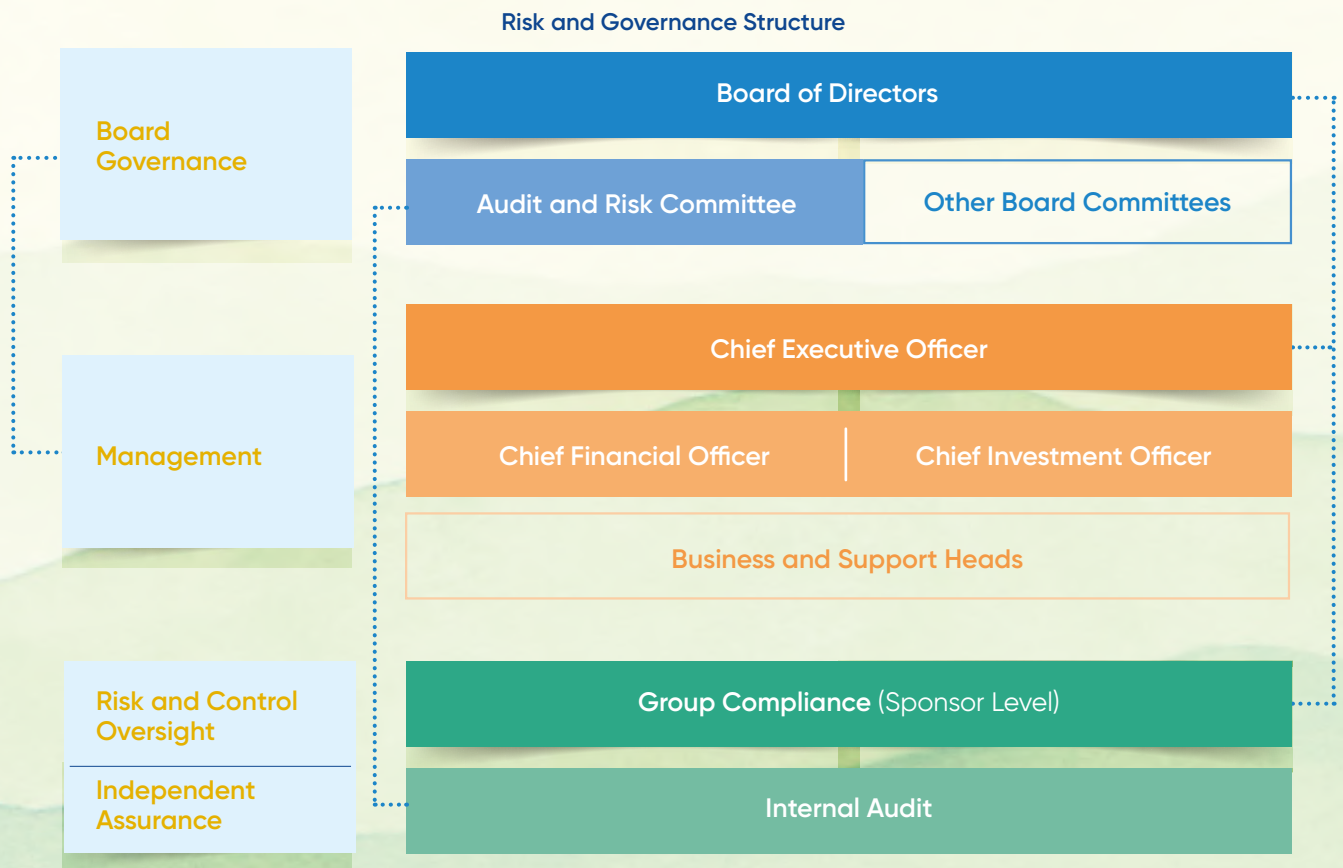
ENTERPRISE RISK MANAGEMENT

Enterprise Risk Management (“ERM”) is an integral part of the business strategy for Elite Commercial REIT (“Elite REIT”). Elite Commercial REIT Management Pte. Ltd. (the “Manager”) reviews risk and opportunity on a scale of balance, with appropriate calibration to maximise outcomes on the strategic and operational levels. The objective is not merely centred on risk minimisation, but rather the optimisation of opportunities within the known and agreed risk appetite levels determined by the Board of Directors (the “Board”). All businesses carry inherent risks; therefore, the Manager will consider the corresponding risks in relation to Elite REIT’s strategy and business objectives. This approach enables the Manager to manage risks in a systematic and consistent manner to support its business objectives and strategy, thereby creating sustainable value for all stakeholders.

Risk Management Governance Structure

The Board has overall responsibility for the governance of risk. The Board is responsible for the oversight of Elite REIT’s risk appetite and risk tolerance limits in relation to its strategic business objectives. The Board also reviews Elite REIT’s risk oversight structure to ensure appropriate accountability by risk owners. Additionally, material risks are regularly and properly monitored to detect deviation. This ensures that the risk management framework and policies are adequate and effective. For these purposes, the Board is supported by the Audit and Risk Committee (the “ARC”), which assists the Board in discharging risk management oversight responsibility by ensuring the establishment, review, and assessment of Elite REIT’s policies, risk management systems and internal controls.

The ARC, which is made up of three independent Board members, meets on a regular basis. The meetings are attended by the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and Chief Investment Officer (“CIO”) (the “Management”). The Management is responsible for directing and monitoring the development, improvement, implementation, and practice of ERM for Elite REIT.



ENTERPRISE RISK MANAGEMENT



The Manager’s ERM Framework is based on the principles and guidelines of the International Organisation for Standardization¹ (“ISO”) 31000 on Risk Management and the Committee of Sponsoring Organizations of the Treadway Commission² (“COSO”) ERM Integrated Framework. The ERM Framework is reviewed and approved by the Board annually.

A robust internal control system and an independent review process underpin Elite REIT’s ERM Framework. While the Management is responsible for the design and implementation of effective internal controls using a risk-based approach, the Internal Audit function, which

is outsourced to an independent professional firm, reviews such design and implementation to provide reasonable assurance to the ARC on the adequacy and effectiveness of risk management and internal control systems.

Elite REIT’s ERM Framework is based on fostering the right risk culture. Regular risk workshops are conducted to enhance risk management knowledge and promote a culture of risk awareness. Risk management principles are embedded in all decision-making and business processes. Material risks and their associated controls are consolidated and reviewed by the Management before being presented to the ARC and the Board.

Notes:

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

Managing Material Risks

The Manager undertakes a comprehensive approach in identifying, managing, monitoring, and reporting of material risks across Elite REIT. In FY2023, the Management, alongside the wider working group, reviewed and considered the top material risks to the business. Accordingly, the material risks are summarised as follows:

Risk Pillars	Material Risks	Details	Key Mitigating Measures
Governance	Operational Risk	<ul style="list-style-type: none"> • Prolonged business disruption due to the following factors: <ul style="list-style-type: none"> ◦ Tenant-related risks such as significant non-renewals of Elite REIT's existing leases, tenant default risk, and breaches of other tenancy agreements. ◦ Major infrastructure or equipment failures to the assets of Elite REIT. • Significant management attention incurred to address yield-dilutive acquisitions that would otherwise be devoted to Elite REIT's ongoing business. • Holding costs from vacant assets: <ul style="list-style-type: none"> ◦ Business rates and property management costs while the asset remains vacant ◦ Dilapidation claims do not sufficiently offset costs to reinstate the vacant properties 	<ul style="list-style-type: none"> • The Manager is in regular dialogue with our third-party property manager, JLL. JLL inspects the assets periodically to provide the Manager updates on the conditions of the assets. • Proactive engagement with the DWP and other government tenants to understand their space requirements and calibrate our real estate to meet their needs, with the goal of becoming the preferred landlord for their operations. • Formulation of asset management strategies for the vacant/vacating assets, which includes re-letting, repositioning, recycling and disposal. • Active ongoing discussions on dilapidation claims for some of the vacant and vacating assets.
	Licence, Regulatory and Compliance Risk	<ul style="list-style-type: none"> • Changes in property-related regulations and other events in Singapore and the UK. • Continuous compliance with the licensing conditions of the Monetary Authority of Singapore ("MAS") and listing rules from the Singapore Exchange. • Any forms of fraud, bribery, and corruption that could be perpetrated by employees, third parties, or collusion between employees and third parties. 	<ul style="list-style-type: none"> • Active monitoring of developments in the laws and regulations governing Singapore and the UK. • Periodic review and update of policies and procedures to ensure relevance. • Provision of regular training for all employees to promote a strong compliance culture. • Communicating regularly with regulators and governing bodies (as appropriate, depending on the nature of the engagement). • Maintaining a zero-tolerance approach towards fraud, corruption, bribery and unethical practices in the conduct of business. A Group-wide Code of Conduct and Ethics Policy sets out the behaviour and conduct expected of all employees. • Providing an accessible communication channel to ARC through a Whistleblowing Policy.
	Information Technology and Cyber Risk	<ul style="list-style-type: none"> • Material failure on information technology ("IT") infrastructure that the Manager relies on may cause inadvertent compromise on the confidentiality, integrity, and availability of the information assets and/or systems of Elite REIT and/or the Manager. This may have a negative impact on financials and/or regulatory compliance. • Fraudulent transactions and hacking attempts (including internal sabotage) will adversely affect the Manager. 	<ul style="list-style-type: none"> • The Manager has engaged a reputable and reliable professional third-party service provider to perform IT support services. The Manager's due diligence process for the service provider incorporates selection criteria such as the service provider's credentials, cybersecurity plan, firewall and incident management process. • The Manager continuously monitors and reviews the adequacy of the IT infrastructure against existing and emerging IT and cyber risks. • The Manager has developed a comprehensive Group-wide IT and Cyber Security Policy. The Manager has rolled out ongoing staff IT and Cyber Security Training to address human factors in cyber security. • Conducting regular Disaster Recovery exercises to ensure timely recoverability of business-critical IT systems.

I ENTERPRISE RISK MANAGEMENT

Managing Material Risks (continued)

Risk Pillars	Material Risks	Details	Key Mitigating Measures
Economic	Financial and Risk Management	<ul style="list-style-type: none"> Elite REIT may not be able to meet all of its debt obligations or repay future borrowings through its cash flow from operations. Additional debt or equity financing may be required and there is no assurance that such financing will be available on acceptable terms or at all. Tax rulings in Singapore and the UK may be amended with either prospective or retroactive effect. This may affect the overall tax liabilities of the Singapore and/or UK entities. Changes to the International Financial Reporting Standards (“IFRS”) may affect the ability of Elite REIT to make distributions to Unitholders. 	<ul style="list-style-type: none"> The Manager has raised funding from the equity markets post-31 December 2023, amounting to £28 million. This was used to reduce gearing to 43.7% as at 31 December 2023, taking into account the effects of the £28 million Preferential Offering. In March 2024, the Manager has secured up to £135 million of debt for the refinancing of Elite REIT’s existing loan facilities. The Manager remains in active discussion with lenders for Elite REIT’s ongoing financing needs. In FY2023, proceeds from Elite REIT’s five strategic divestments were used to pare down existing loans. The Manager shall keep abreast of changes in accounting and tax policies in the UK, via the support of the UK Audit and Tax teams. The advisory teams are managed by reputable firms, which are familiar with local conditions and cultures. Actively monitoring Elite REIT’s debt maturity profile, operating cash flows and availability of funding to ensure that there are sufficient liquid reserves, in the form of cash and banking facilities to meet capital, refinancing and operational needs. Elite REIT has a Distribution Reinvestment Plan (“DRP”) in place to support unitholders who wish to accumulate scrip in Elite REIT, which also aids the management of its working capital.
	Political Risk	<ul style="list-style-type: none"> The concentration of Elite REIT’s assets in the UK exposes Elite REIT to political risks from the UK. Doubts over real estate valuations may erode investors’ interests in UK REITs or REITs with high exposure in the UK. Policy decisions will have an impact on the global perception of the UK and its government, including but not limited to their credit rating, currency, political stability and foreign affairs relations. Worst case scenario may include sanctions and exclusions from regional or world trade. Elite REIT may also face difficulties in sourcing for new tenants or re-letting its existing properties amidst the uncertainties surrounding Brexit and potential Scotland independence. These uncertainties may persist over a prolonged period of time and continue to dampen investor sentiment. Elite REIT may face difficulties in raising funds through secondary offerings. 	<ul style="list-style-type: none"> Political developments in the UK are outside the Manager’s control but the Manager is able to mitigate its impacts to Elite REIT business through prudent treasury management, debt management, and assuring its investors that the fundamentals of Elite REIT’s business remains sound and that rental income will continue to remain secured by the AA-credit rated UK government despite certain developments. The current policy is to use similar currency loan facility and to fix majority of interest rate exposure via interest rate swaps. Distributions are declared in Pound sterling as well. To maintain constant dialogue with the DWP and other government tenants to understand their space requirements and calibrating our real estate to meet their needs, with the goal to be the preferred landlord for their operations.

Risk Pillars	Material Risks	Details	Key Mitigating Measures
Environment	Sustainability and Climate Risk	<ul style="list-style-type: none"> Includes physical risks such as rising sea levels, violent storms, prolonged heat waves, flash floods, water stress risk, etc. Transitional risks such as increased and more stringent regulations and increased expectations from stakeholders. A lack of holistic understanding, identification, and prioritisation of sustainability risk factors would be detrimental to Elite REIT's competitiveness and longevity. For example, a property with a poor Energy Performance Certificate ("EPC") rating or energy performance is likely to be subjected to obsolescence risk. 	<ul style="list-style-type: none"> The Manager has set up a Sustainability Committee, chaired by the Board Chairman to ensure that sustainability is a key pillar to Elite REIT's business objectives and strategies. Acquisition considerations will include energy performance and technical due diligence outcomes on the assets. Close partnership with Elite REIT's primary occupier through the landmark Sustainability Collaboration, where the Manager engages the DWP in regular dialogues on the progress of sustainability enhancement works. Minimising environmental impact by deploying renewable and low-carbon intensive energy where possible and upgrading energy-intensive equipment through ongoing asset enhancement collaboration with the DWP. Regular meetings with Strategic Planning Committee to ensure key director representatives have been kept abreast of the dealings of Elite REIT. Keeping abreast of the latest regulations, requirements, guidelines as well as reporting and disclosure requirements pertaining to sustainability and ESG in Singapore and in the UK. Equipping the Board, Management and employees with the latest developments in sustainability and climate change, compliance as well as disclosure requirements through regular trainings for the Board, Management and employees.
Social	Stakeholder Risk	<p>Internal Stakeholders</p> <ul style="list-style-type: none"> Inability to appropriately manage human capital needs and human resource-related costs appropriately in relation to the business environment. High attrition rates and shortage of talent. <p>External Stakeholders</p> <ul style="list-style-type: none"> Tenant-customer relations; Investors and media relations; Singapore and UK Government relations; social and community relations. Insufficient stakeholder engagement resulting in a lack of understanding of Elite REIT's strategy and business, as well as evolving market trends and needs. 	<p>Internal Stakeholders</p> <ul style="list-style-type: none"> Building an inclusive and a nurturing workplace culture with a focus to develop its employees, such as through continuous learning. Regular communication from management on overall well-being. Regular review of remuneration packages and retention strategies. Regular meetings with Strategic Planning Committee to ensure key director representatives have been kept abreast of the dealings of Elite REIT. <p>External Stakeholders</p> <ul style="list-style-type: none"> Regular communication with regulators and governing bodies (as appropriate, depending on nature of engagement). Remain guided by the Code of Corporate Governance and strive to maintain the high standards of corporate governance to ensure that Elite REIT continues to instill stakeholder confidence. Maintaining proactive investor relations and media outreach plan. Participating actively in relevant industry associations. Building on existing community partnerships Conducting yearly engagement survey with tenants.

CORPORATE GOVERNANCE REPORT

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

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

The Manager's Role

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

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

- (a) using its best endeavours to conduct Elite REIT's business in a proper and efficient manner;
- (b) preparing annual business plans for review by the directors of the Manager (the **"Directors"**), including forecasts on revenue, net income, and capital expenditure, explanations on major variances to previous years' financial results;
- (c) written commentaries on key issues and underlying assumptions on rental rates, operating expenses and any other relevant assumptions;
- (d) attending to communications with the Unitholders; and
- (e) supervising and overseeing the management of real estate (including but not limited to lease audit, systems control, data management and business plan implementation) in accordance with the provisions of the Trust Deed.

Elite REIT is externally managed by the Manager. The Manager has general powers of management over the assets of Elite REIT. The Manager appoints experienced and well-qualified personnel to run the day-to-day operations.

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

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

Elite Commercial REIT and Corporate Governance

The framework of relevant legislation and guidelines governing Elite REIT include:

- (i) the SFA;
- (ii) the Code on Collective Investment Schemes (including Appendix 6 thereon on property funds) (the **"CIS Code"**, and Appendix 6 of the CIS Code, the **"Property Funds Appendix"**);
- (iii) the listing manual (the **"Listing Manual"**) issued by Singapore Exchange Securities Trading Limited (**"SGX-ST"** or the **"Exchange"**);
- (iv) the Code of Corporate Governance 2018 (the **"Code"**);
- (v) the Trust Deed; and
- (vi) written directions, notices, codes and other guidelines that may be issued, modified or updated by the MAS from time to time.

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

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

For the financial year ended 31 December 2023 ("FY2023"), save as stated in the CG Report, Elite REIT has complied with the core principles of corporate governance laid down by the Code and also, in all material respects, with the provisions that underpin the principles of the Code. Where the Manager's practices vary from any provisions of the Code, it has provided appropriate explanations, which include the reason for the respective variations, as well as the practices adopted to be consistent with the intent and philosophy of the relevant principle in question.

Elite REIT has been included by the SGX-ST in the SGX Fast Track Programme list. The scheme recognises listed companies that have high corporate governance standards and have maintained a good compliance track record, and accords prioritised response on selected corporate action submissions to SGX Exchange Regulation.

(A) BOARD MATTERS

The Board's Conduct of Affairs, Duties and Responsibilities

Principle 1

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

Role of The Board

The Board is entrusted with the overall leadership and oversight of both Elite REIT's and the Manager's business, financial, investment and material operational affairs and performance objectives and their long-term success.

The key roles and responsibilities of the Board are to:

- set strategic objectives and direction, and provide guidance to the Management in executing those objectives;
- approve the business plans in relation to Elite REIT's properties;
- ensure that the Management discharges its duties with integrity and accountability, and demonstrate the highest level of skill 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 REIT;
- consider sustainability issues such as environmental issues as part of its strategic formulation;
- ensure that the Management maintains sound measures relating to corporate governance, financial regulation and internal policies including the Group-wide Code of Conduct and Ethics Policy ("**Code of Conduct**") (further elaborated below and on pages 149 and 154 of the CG Report); and
- consider the perceptions of stakeholders that would affect Elite REIT's reputation.

The Board has approved a list of matters reserved for the Board's decision-making.

This sets clear directions for the 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 REIT;
- annual budget and business plans in relation to Elite REIT's properties;
- policies to safeguard the interests of the Unitholders and the assets of Elite REIT;
- distribution policy;
- announcements and press releases concerning Elite REIT;
- Board membership and other appointments;
- Key Management Personnel ("**KMP**") appointment; and
- appointment and removal of the Company Secretary.

In fulfilling its responsibilities to Elite 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, as well as arrangements in relation to bank signatories. Appropriate delegation of authority and approval sub-limits are also provided at the Management level to facilitate operational efficiency.

Culture

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

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

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

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

CORPORATE GOVERNANCE REPORT

Board Composition and Board Committees

The Manager has nine Directors, five of whom (including the Chairman of the Board) are independent non-executive Directors (“IDs”). The NRC reviews, on an annual basis, the structure, size and composition of the Board and Board Committees, taking into account the Code and Regulations 13D to 13H of the Securities and Futures (Licensing and Conduct of Business) Regulations (the “**SF(LCB)R**”). The NRC has assessed that the current structure, size and composition of the Board and Board Committees are appropriate for the scope and nature of Elite REIT’s and the Manager’s operations.

Ms Sarena Cheah Yean Tih was appointed as a non-independent non-executive director (“**NINED**”) on 1 January 2024, replacing Mr Evan Cheah Yean Shin as part of board renewal and succession planning. Dr Tan Kok Heng’s appointment as an Alternate Director ceased upon the resignation of Mr Evan Cheah Yean Shin as a NINED of the Manager.

The Manager has not appointed a lead independent Director as the Chairman of the Board is not conflicted and is independent. No individual or group dominates the Board’s decision-making process or has unfettered powers of decision-making.

The Board has established four board committees to assist it in the discharge of its functions. These committees are the Audit and Risk Committee (“**ARC**”), the Nominating and Remuneration Committee (“**NRC**”),

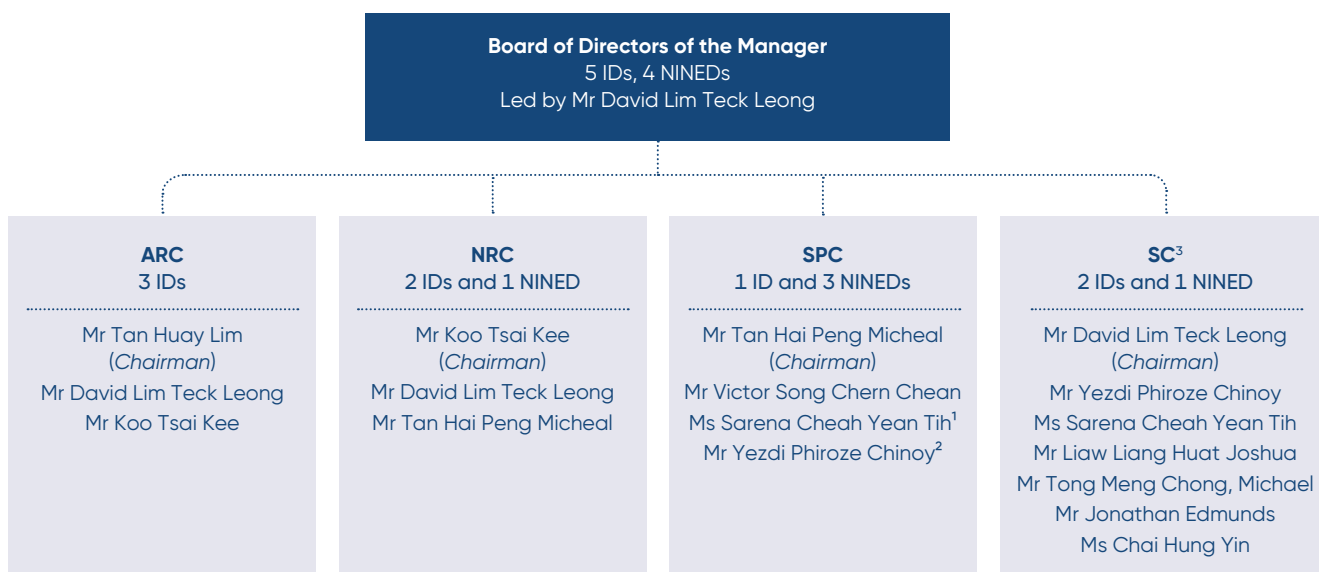
the Strategic Planning Committee (“**SPC**”) and the Sustainability Committee (“**SC**”) (collectively known as “**Board Committees**”). The ARC, NRC and SC are chaired by IDs while the SPC is chaired by a NINED.

Membership in 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 determining the composition of the respective Board Committees.

Each of the Board Committees has its own written terms of reference and operates under delegated authority from the Board. Notwithstanding that, the Board retains ultimate responsibility for all decisions made by the Board as a whole. Information on the ARC and NRC can be found in the “**Accountability and Audit**”; “**Board Membership**” and “**Board Performance**”; and “**Remuneration Matters**” sections 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 in pages 125 to 133, 145, 146, 148 and 149 of this CG Report.

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

The current composition of the Board and Board Committees is as follows:



Notes:

- Ms Sarena Cheah Yean Tih was appointed as a NINED on 1 January 2024, replacing Mr Evan Cheah Yean Shin as part of Board renewal and succession planning. Dr Tan Kok Heng’s appointment as an Alternate Director ceased upon the resignation of Mr Evan Cheah Yean Shin as a NINED of the Manager.
- Mr Yezdi Phiroze Chinoy was appointed to the SPC on 16 February 2024.
- Members of SC also comprise Mr Liaw Liang Huat Joshua (CEO), Mr Tong Meng Chong, Michael (CFO), Mr Jonathan Edmunds (CIO) and Ms Chai Hung Yin (Assistant Vice President, Investor Relations).

Board Meetings and Activities

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

The number of Board and Board Committees' meetings and general meetings held during FY2023, as well as the attendance of every Director and the Chief Executive Officer ("CEO") at these meetings are set out in the table below:

Meeting	Board	ARC	NRC	SPC	SC	General Meeting ¹	Annual
No. of meetings held	6	4	3	19	2		1
Directors							No. of Meetings Attended
Mr David Lim Teck Leong	6	4	3	–	2		1
Mr Tan Huay Lim	6	4	1 [#]	–	–		1
Mr Koo Tsai Kee	6	4	3	–	–		1
Mr Nicholas David Ashmore	6	–	1 [#]	–	–		1
Mr Yezdi Phiroze Chinoy	6	–	2 [#]	8 [#]	2		–
Mr Tan Hai Peng Micheal	6	–	3	18	–		1
Mr Victor Song Chern Chean	6	–	1 [#]	18	–		1
Mr Tan Dah Ching	6	–	1 [#]	–	–		1
Mr Evan Cheah Yean Shin ²	5	–	–	–	–		1
Dr Tan Kok Heng ³	6	–	1 [#]	18	2		1
Chief Executive Officer							
Mr Liaw Liang Huat Joshua ⁴	3	2	1	11	1		–

Notes:

Attendance by invitation.

- Annual General Meeting was held on 25 April 2023.
- Mr Evan Cheah Yean Shin stepped down as a NINED of the Manager on 1 January 2024, as part of board renewal and succession planning.
- Dr Tan Koh Heng was an Alternate Director to Mr Evan Cheah Yean Shin and ceased his directorship following the resignation of Mr Evan Cheah Yean Shin.
- Appointed on 17 May 2023.

Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of the Manager and Elite REIT. As disclosed on page 135, the NRC is satisfied that all Directors gave sufficient time and attention to the affairs of the Manager and were able to and have adequately carried out their duties as a director of the Manager in FY2023.

Orientation for Directors

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

Upon the appointment of each new Director, he/she is issued a formal letter of appointment setting out his/her duties, responsibilities 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 REIT. The appropriate induction, and orientation sessions will be conducted to orientate the Directors in acting as a director of a manager of a publicly listed REIT.

The orientation exercise consists of:

- management presentations on Elite REIT's strategic objectives, business, operations, responsibilities of key management personnel, and financial and governance practices; and
- site visits to Elite REIT's properties. (Following the lifting of travel restrictions due to Covid-19, site visits had been arranged for IDs to visit Elite REIT's properties in the United Kingdom ("UK") in FY2023.)

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

The NRC also ensures that new Directors are aware of their duties and obligations, the Manager's policies relating to restrictions on dealings in Elite REIT's securities and disclosure of price-sensitive and trade-sensitive information.

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

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

Training for Directors

The Board also recognises the importance of continual training and development for the Directors so that they can perform their roles on the Board and Board Committees to the best of their abilities. The NRC is tasked with identifying important training topics for Directors and recommending them to the Board.

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

In FY2023, various Directors attended training sessions on information technology ("IT") and cybersecurity, anti-money laundering and countering the financing of terrorism, as well as anti-bribery and anti-corruption compliance. The Manager believes that the provision of continuing education opportunities to Directors will keep them updated on matters relevant to their appointments and responsibilities. A training register is maintained with respect to the courses/seminars attended by the Directors and such register is also tabled to the NRC for information at its meeting.

The Board is regularly updated on new developments in laws and regulations or changes in regulatory requirements, tax matters or financial reporting standards which are relevant to or may affect Elite REIT or the Manager either during Board meetings or at specially convened meetings (with the attendance of professional advisers, consultants, auditors and the Management) or disseminated by way of handouts. The Management also provides the Board with timely information through regular updates on financial results, relevant market, and business developments.

Board Composition and Guidance

Principle 2:

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

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

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

Review of Directors' Independence

The Board presently comprises nine Directors, five of whom are IDs. All the Directors are non-executive directors. The composition of the Board complies with Provision 2.3 of the Code which requires a majority of the board to be made up of non-executive directors. In addition to the Chairman of the Board being independent and non-executive, IDs make up the majority of the Board. 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 of the Board and the CEO, provide a healthy professional relationship between the Board and the Management, with clarity of roles and robust oversight as they deliberate on the business activities of the Manager.

The NRC reviewed and assessed the independence of each ID in relation to the Code and SF(LCB)R. Pursuant to the Code and Regulation 13E of the SF(LCB)R, the Board and NRC ascertained the following for FY2023:

- (a) each ID had been independent from the Management of the Manager and Elite REIT;
- (b) each ID had been independent from any business relationship with the Manager and Elite REIT;
- (c) each ID had been independent from every substantial shareholder of the Manager, and every substantial Unitholder of Elite REIT;
- (d) none of the IDs was a substantial shareholder of the Manager or a substantial Unitholder of Elite REIT; and
- (e) none of the IDs has served as a director of the Manager for a continuous period of nine years or longer.

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

Board Diversity

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

The NRC is responsible for:

- (a) reviewing the Board Diversity Policy;
- (b) setting qualitative and measurable quantitative objectives (where appropriate) for achieving board diversity;

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- (c) monitoring and implementing the Board Diversity Policy, and taking the principles of the Board Diversity Policy into consideration when determining the optimal composition of the Board and/or Board Committees, and recommending any proposed changes to complement Elite REIT's objectives and strategies; and
- (d) reviewing the Manager's progress towards achieving the objectives under the Board Diversity Policy.

The Board will set certain measurable objectives and diversity targets (each a "Target") based on the NRC's recommendation in order to achieve an optimal Board composition. The Targets will be reviewed by the NRC annually to ensure their appropriateness. The NRC will endeavour to ensure that the Targets are taken into consideration when assessing candidates for new Board appointments.

Tenure

Elite REIT was listed on 6 February 2020. Most of the IDs were appointed on the same date prior to listing and their nine-year term will also expire on the same date. Not counting Mr Yezdi Phiroze Chinoy (ID), who was appointed on 1 July 2021 and Ms Sarena Cheah Yearn Tih (NINED), the average tenure of existing board members is about four years.

The Board believes diversity of tenure and progressive renewal of the Board are 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. The Board has most recently added a new Board member, Ms Sarena Cheah Yearn Tih,

who was appointed as NINED on 1 January 2024 in place of Mr Evan Cheah Yearn Shin.

All director appointments will be based on merit, having due regard to the overall balance and effectiveness of the Board.

The NRC and the Board will continue to review the tenure of the Board members and plan for renewal gradually.

Skills and Expertise

Currently, the Board and its Board Committees comprise Directors with an appropriate balance and diversity of skills and expertise. The Directors have diverse backgrounds in audit and accounting, business advisory, corporate finance, corporate governance, investment and fund management, construction, real estate and property development, management consulting and commercial litigation. The diversity of skills and expertise enrich the discussions and deliberations of the Board as the members bring their broad range of views, perspectives and breadth of experience to the table. Therefore, the Directors are well-equipped to engage in open and constructive debate, and regularly challenge the Management on its assumptions and proposals. This facilitates the effective oversight of the Management.

When considering new directors for appointment to the Board, candidates who have relevant skills, expertise and/or experience which would complement those already on the Board would be prioritised.

As of 31 December 2023, the Target for Skills and Expertise was met. Please refer to the Skills and Expertise Matrix of the Directors below.

Director Experience / Skills Matrix

	Real Estate Industry Experience	Strategic Planning	Senior Management	Legal	Audit & Accounting	Risk Management	Banking and Corporate Finance	Investment & Fund Management	Asset Management	Facilities Management	Operations Management	Capital Markets & Fundraising	Business Development	Human Resources
Mr David Lim Teck Leong	Y	Y	Y	Y		Y								Y
Mr Tan Huay Lim	Y	Y	Y		Y	Y	Y	Y				Y		Y
Mr Koo Tsai Kee	Y	Y	Y			Y								Y
Mr Nicholas David Ashmore	Y	Y	Y							Y				Y
Mr Yezdi Phiroze Chinoy	Y	Y	Y	Y		Y	Y	Y				Y		
Mr Tan Hai Peng Micheal	Y	Y	Y									Y	Y	Y
Mr Victor Song Chern Chean	Y	Y	Y					Y	Y	Y	Y	Y	Y	Y
Mr Tan Dah Ching	Y	Y	Y				Y	Y				Y		
Ms Sarena Cheah Yearn Tih ¹	Y	Y	Y										Y	
Mr Evan Cheah Yearn Shin ²	Y	Y	Y					Y				Y		
Dr Tan Kok Heng ³	Y	Y	Y					Y				Y		

Notes:

1. Appointed on 1 January 2024.
2. Resigned on 1 January 2024.
3. Alternate Director to Mr Evan Cheah Yearn Shin. Dr Tan ceased to be an Alternate Director to Mr Evan Cheah on 1 January 2024.

Gender Representation

The NRC, the Board, together with the Sustainability Committee have agreed that it will be a medium to long term Target for the Board to achieve and maintain a 30% minimum representation of each gender on the Board by 2029. The Board is committed to the Target and has included the Target in its Board Diversity Policy.

With the appointment of Ms Sarena Cheah Yearn Tih to the Board, the gender diversity composition of the Board has increased by 11.1% – the first step towards achieving the targeted minimum representation of each gender on the Board.

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

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

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

Age Diversity

The Board comprises Directors falling within at least two out of three age groups, being:

- (i) 61-70
- (ii) 51-60
- (iii) 41-50

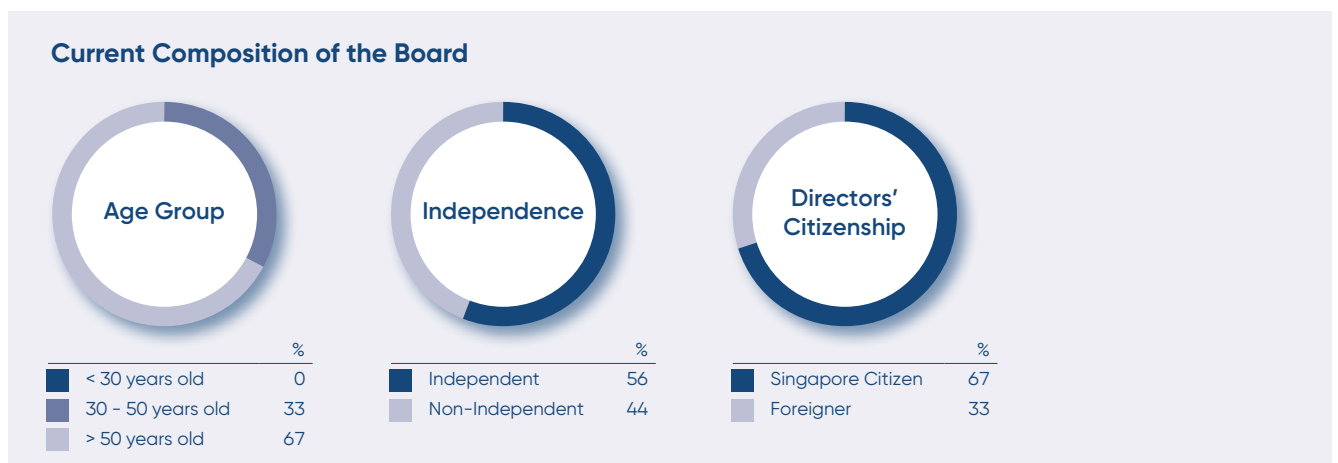
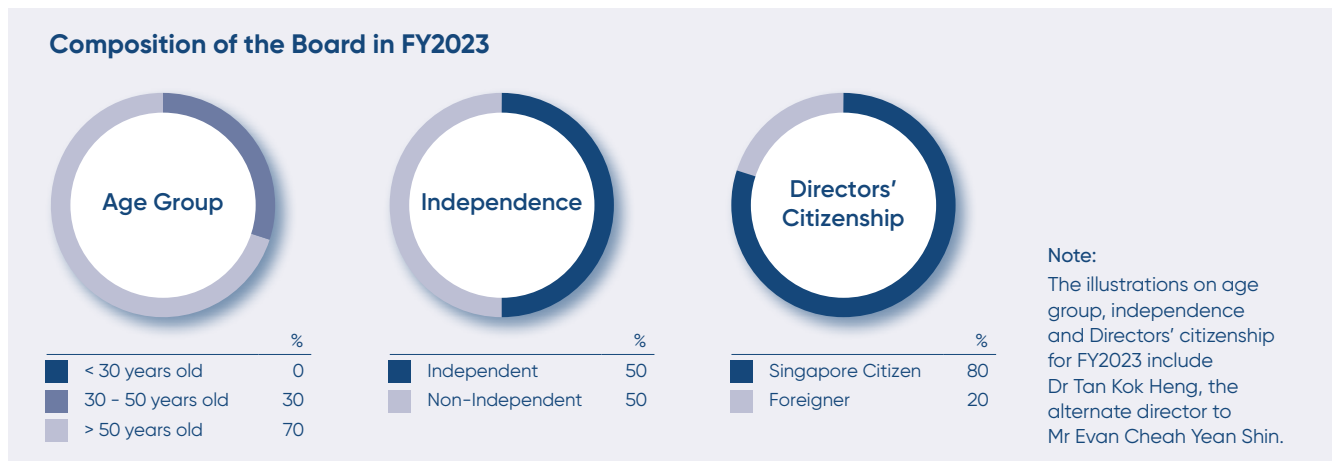
As of 31 December 2023, the ages of the Board members range from 44 to 69. The Target for age diversity was met. Please refer to the chart below.

The Manager believes the age diversity would contribute beneficially to the Board’s deliberations.

Diverse Board Nationalities

The Board comprises Directors of different nationalities. Coupled with their diverse backgrounds and competencies, this adds value to the Board’s capacity for strategic thinking and problem solving.

Please refer to the chart below.



The Board continues to seek to introduce greater diversity as it progressively reviews the composition of the Board and its Board Committees. As of 31 December 2023, the Board was of the view that the size of

the Board and the Board Committees, the skills and expertise of Directors, age and nationality diversity are appropriate for the needs and demands of the Manager and Elite REIT’s operations.

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Meetings of Directors Without Management

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

Chairman and Chief Executive Officer*Principle 3:*

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

The positions of Chairman of the Board and CEO of the Manager are held by two different individuals to maintain effective segregation of duties, ensure an appropriate balance of power and authority, increased accountability, and to maintain effective checks and balances, and for more independent decision making. The Chairman of the Board is Mr David Lim Teck Leong, and the CEO of the Manager is Mr Liaw Liang Huat Joshua. In accordance with Regulation 13D(1) of the SF(LCB)R, the Chairman is a non-executive director and not a member of immediate family of the CEO. The Chairman leads the Board to ensure its effectiveness in 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 the Management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chairman also has the discretion to hold meetings with the other IDs without the presence of the Management as he deems appropriate or necessary, and provides feedback and recommendations to the Board as appropriate. The Chairman presides over the Annual General Meeting ("**AGM**") each year and other general meetings of the Unitholders. The Chairman addresses, and/or requests the CEO and the CFO of the Manager to address the Unitholders' queries, and ensures that there is clear and open dialogue between all stakeholders.

The Management is led by the CEO. The CEO is principally responsible for execution of the strategies and policies approved by the Board and conduct of the business of the Manager. He has full executive responsibilities over the business direction and operational decisions in managing Elite REIT. The CEO is accountable to the Board for the conduct and performance of Management.

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

The Manager adopted terms of reference for the Chairman and the CEO which set out clearly their respective duties.

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

- (a) constructively determining and approving, with the full Board, the Manager's strategy;
- (b) ensuring that the Board is properly organised, functioning effectively, and meeting its obligations and responsibilities;
- (c) setting the agenda and ensuring adequate time is available for discussion of all agenda items, in particular, strategic issues;
- (d) fostering effective communication and constructive relations amongst the Directors, within Board Committees, between Unitholders, between the Directors and the Management;
- (e) encouraging the constructive exchange of views within the Board and between Board members and the Management;
- (f) facilitating the effective contributions of all Directors;
- (g) promoting a culture of openness and debate at the Board level and promoting high standards of corporate governance; and
- (h) establishing a relationship of trust with the CEO.

The CEO leads the Management and his responsibilities include, inter alia:

- (a) day-to-day running of the Manager's and Elite REIT's business in accordance with the business plans approved by the Board;
- (b) meeting or communicating with the Chairman on a regular basis to review key developments, issues, opportunities and concerns;
- (c) developing and proposing the Manager's strategies and policies for the Board's consideration;
- (d) implementing the strategies and policies approved;
- (e) assessing risks to the Manager and Elite REIT;
- (f) maintaining regular dialogue with the Chairman on important and strategic issues faced by the Manager and Elite REIT;
- (g) providing to the Board timely reports which contain relevant, accurate, timely and clear information necessary for the Board to fulfil its duties;
- (h) ensuring the Board is alerted to forthcoming complex, contentious or sensitive issues affecting the Manager and Elite REIT which it might otherwise not be aware;
- (i) overseeing the affairs of the Manager and Elite REIT in accordance with the practices and procedures adopted by the Board and promoting the highest standards of integrity, probity and corporate governance within the Manager and Elite REIT; and
- (j) communicating, on behalf of the Manager, with the Unitholders, government entities and the public.

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

Relationships between the Board and the CEO

The members of the Board and CEO are not related to one another, and none of the members of the Board has any business relationship with the CEO or vice versa.

Board Membership

Principle 4:

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

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

Nominating and Remuneration Committee

The NRC members are appointed by the Board from among its members, and comprise three Directors, two of whom (including the NRC Chairman) are IDs. The members of the NRC are:



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 KMPs;
- 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 ID;
- determining annually, and as and when circumstances require, if a Director is independent, having regard to the circumstances set forth in Provisions 2.1 and 2.2 of the Code and Rule 210 (5)(d) of the SGX-ST's Listing Manual;
- ensuring that new Directors are apprised of their duties and obligations;
- deciding if a Director is able to and has been adequately carrying out his/her duties as a director, taking into consideration the Director's other principal commitments and other listed company directorships;
- reviewing Elite REIT's obligations arising in the event of termination of Directors' and KMP's 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, and making recommendations to the Board on the diversity of skills, experience, gender, age, knowledge, size and composition of the Board; and
- such other duties as provided in the Code.

Note:

The roles and responsibilities of the NRC with regard to remuneration matters are detailed in the section under *REMUNERATION MATTERS*.

The NRC administers nominations to the Board, reviews the structure, size and composition of the Board and reviews the performance and independence of the Directors.

The NRC is of the view that the members of the Board provide an appropriate balance and diversity of skills and commercial experience. 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 ensuring an appropriate balance and diversity of skills, experience and knowledge in the Board.

CORPORATE GOVERNANCE REPORT

Review of Directors' Independence by the NRC

The NRC formally assesses the independence of each Director in accordance with the circumstances set forth in the Code and the accompanying Practice Guidance, the Listing Manual and the CIS Code (collectively, the "Relevant Regulations") on an annual basis. Under the Code, an ID is one who is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his/her independent business judgement in the best interests of Elite REIT.

Rule 210(5)(d) of the Listing Manual of the SGX-ST also sets out circumstances under which a director will not be independent:

- (i) if he/she is employed or has been employed by the Manager or any of its related corporations in the current or any of the past three financial years;
- (ii) if he/she has an immediate family member who is employed or has been employed by the Manager or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the remuneration committee of the Manager; or
- (iii) if he/she has been a director of the Manager for an aggregate period of more than nine years (whether before or after listing). Such director may continue to be considered independent until the conclusion of the next annual general meeting of Elite REIT.

There is currently no ID who has served on the Board for more than nine years.

The Board through the NRC assesses annually the independence of each ID based on his/her declaration of independence provided to the NRC/Board, taking into account the requirements and/or guidance set out in the Relevant Regulations.

As part of the rigorous process to evaluate the independence of each ID:

- (a) each ID provides information on his/her business interests and confirms that there are no relationships which interfere with the exercise of his/her independent business judgement in the best interest of Unitholders as a whole. Such information is then reviewed by the NRC and the Board; and
- (b) the Board through NRC reflects on the respective IDs' conduct and contributions at Board and Board Committee meetings, and considers whether the relevant ID exercises independent judgement in discharging his/her duties and responsibilities.

The Board has considered the views of the NRC, and determined that Mr David Lim Teck Leong, Mr Koo Tsai Kee, Mr Tan Huay Lim, Mr Nicholas David Ashmore and Mr Yezdi Phiroze Chinoy have demonstrated independence in character and judgement in the discharge of their responsibilities as Directors in FY2023, and is satisfied that each of them has acted with independent judgement. The Board has also assessed the relationships or circumstances which are likely to affect, or could appear to affect, the Directors' judgement.

Mr Nicholas David Ashmore acts as a resident director of the following subsidiaries of Elite REIT incorporated in the UK:

- (a) Elite UK Commercial Holdings Limited ("ECHL"). ECHL is listed on The International Stock Exchange;
- (b) Elite Kist Limited;
- (c) Elite UK Commercial Limited;
- (d) Elite Gemstones Properties Limited;
- (e) Elite Amphora Limited;
- (f) Elite Cask Limited; and
- (g) Elite Commercial REIT Management (UK) Limited.

The appointment of Mr Ashmore in the above entities is to satisfy the resident director requirement in the UK and he does not play any executive role in the above entities. The NRC, with the concurrence of the Board, is of the view that the appointment of Mr Ashmore as director of the above entities does not impede his independence as an ID.

In FY2023, based on the annual review of the Directors' independence conducted by the NRC, and the declarations by the IDs of their independence, the NRC and the Board are satisfied that Mr David Lim Teck Leong, Mr Koo Tsai Kee, Mr Tan Huay Lim, Mr Nicholas David Ashmore and Mr Yezdi Phiroze Chinoy are independent.

In FY2023, none of the IDs had any management or business relationship with the Manager, its related companies, its substantial shareholders or its officers, as well as with Elite 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 REIT.

During FY2023, each of the IDs had been independent from the management of the Manager and Elite REIT, as well as from every substantial shareholder of the Manager, and every substantial Unitholder of Elite REIT. These disclosures are made in accordance with Regulation 13E(b)(i) of the SF(LCB)R.

Each ID is also required to recuse himself from deliberating on his own independence. An ID is required to report to the Manager when there is any change of circumstances which may affect his independence. As and when circumstances require, the NRC and the Board will review the independence of an ID of the Manager.

Review of Directors' Time Commitments

All Directors are required to commit sufficient time and attention to the affairs of Elite REIT and the Manager. The NRC will annually, and as required, assess the major commitments of the Directors, including their employment and listed company directorships, and whether the Director has and can suitably fulfill his or her duties as a director of the Manager. All the Directors are required to notify the Board of any changes in their directorships.

Provision 4.5 of the Code requires listed companies to disclose the number of listed company directorships and principal commitments of each director in the Annual Report and where a director holds a significant number of such directorships and commitments, it provides the Board a reasoned assessment of the ability of the director to diligently discharge his or her duties.

The Board believes that it is not practicable to impose a limit on the maximum number of listed company board representations each Director may hold or stipulate the amount of time that each Director should devote to the affairs of Elite REIT and the 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 he or she is in full-time employment and the nature of his or her 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 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 Elite REIT and the Manager. A Director's capacity is determined by metrics such as his/her attendance (including preparedness and productive participation) at Board and Board Committee meetings and contributions to the effective supervision of Elite REIT.

Each Director is or has been a senior executive, and has knowledge about and/or experience in serving as a director of listed companies. Further, each Director confirms that he/she is able to devote sufficient time to discharge his/her duties as a director of the Manager. Directors who hold more than five listed company directorships are required to provide the NRC and/or the Board additional assurance and representation in writing on how he/she is able to allocate sufficient time to properly discharge his/her duties.

Based on every Director's attendance record for Board and Board Committees' meetings (set out in page 128) and contributions outside of formal Board and Board Committees' meetings, the NRC is satisfied that all Directors have committed sufficient time and discharged their duties adequately for FY2023, and can commit sufficient time and discharge their duties adequately.

Key information regarding the Directors such as academic and professional qualifications, committee membership, date of appointment, other principal commitments and details about the present and past directorships of each Director are set out in pages 10 to 15 of this Annual Report. The Directors' unitholdings in Elite REIT are set out in page 207.

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 appointment 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 and professional experience, including expertise in business management, real estate, finance, investments, risk management and legal matters;
- the Board should have diversity in terms of gender, age and relevant skillsets;
- a majority of the Board should comprise IDs if the Chairman is not an ID; and
- the candidate is fit and proper in accordance with MAS' fit and proper guidelines, taking into account his or her experience, skills, track record, capabilities and such other relevant experience as may be determined by the Board.

The Manager envisages to maintain at least five IDs on the Board to ensure that Directors are able to exercise independent business judgement in the best interest of Elite REIT.

To ensure the continuity of experienced Directors alongside new Director appointments, the NRC will continue its efforts to progressively refresh Board membership in an orderly manner. The Manager believes that Board renewal is a necessary and continual process, for good governance and ensuring that the Board has the skills, expertise and experience which are relevant to the evolving needs of Elite REIT's business; renewal or replacement of a Director therefore does not necessarily reflect his/her performance or contributions to date.

The Manager has a policy which sets out a detailed process on the search, selection, nomination and appointment of Directors.

CORPORATE GOVERNANCE REPORT

The NRC will take the lead in identifying, evaluating and selecting suitable candidates for new directorships based on selection criteria provided, taking into account, among other things, the scope and nature of the operations, the business requirements. Potential candidates would be sourced from different channels, including existing networks of contacts and recommendations of Board members and business associates, director associations, advertisements, and from conducting an external search for candidates.

The NRC will then shortlist and interview the candidates. Shortlisted candidates are evaluated by the NRC on his/her skills, competencies and experience as well as the ability to contribute productively to discussions, deliberations and activities of the Board and Board Committees with an understanding of Elite REIT's and the Manager's business, industry, finance and other factors relevant to the success of Elite REIT. Once a candidate is selected for the Board, the NRC will conduct due diligence through reference checks before putting the appointment of such candidate up to the Board for approval.

The process for selection and appointment of IDs also takes into account the relevant requirements under the Listing Manual and SF(LCB)R.

Succession Planning of the Board Chairman and Key Management Personnel

The NRC is cognisant of succession planning for key positions in the Manager. The Board seeks to refresh its membership progressively and in an orderly manner, whilst ensuring continuity and sustainability of corporate governance.

Board succession planning is carried out through the annual review of Board composition as well as when an existing Director gives notice of his/her intention to retire or resign. The outcome of such review will then be reported to the Board.

As part of contingent leadership planning, the NRC has identified one of its board members capable to take on the role of the acting CEO in the event circumstances call for it. For the other KMP's succession, the CEO will cover their duties in the interim while looking for a replacement. The Manager is mindful of identifying and developing the potential next-in-line for succession of the respective KMP roles.

For Board Chairman's succession, the NRC will identify one of the Board members to undertake the role if the circumstances so require.

Board Performance

Principle 5:

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NRC assesses and discusses the performance of the Board as a whole and its Board Committees on an annual basis. The NRC has in place a process to evaluate the effectiveness of the Board and its Board Committees, as well as the contributions of the Chairman and each individual Director. The review allows each Director to individually express his/her personal and confidential assessment of the Board's overall effectiveness in discharging its duties and responsibilities. It provides insights into the functioning of the Board and its Board Committees, whilst identifying areas that need strengthening or improvement.

Board and Board Committees

On an annual basis, the Directors are required to complete evaluation questionnaires on the Board and its Board Committees. The individual Director's performance is assessed based on the Director's duties and performance, knowledge and interactive skills. The scope of evaluation in the evaluation questionnaires for the Board for FY2023 included (1) Board composition, (2) Board processes, (3) Internal control and risk management, (4) Board access to information, (5) Board accountability and committee effectiveness; and (6) Environmental, Social and Governance ("ESG") policy implementation. The evaluation questionnaires on the Board also required the Board to consider whether the creation of value for the Unitholders has been taken into consideration in its decision-making process.

With stakeholders become increasingly aware of the importance of ESG, the NRC recommended and the Board approved the additional performance criteria on ESG during FY2023.

The scope of evaluation for the Board committees is mainly based on the understanding of the respective terms of reference and areas of expertise relevant to the respective Committees.

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

Individual Directors

Each Director is required to complete an individual director self-assessment questionnaire. The questionnaire aims to assess whether each Director is willing and able to constructively challenge and contribute effectively to the Board, and demonstrates commitment to his/her roles on the Board and Board Committees

The evaluation categories covered in the questionnaire include the Director's initiative, knowledge, skills, participation in constructive debate/discussion, declaration of conflicts of interest and disclosure of interested person transactions.

For FY2023, individual Directors, the Board, ARC, NRC, SPC and SC completed their respective evaluation forms and returned them to the Company Secretary for compilation of the summary of results of the evaluation.

The results of the evaluation questionnaires are first reviewed by the NRC and subsequently presented and deliberated upon by the Board. All necessary follow-up actions will be undertaken with a view to enhance the effectiveness of the Board and Board Committees in the discharge of its duties and responsibilities.

The Board, in consultation with the NRC, was satisfied with the Board, ARC, NRC, SPC and SC's performance evaluation results for FY2023, which indicated that each and every Director had demonstrated commitment and contributed to the effective functioning of the Board, ARC, NRC, SPC and SC. The formal annual assessment is conducted entirely by the NRC and does not rely on any external facilitator.

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 Elite REIT, taking into account the strategic objectives of Elite REIT.

Disclosure on Remuneration

Principle 8:

The Manager is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Roles and Responsibilities of the NRC (in Relation to Remuneration Matters)

The NRC plays an important role in ensuring the attraction, recruitment, motivation, and retention of talents through competitive remuneration and progressive policies so as to achieve Elite 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 put in place, and these include assisting the Board in matters relating to:

Remuneration

- establishing a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and KMP;
- reviewing and recommending the Directors' fees to the Board, for endorsement by the Board;
- a framework of remuneration for the Board and KMP (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, award of Units and benefits in kind, as well as termination terms;
- specific remuneration packages for each Director and KMP;
- consulting independent professional consultancy firms where necessary in determining remuneration packages; and
- considering the various disclosure requirements on Directors' remuneration and ensuring that there is adequate disclosure in the financial statements to ensure and enhance transparency between Elite REIT and relevant interested parties.

The NRC seeks to ensure that a significant and appropriate proportion of executive Directors' (if any) and KMP's remuneration is structured so as to link rewards to the achievement of REIT and individual performance targets. The Board sets performance targets with the purpose of motivating a high degree of business performance with emphasis on both short- and long-term quantifiable goals. The corporate and individual performance-related elements of remuneration have been established to align the interests of KMP with those of the Unitholders and other stakeholders with the aim of providing for the long-term interests of the Unitholders and to promote the long-term success of Elite REIT.

In addition, the NRC reviews the achievements of Elite REIT against the targets set to determine the overall performance taking into consideration qualitative factors such as the business environment, regulatory landscape and industry trends and approves a bonus pool that is commensurate with the performance achieved. The framework of remuneration is aligned with the interests of the Unitholders. The remuneration packages are also appropriately structured to attract, retain and motivate the Directors to provide good stewardship of the Manager and KMP to successfully manage Elite REIT for the long term.

The remuneration of the Directors, KMP (including the CEO) and employees of the Manager is not paid out of the deposited property of Elite REIT, but paid by the Manager.

CORPORATE GOVERNANCE REPORT

Remuneration Framework of Key Management Personnel

The remuneration of KMP is structured to take into account:

- the strategic objectives and goals of Elite REIT; and
- corporate and individual performance, both in terms of financial and non-financial performance of Elite REIT through the incorporation of appropriate key performance indicators ("KPIs") that are specific, measurable and result-oriented.

The KPIs used to determine the remuneration of the CEO and other KMP for FY2023, take into consideration, inter alia:

- Elite REIT's income available for distribution (and distribution per Unit);
- total Unitholders' return;
- investor relations management;
- asset enhancement initiatives; and
- other strategic initiatives as determined from time to time

These performance indicators are appropriate and meaningful measures which assess the Management's performance, whilst taking into account the risk policies of Elite REIT. Structuring the level of remuneration such that it aligns the interests of KMP with those of the Unitholders promotes the long-term success of Elite REIT. After the end of each financial year, the NRC reviews Elite REIT's achievements against the KPIs set for the KMP and determines the overall performance, taking into account factors such as the assets under management, the Unit price, the quality of earnings, the regulatory landscape and industry needs.

When determining the quantum of the variable component of remuneration for each KMP, the NRC will consider the overall business performance of Elite REIT and the Manager, individual performance as well as affordability of the variable component payout. The remuneration of the CEO and each of the KMP is reviewed by the NRC, which will then make recommendations 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 for their respective levels of contribution, taking into account factors such as effort, time spent, and their responsibilities. The NRC ensures that the IDs are not over-compensated to the extent that their independence may be compromised. None of the Directors has any service contracts with the Manager.

The structure of Directors' fees takes into account the following:

- Directors' responsibilities and contributions; and
- industry practices and norms on remuneration, including the guidelines set out in the Statement of Good Practice issued by the SID.

Directors' fees for Non-Executive Directors comprise an annual base fee of S\$40,000 for serving as a Director and additional fee for serving as Chairman of the Board, ARC or NRC, as the case may be. The additional fee for chairmanship of the Board, ARC and NRC, as the case may be, is as set out below:

Chairmanship	Fee
Board	S\$45,000
Audit and Risk Committee	S\$25,000
Nominating and Remuneration Committee	S\$15,000

The Directors' fees are paid in the form of cash and Directors' fees are reviewed and endorsed by the NRC.

Industry Benchmarking and Engagement of Consultant

In determining the remuneration of its Directors and KMP, the Manager may engage an independent remuneration consultant to advise on compensation benchmarks and provide views on market practices and trends. The independent remuneration consultant will not be related to the Manager, its controlling shareholder, its related companies or any of its Directors. The Board has access to independent remuneration consultants for advice on remuneration matters as required.

The 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, and to grow and manage Elite REIT. The Manager applies the principle that the remuneration for the Board and KMP should be viewed in totality.

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 KMP and Non-Executive Directors are in alignment with the long-term interests and risk management policies of Elite REIT. The Board and NRC seek to ensure that the level and mix of fixed and performance-related remuneration are competitive, relevant and appropriate.

No external remuneration consultant was engaged for FY2023.

Disclosure of Remuneration

Directors' Fees

The fees paid to the Directors for FY2023 are as follows:

Board Members	Membership	Fees Paid for FY2023
Mr David Lim Teck Leong	Independent Non-Executive Chairman	S\$85,000
Mr Tan Huay Lim	Independent Non-Executive Director and Chairman of the ARC	S\$65,000
Mr Koo Tsai Kee	Independent Non-Executive Director and Chairman of the NRC	S\$55,000
Mr Nicholas David Ashmore ²	Independent Non-Executive Director	S\$40,000
Mr Yezdi Phiroze Chinoy	Independent Non-Executive Director	S\$40,000
Mr Evan Cheah Yean Shin ¹	Non-Independent Non-Executive Director	S\$40,000
Mr Victor Song Chern Chean	Non-Independent Non-Executive Director	S\$40,000
Mr Tan Dah Ching	Non-Independent Non-Executive Director	S\$40,000
Mr Tan Hai Peng Micheal	Non-Independent Non-Executive Director	S\$40,000

Notes:

- Resigned as a Director on 1 January 2024.
- In addition to the Directors' fees paid by the Manager, Mr Ashmore is also paid an aggregate of £6,000/- per year with effect from 19 June 2023 in respect of his directorships on the boards of the various subsidiaries of Elite REIT incorporated in the UK, as mentioned in page 134 of the Annual Report.

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

The Manager has adopted a performance-based remuneration system and has KPIs in place to measure the performance and value creation in determining the remuneration of the CEO and KMP. The Manager has established a long term incentive programme which will be included as part of the variable component.

The remuneration of the CEO and KMP of the Manager comprises fixed and variable components:

• Fixed Remuneration

The fixed remuneration in the Manager's remuneration framework comprises base salary, fixed allowances and applicable statutory employer contribution to an employee's Central Provident Fund or other social security system. The fixed remuneration is to remunerate employees for the roles they perform.

• Variable Remuneration

The variable remuneration is structured to link reward to corporate and individual performance. The variable incentives are based on quantitative and qualitative targets, and overall performance will be determined at the end of the year and approved by the NRC.

The Manager will continue to be guided by the objective of delivering long-term sustainable returns to Unitholders while the remuneration of Management will continue to be aligned with the goal of value creation for Unitholders.

All fixed and variable remuneration are entirely paid by the Manager and are not an additional expense imposed on Elite REIT.

KMP remuneration bands of S\$250,000, together with a breakdown of their respective remuneration components in percentage terms, are set out in the remuneration table below:

Remuneration Band and KMP Name	Fixed Remuneration	Variable Remuneration	Total
\$250,000 to \$500,000			
Liaw Liang Huat Joshua (CEO)	68%	32%	100%
Tong Meng Chong, Michael (CFO)	61%	39%	100%
Jonathan Edmunds (CIO)	79%	21%	100%
Shaldine Wang (Former CEO) ¹	100%	0%	100%
Joel Cheah Zhuo Yue (Former CFO) ²	100%	0%	100%

Notes:

- Ms Shaldine Wang stepped down as the CEO on 17 June 2023 as part of regular succession and leadership renewal process.
- Mr Joel Cheah Zhuo Yue resigned on 6 November 2023 to pursue other opportunities.

CORPORATE GOVERNANCE REPORT

The Manager is cognisant of the requirements outlined in Principle 8 of the Code and the **"Notice to All Holders of a Capital Markets Services License for Real Estate Investment Trust Management"** (the **"Notice"**) to disclose: (i) the remuneration of its CEO and each individual Director on a named basis; (ii) the remuneration of at least the top five executive officers (who are neither Directors nor the CEO), on a named basis in bands of S\$250,000; and (iii) in aggregate the total remuneration paid to its top five KMP (who are not Directors or the CEO).

The Manager had only three KMP in FY2023.

The Board has assessed and elected not to disclose (i) the remuneration of the CEO in exact amount; and (ii) the aggregate remuneration paid to its two KMP (who are not Directors or the CEO) for the following reasons:

- (i) the competition for talent in the REIT management industry is very keen and the Manager has, in the interests of the Unitholders, opted not to disclose the exact remuneration of its CEO and other KMP (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 REIT;
- (ii) it is important that the Manager retains its competent and committed staff to ensure the stability and continuity of business and operations of Elite REIT;
- (iii) due to the confidentiality and sensitivity of staff remuneration matters, the Manager is of the view that such disclosures could be prejudicial to the interests of the Unitholders. Conversely, the Manager is of the view that such non-disclosure will not be prejudicial to the interests of the Unitholders as the information provided regarding the Manager's remuneration policies is sufficient to enable Unitholders to understand the link between remuneration paid to the CEO and other KMP and their performance; and
- (iv) there is no misalignment between the remuneration of the CEO and KMP and the interests of the Unitholders as their remuneration is paid out from the fees the Manager receives from Elite REIT, rather than borne by Elite REIT. The Board is accordingly of the view that its practice is consistent with Principle 8 of the Code and the Notice as a whole.

The Board is accordingly of the view that its practice is consistent with Principle 8 of the Code and the Notice as a whole.

There is no employee of the Manager who is a substantial shareholder of the Manager or a substantial Unitholder of Elite REIT, or an immediate family member of a Director, the CEO of the Manager, a substantial shareholder of the Manager or a substantial Unitholder of Elite REIT, and whose remuneration exceeded S\$100,000 during FY2023. According to the Listing Manual, **"immediate family"** refers to spouse, child, adopted child, step-child, brother, sister and parent.

The KMP were remunerated wholly in cash for their fixed remuneration for FY2023. Their variable remuneration comprises a portion in cash and a portion in deferred Units.

The NRC has reviewed the Manager's remuneration framework and is satisfied that there is reasonable mitigation of any potential misalignment of interests of the Unitholders, taking into account (a) the NRC's discretion to determine whether the remuneration payable is in line with the remuneration framework, and (b) the substantial emphasis placed on the performance of Elite REIT which has been included as part of the KPIs. There are no termination, retirement or post employment benefits that are granted over and above what have been disclosed.

(B) 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 Elite REIT and its Unitholders.

Role of the Board and ARC in Ensuring Effective Risk Management and Internal Controls

The Board recognises the importance of a sound system of risk management and internal controls to safeguard the Unitholders' interests and Elite REIT's assets. The Board affirms its responsibility for Elite REIT's system of risk management and internal controls, and for reviewing the adequacy and effectiveness of Elite REIT's risk management and internal control systems, including financial, operational, compliance and IT controls on an annual basis. The Board, with the support of the ARC, determines the nature and extent of the significant risks which Elite REIT is both willing and able to take in order to achieve strategic objectives and value creation. This involves the design, implementation and monitoring of risk policies, risk appetite and risk tolerances for Elite REIT.

The ARC assists the Board in examining the adequacy and effectiveness of internal controls policies and procedures to ensure that a robust risk management framework and internal control system is maintained while the Board reviews the adequacy and effectiveness of the risk management and internal control system.

Formulation of Risk Management Framework and Internal Control System

In setting up the Enterprise Risk Management ("ERM") framework, the extent of risk tolerance and the key risk indicators based on Elite REIT's current operations and risk appetite have been set and approved by the ARC and the Board after taking into consideration Elite REIT's strategic objectives. The key risk indicators guide the Management in managing the risks of Elite REIT and these key risk indicators will remain unchanged for as long as there is no change in Elite REIT's operating profile. The ERM framework enables the Manager to manage risks in a systematic, integrated and consistent manner. The ERM framework is reviewed by the ARC annually.

The ARC guides the 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 he is supported by the respective managers. The nature and extent of risks are assessed regularly by the Management and internal auditors, and reports are submitted to the ARC as and when necessary. The Management reports to the ARC on material findings and makes recommendations or seeks guidance from the ARC/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 the Management.

Assessment and Management of Material Risks

Business Risk

In managing business risk, the Board considers the economic environment, asset-specific risks such as tenant lease break notices, capital management risks such as financing and refinancing requirements, and risks that are relevant to the UK's commercial real estate industry.

IT Risk

In addressing information technology risk, the Management, with the assistance of its IT vendor, has put in place a framework and processes to implement control measures for each IT system.

Conflicts of Interest Risk

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

- (i) The Manager will not manage any other REIT which invests in the same type of properties as Elite REIT.
- (ii) All KMP will be working exclusively for the Manager and will not hold other executive positions in other entities, save in any wholly owned subsidiaries of the Manager.
- (iii) All resolutions in writing of the Directors in relation to matters concerning Elite REIT must be approved by at least a majority of the Directors (excluding any interested Director), including at least one ID.

- (iv) At least one-third of the Board shall comprise Independent Directors, provided that where (1) the Chairman of the Board and the CEO are the same person, (2) the Chairman of the Board and the CEO are immediate family members, (3) the Chairman of the Board is part of the management team, or (4) the Chairman of the Board is not an ID, at least half the Board shall comprise IDs.
- (v) In respect of matters in which a Director or his associates (as defined in the Listing Manual) have an interest, direct or indirect, such Director will abstain from voting. In respect of matters in which the Sponsors and/or their subsidiaries have an interest, direct or indirect, for example, in matters relating to:
 - potential acquisitions of additional properties or property-related investments by Elite REIT in competition with the Sponsors and/or their subsidiaries; or
 - competition for tenants between properties owned by Elite 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 deliberating and voting on such matters.
- (vi) Save as to resolutions relating to the removal of the Manager, the 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 Manager and/or any of its associates has a material interest.
- (vii) It is also provided in the Trust Deed that if the 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 REIT with a Related Party (as defined herein) of the Manager, the 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 REIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors (including the IDs) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the 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 REIT with a Related Party of the 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 Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

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More information on the ERM framework of the Manager can be found in pages 120 to 123 of this Annual Report.

Internal Control System for Related Party and Interested Person Transactions

The 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) (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 REIT and its Unitholders.

IPT have been disclosed in the financial statements of this Annual Report. As a general rule, the 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 Manager, or obtaining valuations from independent professional valuers (in accordance with the Property Funds Appendix).

The Manager maintains a register to record all IPT which are entered into by Elite REIT and the bases, including any quotations from unrelated parties and independent valuations obtained, on which they were entered into.

The ARC will monitor the procedures established to regulate IPT, including reviewing any IPT entered into from time to time, to ascertain that the guidelines and procedures established to monitor IPT have been complied with (including relevant provisions of the Listing Manual and Property Funds Appendix). If a member of the ARC has an interest in a transaction, he is to abstain from participating in the review and approval process in relation to that transaction. The ARC will commission internal audit for IPT with an aggregate value equal to, or more than, 3.0% of Elite REIT's latest audited net tangible assets and which are more than S\$100,000 (other than those approved by the Unitholders and the Exempted Agreements). "Exempted Agreements" means the related party transactions for which fees and charges are payable by Elite REIT as set out in the Trust Deed (including pursuant to the Internal Asset Management Agreement) and the Lease Management Agreement (including the individual lease management agreement(s)).

In addition, the ARC 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 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 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 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.
- 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 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 Elite REIT's Unitholders at a meeting duly convened and held in accordance with the provisions of the Trust Deed.

Where matters concerning Elite REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of Elite 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 REIT and the Unitholders, and are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question. Further, 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 Initial Public Offering (“**IPO**”) Prospectus, Elite 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 REIT’s net tangible assets.

Elite 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 REIT and/or its subsidiaries including the interests of the CEO, any Director or controlling Unitholder, either still subsisting at the end of FY2023 or entered into since the end of FY2022.

The Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the Manager or the Trustee. If the Trustee is to sign any contract with a Related Party of the Manager or the Trustee, the Trustee will review the contract to ensure that it complies with the relevant requirements relating to Related Party Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to Elite REIT.

In accordance with Rule 907 of the Listing Manual of the SGX-ST, the IPT for FY2023 are as follows:

Name of the Interested Person	Nature of Relationship	Aggregate value of all IPT during the financial year under review (excluding transactions conducted under Unitholders’ Mandate pursuant to Rule 920) £’000	Aggregate value of all IPT, conducted under Unitholders’ Mandate pursuant to Rule 920 during the financial year under Review £’000
Elite Commercial REIT Management Pte. Ltd.	The Manager of Elite REIT		
Management fee paid and payable		1,804	–
Lease management fee paid and payable		244	–
Leasing commission fee paid and payable		23	–
Divestment fee paid and payable		17	
Elite Real Estate Services UK Limited	Related corporation of the Manager		
Property management fee		257	–
Leasing commission fee paid and payable		67	–
Perpetual (Asia) Limited	Trustee of Elite REIT		
Trustee fees paid and payable		109	–

CORPORATE GOVERNANCE REPORT

Exempted Agreements

In the case of external managers for REITs, Related Party Transactions mostly relate to management fees and property management fees, leasing fees, development management fees and project management fees. These are paid annually in accordance with the terms disclosed in the IPO Prospectus and reported each year in the financial statements.

The entry into and the fees and charges payable by Elite 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 are deemed to have been approved by Unitholders upon purchase of the Units and/or in the relevant 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 REIT.

All Related Party Transactions are regulated by Chapter 9 of the Listing Manual and the Property Funds Appendix. All Related Party Transactions are undertaken on normal commercial terms and are not prejudicial to the interests of Elite REIT and the Unitholders.

Board's Comment on Internal Controls and Risk Management

The Board has received half-year and full-year certification of assurance from the CEO, CFO and CIO of the Manager, which assure that to the best of their knowledge, the accounting records have been properly maintained and the financial statements for FY2023 are drawn up so as to give a true and fair view of the financial position and financial performance, and that they are prepared in accordance with accounting standards.

The CEO, CFO and CIO of the Manager, also provided a certification of assurance to the Board that Elite REIT's risk management and internal control systems, to the extent that they address the financial, operational, compliance and IT risks faced by Elite REIT in its current business environment, have been adequately designed and are operating effectively in all material aspects, as at 31 December 2023.

Based on the risk management and internal control systems established and adhered to by Elite REIT, the assurance received from the CEO, CFO and CIO, work performed by the internal auditor, external auditor and compliance manager, and reviews conducted by Management and various Board Committees, the Board is of the view that Elite 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 as at 31 December 2023. Accordingly, Elite REIT complies with Rule 1207(10) of the Listing Manual.

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

Role and Duties of Compliance Manager

The Manager has outsourced the compliance function to EPH, which has a centralised compliance function, and reports to the CEO, the ARC and the Board on matters pertaining to Elite REIT and the Manager.

The Manager is of the view that EPH's compliance team possesses the necessary skill and experience required to advise Elite REIT on its compliance matters.

The cost of such outsourcing of the role of compliance officer is borne by the Manager out of its own funds and not borne by Elite REIT.

The duties under the compliance function include:

- assisting the Manager in all matters concerning compliance with the SFA, the CIS Code (including Property Funds Appendix), the Listing Manual and all applicable laws, regulations and guidelines including notices issued by the MAS;
- ensuring all employees of the 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 Manager have fulfilled their regulatory obligations;
- ensuring the 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 Manager's compliance processes; and
- assisting in the application process for the appointment of new directors to the Board.

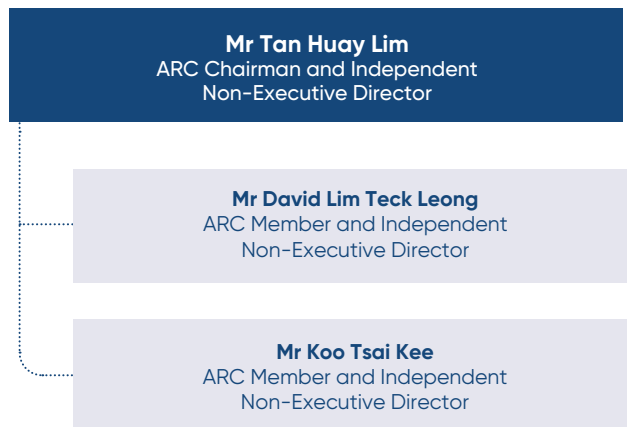
Audit Committee

Principle 10:

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

Audit and Risk Committee

The ARC comprises three Directors, all of whom (including the Chairman of the ARC) are IDs. The members of the ARC are:



The Board is of the view that the members of the ARC bring with them valuable and relevant managerial and professional expertise in accounting and related financial management domains to discharge their responsibilities. The Chairman of the ARC, Mr Tan Huay Lim, has extensive experience in audit, accounting and finance, having served as a partner in KPMG Singapore for 23 years until his retirement in September 2015. He is a Fellow Member of the Institute of Singapore Chartered Accountants, among other professional affiliations. The Board considers Mr David Lim Teck Leong and Mr Koo Tsai Kee as having sufficient financial management knowledge to discharge their responsibilities as members of the ARC.

Mr Tan Huay Lim had served as a partner in Elite REIT's existing external auditing firm, KPMG LLP, until September 2015, and did 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. This is in compliance with Provision 10.3 of the Code which states 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 Manager and Elite REIT and any formal announcements relating to Elite REIT's and/or the 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 IPT, including ensuring 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 IPT;
- (iv) deliberating on conflict of interest situations involving Elite REIT, including situations where the 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 REIT with an Interested Person of the Manager and where the Directors, controlling shareholder(s) of the Manager, controlling Unitholder(s) and/or Associates are involved in the management of or have shareholding interests in similar or related business as the Manager, and in such situations, the ARC will monitor the investments by these individuals in Elite 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 REIT's annual report on its internal controls and risk management framework;
- (vi) reviewing, on a regular basis, Elite 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 REIT (including the UK's CIR (as defined below) rules and anti hybrid rules);
- (ix) reviewing the system of internal controls, including financial, operational, compliance and IT controls and risk management processes;

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- (x) reviewing the quarterly or, as the case may be, semi-annual and annual financial statements and the auditor's report on the annual financial statements before they are submitted to the Board for approval;
- (xi) reviewing external and internal audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the Management;
- (xii) reviewing internal audit reports at least once a year which will be commissioned for IPT with an aggregate value equal to, or more than 3.0% of Elite REIT's latest audited net tangible assets and which are more than S\$100,000 (other than those approved by the Unitholders or the Exempted Agreements) to ascertain that the guidelines and procedures established to monitor IPT have been complied with;
- (xiii) ensuring that the internal audit, accounting and compliance functions are adequately resourced and has appropriate standing with Elite REIT;
- (xiv) reviewing, on an annual basis, the adequacy and effectiveness of the internal audit function in the overall context of Elite 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 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 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, four ARC meetings were held. The ARC has met separately with the internal auditor and external auditor, without the presence of the Management, to discuss issues and to confirm that they had full access to and received co-operation and support from the Management.

The ARC has conducted a review of all audit and non-audit services provided by KPMG LLP, the external auditor, during the year under review. The audit fees paid and payable to KPMG LLP were £296,000. There were no non-audit services provided for FY2023.

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 2024 ("FY2024"), the ARC had taken into consideration the Audit Quality Indicators Framework introduced by the Accounting and Corporate Regulatory Authority. The ARC also considered the adequacy and experience of the professional staff and audit engagement partner assigned, KPMG LLP's experience in the REIT sector and the size and complexity of the audit. The ARC is satisfied with the independence and work of the external auditors and has recommended to the Board the re-appointment of KPMG LLP as the external auditors of Elite REIT at the forthcoming annual general meeting. KPMG LLP had also provided confirmation of their independence to the ARC.

Pursuant to the requirements of the SGX-ST, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. Due to this requirement, Mr Lim Pang Yew Victor will succeed Ms Lo Mun Wai, the audit partner from KPMG LLP for the Group with effect from the new financial year ending 31 December 2024. The Board confirms that Elite 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 REIT.

Reviews Conducted by the ARC

The ARC reviewed and approved the audit plan and scope of the external auditors on the audit of the full-year financial statements. The ARC also reviewed the internal audit plan, including the scope of the internal auditor's work, and results of the internal audit procedures. In addition, the ARC reviewed the IPT to ensure compliance with the Listing Manual and the Property Funds Appendix.

During the year under review, the ARC performed independent reviews of the half-year and full-year financial results; and business updates for the first and third quarters of Elite REIT before recommending to the Board for approval the release of the financial statements and SGX announcements relating to Elite REIT's financial statements.

In the process, the ARC reviewed the significant financial reporting issues and judgements, including the appropriateness of the material 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 matters in relation to the financial statements for FY2023.

ARC's Commentary on Significant Financial Reporting Matters

Valuation of investment properties

The ARC reviewed the independence and competency of the external valuer and the appropriateness of the valuation methodology applied by the valuer in arriving at the fair value of the investment properties based on their existing use.

The ARC also reviewed the valuation reports of Elite REIT's investment properties and held discussions with the Management, the external auditors and the independent professional valuer, focusing on significant changes in fair value measurements and key drivers of changes.

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).

Going concern basis of preparation of financial statements

The application of the going concern basis for the preparation of the financial statements requires making assumptions and judgement about future events and cash flows which are inherently uncertain.

The Audit and Risk Committee held discussions with the Management and the external auditors on the assessment of the ability of the Group and the Trust to continue operating as a going concern. The disclosures on the factors considered in analysing the validity of the going concern assumption have been made in Notes 2 and 34 to the financial statements.

Applicable Tax Regimes

The ARC also monitors the tax regimes applicable to Elite REIT (including the UK's Corporate Interest Restriction ("CIR") and anti-hybrid rule) annually.

ECHL, a wholly owned subsidiary of Elite REIT has been listed on The International Stock Exchange (the "TISE") since 26 August 2021. With the admission of ECHL on TISE, ECHL and its subsidiaries qualified as a UK REIT group and enjoy UK corporation tax exemption for its UK property rental business income and gains under the UK REIT regime. The listing of ECHL on TISE is a technical listing and 100% of the shares in ECHL are held by Elite REIT.

In FY2023, Grant Thornton UK LLP, Elite REIT's UK tax advisor, provided the ARC and the Board with an update on various tax regimes applicable for the UK REIT (including the UK CIR and anti-hybrid rules) and of any significant tax matters arising in the period under review.

Role and Duties of Internal Auditors

The role of the internal auditors is to assist the ARC to ensure that the 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 company to which the internal audit function is outsourced. Elite REIT and the Manager have engaged Ernst & Young Advisory Pte. Ltd. ("EY") as the internal auditor. EY adopts the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal auditor is independent of management and reports directly to the ARC.

The internal auditor plans the internal audit schedules in consultation with, but independent of the Manager. The audit plan is submitted to the ARC for approval prior to the commencement of the internal audit work.

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The internal auditor has unfettered access to all the Manager’s documents, records, properties and personnel, including access to the ARC, and has appropriate standing within the Manager. The ARC reviews the internal audit report quarterly and monitors the implementation of the improvements required on internal control weaknesses identified.

The internal auditors had completed its internal audit review of the IT general controls, management of outsourced service providers, lease management, and sustainability reporting. The findings and recommendations of the internal auditors, Management’s responses and implementations have been reviewed and approved by the ARC.

For the year under review, the ARC was of the view that the internal audit function was adequately resourced and had appropriate standing within the Manager. The ARC has reviewed and is satisfied with the adequacy, independence and effectiveness of the internal audit function.

The ARC had recommended, and the Board had accepted the re-appointment of EY as the internal auditors of the Manager based on the rationale as follows:

- (i) engaging the same internal auditor will witness the continuous improvement journey of Elite REIT and the Manager; and
- (ii) the benefits of continuity from engaging the same firm in terms of the internal auditors’ familiarity with the business of Elite REIT and the Manager.

Strategic Planning Committee

To support the Management in aligning the interests of stakeholders and enable faster decision making, the SPC was set up as a platform for the Management and the Directors to discuss and set objectives for Elite REIT. The SPC also tracks the execution of the objectives set.

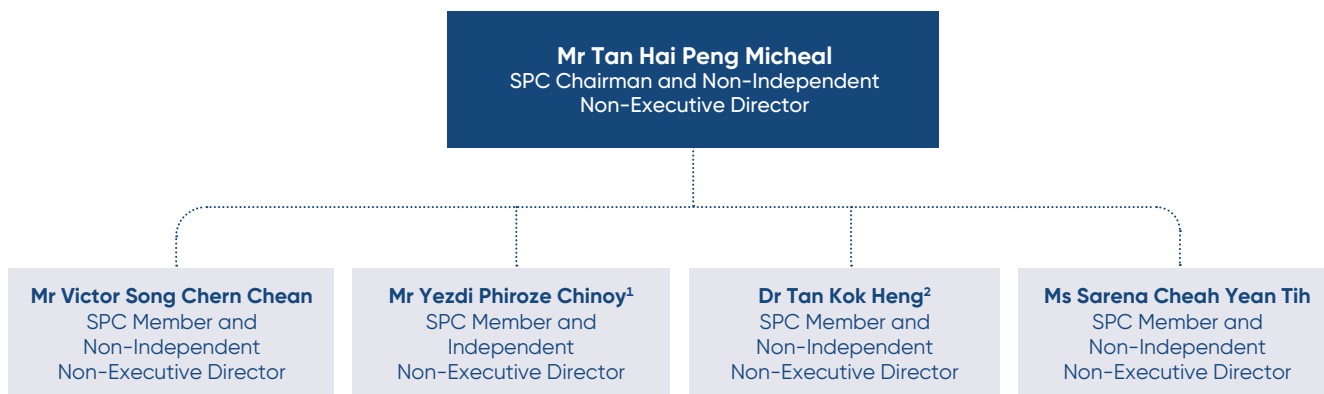
The SPC comprises:

The SPC helps the Board with its oversight responsibilities by:

- conceptualising and evaluating major strategic initiatives, including mergers and acquisitions or divestments, investments and management of property portfolio, asset enhancement initiatives and recommending proposals to the Board which help to achieve the objectives of long-term value creation; and
- providing direction and guidance to the Management on strategic planning and matters of strategic implementation and monitoring the progress of such initiatives.

The SPC has written terms of reference setting out its duties and responsibilities, including:

- (i) providing guidance for the overall management of Elite REIT and the Manager based on the strategic plan set by the Board in accordance with the financial authority limits delegated to the SPC;
- (ii) reviewing the long-term objectives of Elite REIT and the Manager;
- (iii) reviewing and recommending any proposed mergers or acquisitions, divestments or investments to the Board;
- (iv) reviewing and recommending for adoption of the Board, annual budgets and long-term business plans to achieve the objectives of Elite REIT or the Manager;
- (v) providing guidance and advisory support to the Management at all stages of the strategic planning process upon request; and
- (vi) such other duties or functions as may be delegated by the Board or required by regulatory authorities.



Notes:

1. Appointed as a SPC member in February 2024.
2. Dr Tan Koh Heng was an Alternate Director to Mr Evan Cheah Yeap Shin and ceased his directorship following the resignation of Mr Evan Cheah Yeap Shin.

Sustainability Committee

The SC provides strategic oversight and direction for identifying, managing and implementing material ESG factors, including environmental issues concerning climate-related risks and opportunities.

The SC comprises two Independent Non-Executive Directors, one Non-Independent Non-Executive Director and four Executive Officers. The members of the SC are:



The SC's responsibilities include:

- (i) establishing ESG governance for the effective management of ESG issues;
- (ii) overseeing the management and implementation of strategy, policies and practices relating to material ESG factors;
- (iii) determining Elite REIT's material ESG factors, including climate-related environmental risks;
- (iv) reviewing and approving the environmental risk management framework for associated policies to manage the environmental risks of the assets' portfolio;
- (v) considering ESG factors and environmental risks and opportunities in the formulation of business strategy;
- (vi) considering key stakeholders' ESG expectations and concerns in developing strategy;
- (vii) ensuring Directors have an adequate understanding of environmental risks and the Manager is equipped with the essential expertise for managing environmental risks;
- (viii) reviewing and approving Elite REIT's sustainability reporting and climate-related performance disclosure; and
- (ix) reviewing the effectiveness of the Board in managing the material ESG factors, including the management of climate-related environmental risks.

Whistleblowing Policy

The Manager has adopted Group-wide Whistleblowing Policy for which relevant employees and Directors of the Manager as well as external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters in good faith, with the confidence that the relevant persons making the reports will be treated fairly and be protected from reprisal. The objective of the Whistleblowing Policy is to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The Whistleblowing Policy deals with defalcation, impropriety, or wrongdoing by employees in situations including but not limited to suspected fraud, corruption, and unlawful or dishonest conduct (collectively, "**Serious Breaches**").

Notes:

1. Dr Tan Koh Heng was an Alternate Director to Mr Evan Cheah Yean Shin and ceased his directorship following the resignation of Mr Evan Cheah Yean Shin.
2. Ms Sarena Cheah Yean Tih replaced Dr Tan Kok Heng following the cessation of his directorship on 31 December 2023.
3. Mr Liaw Liang Huat Joshua replaced Ms Shaldine Wang following his appointment as the CEO on 17 June 2023.
4. Mr Tong Meng Chong Michael replaced Mr Joel Cheah Zhuo Yue following his appointment as the CFO on 23 November 2023.

CORPORATE GOVERNANCE REPORT

Investigations of actual or suspected Serious Breaches will be carried out in an objective manner by an independent party who may or may not be within the Elite Partners Group. Where a Serious Breach is established following an investigation, appropriate disciplinary actions will be taken, up to and including termination of employment or contract. If the matter is substantiated, it will be referred to the Singapore Police Force, the Corrupt Practices Investigation Bureau, or other law enforcement agencies, as deemed appropriate. The Manager recognises that there will be times when a person makes a report in good faith which later proves to be unsubstantiated. However, the Manager will take action against those who intentionally or maliciously give false or misleading information against someone else.

To the extent that is lawful, and the investigative process allows, all reports received, including the identity of the whistleblower, will be handled in strict confidence. Whistleblowers are given the option to remain anonymous and may report via the email address: whistleblow@elitecreit.com, or post to Elite REIT's office, attentioned to the Manager's Chairman of the Board, ARC Chairman or the CEO (collectively known as "**Designated Information Recipients**"). Establishing these processes reflects the Manager's commitment to conduct its business within a framework that fosters the highest ethical standards.

Whistleblowing reports made to the Designated Information Recipients will be reviewed by a Review Committee, the composition of which will be determined by the ARC Chairman. This is to ensure that the whistleblower's concern is being reviewed in a fair, consistent and timely manner. Regardless of the significance of allegations or the outcome, all whistleblowing reports will be tabled and discussed at Review Committee meetings.

All qualifying disclosures shall be protected against any retaliation and victimisation in accordance with the Whistleblowing Policy. Whistleblowers acting in good faith and who have not themselves engaged in such concerns shall be protected from any form of discrimination, harassment, or reprisals. Any acts of retaliation and victimisation shall be reported to the ARC Chairman. The Manager will not tolerate retaliation against or victimisation of anyone who, in good faith, discloses any actual or suspected violations or participates in an investigation.

The Whistleblowing Policy is made available to all new employees when they join the Manager, and they are briefed on this together with the Code of Conduct. The Whistleblowing Policy is also publicly disclosed on Elite REIT's website.

No whistleblowing incidents or complaints were reported or submitted in FY2023.

Anti-Money Laundering and Countering the Financing of Terrorism Measures

As a holder of a capital markets services licence issued by the MAS, the Manager abides by the MAS' notices and guidelines on the prevention of money laundering

and countering the financing of terrorism. Under these guidelines, the main obligations of the Manager are:

- (a) evaluation of risk;
- (b) customer due diligence;
- (c) suspicious transaction reporting;
- (d) record keeping
- (e) employee screening and representative screening; and
- (f) training.

The Manager has developed and implemented a policy on the prevention of money laundering and terrorist financing and is alert at all times to suspicious transactions. Where there is a suspicion of money laundering or terrorist financing, the Manager performs due diligence checks on its counterparties in order to ensure that it does not enter into business transactions with terrorist suspects or other high-risk persons or entities. Suspicious transactions will also be reported to the Suspicious Transaction Reporting Office of the Commercial Affairs Department.

Under this policy, the Manager must retain all relevant records or documents relating to business relations with its customers or transactions entered into for a period of at least five years following the termination of such business relations or the completion of such transactions.

All prospective representatives of the Manager are screened against various lists of terrorist suspects issued by the MAS. Periodic training is provided to its Directors, employees and representatives to ensure that they are updated and aware of applicable anti-money laundering and terrorist financing regulations, the prevailing techniques and trends in money laundering and terrorist financing and the measures adopted by the Manager to combat money laundering and terrorist financing.

(C) UNITHOLDER RIGHTS AND ENGAGEMENT

Unitholder Rights and Conduct of General Meetings

Principle 11:

The Manager treats all Unitholders fairly and equitably in order to enable them to exercise Unitholders' rights and have the opportunity to communicate their views on matters affecting the Manager. The Manager gives Unitholders a balanced and understandable assessment of Elite REIT's performance, position and prospects.

Engagement with Unitholders

Principle 12:

The Manager communicates regularly with Unitholders and facilitates the participation of Unitholders during general meetings and other dialogues to allow Unitholders to communicate their views on various matters affecting Elite REIT.

Managing Stakeholder Relationships

Engagement with Stakeholders

Principle 13:

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of Elite REIT are served.

General Meetings

The third Annual General Meeting ("**AGM 2023**") of Elite REIT was held on Tuesday, 25 April 2023 in a wholly physical format at Suntec Singapore Convention & Exhibition Centre, MR 324-325 (AGM Room), 1 Raffles Boulevard, Singapore 039593. In the conduct of AGM 2023, Management also took into account the FAQs on "**The Holding of General Meetings**" dated 23 May 2022 issued by Singapore Exchange Regulation, which provides additional guidance on the conduct of general meetings (the "**Guidance**").

An electronic copy of the Annual Report for FY2023 was published on the Manager's website at the URL <https://investor.elitecreit.com/ar.html> and made available on the SGXNET website at the URL <https://www.sgx.com/securities/company-announcements>. Pursuant to the Guidance, the Annual Report, Notice of AGM and Proxy Form were made available to the Unitholders by electronic means via publication on Elite REIT's website and on SGXNET. For ease of reference by the Unitholders, A5 booklets containing a cover letter to the Unitholders with instructions on how to download the full Annual Report, the Notice of AGM, Proxy Form and Letter from Chairman and CEO were mailed out to the Unitholders. Unitholders who wished to have a printed copy of the Annual Report were informed that they could submit a request via email to Elite REIT's Unit Registrar.

The Unitholders are informed of AGMs or any other general meetings through notices and/or proxy forms mailed to them. The announcements and electronic copies of these materials are also issued via SGXNET and on Elite REIT's corporate website. The Board encourages active Unitholders' participation at the general meetings and the opportunity is given to every Unitholder to interact with the Directors and the Management, to communicate his/her views and ask questions on matters affecting Elite REIT. Prior to voting at an AGM or any other general meeting, the voting procedures will be made known to the Unitholders to facilitate their exercising of their votes. If any Unitholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the meetings through proxy forms sent in advance.

Proxy forms must be deposited at the office of Boardroom Corporate & Advisory Services Pte. Ltd., the Unit Registrar of Elite REIT, not less than 72 hours before the time appointed for holding the general meetings.

Each distinct issue is proposed as a separate resolution at the general meetings and the reasons and material implications are explained. This enables Unitholders to exercise their votes on an informed basis. All the resolutions at the general meetings are moved by voting by poll. Each Unit is entitled to one vote. In support of greater transparency and to allow for a more efficient voting process, Elite REIT conducts electronic poll voting in respect of all resolutions tabled at the AGM. The voting and vote tabulation procedures are declared before the voting commences, and an independent scrutineer is appointed for the voting process. The voting results, showing the number of votes cast for and against each resolution and the respective percentages, are disclosed at the general meetings right after the votes are casted.

All Directors, KMP, and representatives of the Trustee are normally present to address the Unitholders' queries at the AGMs and EGMs, unless they are unable to attend due to exigencies. The external auditor will also be present to answer Unitholders' questions about the conduct of audit and the content of the auditors' report. All Directors, except Mr Yezdi Phiroze Chinoy, attended the AGM 2023 as disclosed in page 128. Mr Yezdi Phiroze Chinoy was absent at the AGM 2023 as he was down with Covid-19.

At AGMs, a presentation is made to Unitholders to update them on Elite REIT's performance, position and prospects. The presentation materials, together with the voting results, will be made available to the Unitholders on the SGXNET and Elite REIT's website.

The Manager publishes minutes of general meetings of Unitholders on SGXNET and its corporate website, within one month from the date of the meeting. The minutes of Unitholders' meetings will capture the attendance of Board members at the meetings, matters approved by the Unitholders, voting results as well as substantial and relevant comments or queries from the Unitholders relating to the agenda of the meetings, together with responses from the Board and the Management.

The upcoming AGM to be held on 29 April 2024 ("**AGM 2024**") will be convened in a wholly physical format. Unitholders may submit questions in advance or raise them at the AGM 2024. A Unitholder who wishes to exercise his/her/its voting rights at the AGM 2024 may vote at the AGM 2024 in person or appoint proxy(ies) to vote on his/her/its behalf at the AGM 2024.

Elite REIT encourages Unitholders' participation and voting at general meetings.

CORPORATE GOVERNANCE REPORT

Absentia Voting

Provision 11.4 of the Code provides that Elite REIT's constitution (or other constitutive documents) allows for absentia voting at general meetings of Unitholders. Principle 11 of the Code provides, inter alia, that the Manager treats all Unitholders fairly and equitably in order to enable them to exercise Unitholders' rights and have the opportunity to communicate their views on matters affecting Elite REIT. Voting in absentia by email, mail or fax is not implemented currently, which constitutes a variation from Provision 11.4 of the Code. Having considered that the Unitholders who are unable to attend in person may vote by proxy or by attorney, or in the case of a corporation, by a representative, the Manager has decided, for the time being, to refrain from implementing absentia voting until security, integrity, and other pertinent issues are satisfactorily resolved.

Distribution Policy

Elite REIT's distribution policy is to distribute at least 90.0% of its Annual Distributable Income (as defined in Elite REIT's IPO Prospectus dated 28 January 2020) on a semi-annual basis. 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 the Unitholders may be greater than 90.0% to the extent that the Manager believes it to be appropriate, having regard to Elite 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 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.

Elite REIT had on 28 June 2021 announced the establishment of a distribution reinvestment plan ("DRP") pursuant to which Unitholders may elect to receive fully paid new Units ("New Units") in respect of the cash amount of any distribution to which the DRP applies. The DRP may be applied from time to time to any distribution declared by Elite REIT as the Manager may determine in its absolute discretion. Participation in the DRP is optional.

Distributions are generally paid within the same calendar quarter of the relevant record date. Distributions will be declared in Pound sterling (£). Unitholders are provided the choice of receiving the distribution in either Pound sterling, Singapore Dollars or in fully paid new Units under the DRP at each period. Each Unitholder will receive his distribution in Singapore Dollars equivalent of the Pound sterling distribution declared, unless he elects to receive the relevant distribution in Pound sterling or receive New Units by submitting a "Distribution Election Notice" before the relevant cut-off date.

For the portion of the distributions to be paid in Singapore Dollars, the Manager will make the necessary arrangements to convert the distributions in Pound sterling into Singapore Dollars, at such exchange rate as the Manager may determine, taking into consideration any premium or discount that may be relevant to the cost of exchange. The Central Depository (Pte) Limited, the Manager or Elite REIT shall not be liable for any loss arising from the conversion of distributions payable to the Unitholders from Pound sterling into Singapore Dollars. Save for approved depository agents (acting as nominees of their customers), each Unitholder may elect to receive his entire distribution in Singapore Dollars or Pound sterling and shall not be able to elect to receive distributions in a combination of Singapore Dollars and Pound sterling.

The Board has approved the application of DRP for Unitholders to participate in FY2023's distributions. The number of Units to be issued in lieu of receiving cash is based on the Unit price calculated at a 2.0% discount of the 10-day volume weighted average price as adjusted for any confirmed distribution in the cum distribution period. For every distribution declaration made, the Unitholders will be notified via an announcement made through SGXNET.

Timely Disclosure of Information

The Manager is committed to keeping all Unitholders, other stakeholders, analysts and the media informed of Elite REIT's performance and any changes in Elite REIT or its business which would likely materially affect the price or value of the Units.

For FY2023, the Manager provided Unitholders with full unaudited half-year and full-year financial statements within the relevant periods prescribed by the Listing Manual. These half-year and full-year financial statements were reviewed and approved by the Board prior to release to Unitholders via announcements on SGXNET. The release of half-year and full-year financial statements were accompanied by news releases issued to the media, which were also made available on SGXNET. In presenting the half-year and full-year financial statements to the Unitholders, the Board sought to provide Unitholders with a balanced, clear and comprehensible assessment of Elite REIT's performance, position and prospects.

In addition to the announcement of half-year and full-year financial statements in FY2023, in keeping with the Managers' commitment to provide its Unitholders with information promptly, the Manager also provided the Unitholders, on a voluntary basis, with business updates inbetween the announcement of half-yearly financial statements (i.e., first quarter and third quarter). Such business updates contain, among other things, information on Elite REIT's key operating and financial metrics. In addition to the release of financial statements and business updates, the Manager also keeps the Unitholders, stakeholders and analysts informed of the performance and/or changes in Elite REIT or its business which would likely materially affect the price or value of the Units on a timely and consistent basis, to assist the Unitholders in their investment decisions.

This is performed through the release on SGXNET of announcements in compliance with regulatory reporting requirements and news releases for the media, on a timely and consistent basis. These announcements and news releases are also posted on Elite REIT's website. In addition, the Manager also conducts analysts' and media briefings, and the materials used for such briefings are uploaded on SGXNET.

The Manager believes in managing Elite REIT in ways that deliver sustainable value to Unitholders. Best practices are promoted to build an excellent business for Elite REIT and the Manager's accountability to Unitholders for Elite REIT's performance. Prompt fulfilment of statutory reporting requirements is but one way to maintain Unitholders' confidence and trust in the capability and integrity of the Manager.

Investor Relations

The Manager is committed to disseminating accurate and pertinent information to the market in a timely manner as part of good corporate governance. The Manager's Investor Relations ("IR") programme balances regular, effective and fair communications with the Unitholders and the investment community with the need to safeguard commercial sensitivities. The IR department works closely with the Management to proactively carry out this engagement programme. Feedback and views gathered are regularly reported to the Management and the Board.

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

The 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.

The Board is responsible to Unitholders for providing a balanced and understandable assessment of Elite REIT's performance, position and prospects, including interim and other price-sensitive public reports and reports to the regulators (where required). Financial reports and other price-sensitive information are disseminated to the Unitholders through announcements via SGXNET, press releases and the Manager's website. Physical copies of the Annual Report and circulars are sent to all Unitholders upon request and the electronic copies are made available on SGXNET and Elite REIT's website.

The Manager actively engages and promotes regular, effective and fair communication with Unitholders.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET and on Elite REIT's

website. The Management actively engages institutional and retail investors, analysts and fund managers to solicit and understand the views of the investment community via:

- analyst and fund manager briefings held half-yearly after the financial results announcements;
- one-on-one or group meetings, conference calls, investor luncheons, local/overseas roadshows and conferences;
- Elite REIT's website at www.elitecreit.com; and
- Elite REIT's social media channel ie. Elite REIT's LinkedIn corporate page.

During the results briefings, analysts and fund managers are given the opportunity to ask questions and the questions are responded to immediately by the Management. More information on the Manager's IR efforts can be found in pages 33 to 37 of this Annual Report.

Corporate Website

The Manager maintains a current and updated corporate website at www.elitecreit.com as an information resource centre for retail and institutional investors as well as 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 by sending a message directly to Elite REIT's corporate email: enquiry@elitecreit.com. These avenues allow Unitholders to contact the Manager with questions and also allow the Manager to respond to such questions. An email alert option is also available to subscribers who wish to be notified of newly posted announcements, press releases, presentations and publications. In this way, the Manager strives to have good communication and engagement with all its material stakeholders.

The Manager endeavours to understand Elite REIT's key stakeholders' views, concerns, expectations and objectives, and to create long-term value and growth based on ESG factors. The Manager recognises that all stakeholders are integral to Elite REIT's long-term growth and success, and has identified groups which have a significant influence and interest in the operations and business of Elite REIT. The key stakeholders identified are the Manager's Board of Directors, employees, Sponsors, Unitholders and investment community, the media, tenants, government regulators as well as 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 REIT's Annual Report for FY2023 includes its sustainability report, outlining its sustainability framework. The sustainability report details Elite REIT's approach in identifying its material stakeholders, as well as addressing stakeholders' concerns and methods of engagement. It also sets out the key areas of focus in relation to the management of stakeholder relationships during the reporting period and also addresses the environmental risk management requirement by the MAS of identifying its physical and transition risks related to climate change.

CORPORATE GOVERNANCE REPORT

(D) ADDITIONAL INFORMATION**Dealing In Units**

Each Director and the CEO of the Manager is to give notice to the 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 Manager will be announced via SGXNET.

The Directors and employees of the 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 REIT's results and property valuations, in a prescribed embargo period immediately preceding, and up to the time of, each public announcement of Elite REIT's financial results and property valuations during a financial year; or
- at any time while in possession of price-sensitive information.

The Directors and employees of the Manager and EPH are also prohibited from communicating price sensitive information to any person. Under this policy, Directors and employees of the Manager and EPH are also discouraged from trading on short-term or speculative considerations.

The Manager has complied with the Code of Best Practices on Securities Dealings in FY2023.

Pursuant to Section 137ZC of the SFA, the Manager is required to, inter alia, announce to SGX-ST the particulars of any acquisition or disposal of interest in Units by the Manager as soon as practicable, and in any case no later than the end of the business day following the day on which the Manager became aware of the acquisition or disposal.

(E) CORRUPTION AND BRIBERY PREVENTION POLICY

The Manager adopts a zero-tolerance position towards bribery and corruption. There are detailed guidelines and procedures listed in the Code of Conduct with regard to the giving and receiving of gifts (monetary or otherwise), kickbacks, concessionary offers, entertainment, and business dealings that may place the employee under any real or apparent obligation or indebtedness to any party. The Manager's zero tolerance policy towards bribery and corruption extends to its business dealings with third parties, hence the Manager requires that certain agreements incorporate anti-bribery and anti-corruption provisions.

In FY2023, to the best of its knowledge, the Manager (i) has received zero significant monetary fines or non-monetary sanctions incurred for non-compliance with environmental laws and regulations, (ii) has zero non-compliance with laws and regulations in the social and economic area, (iii) has received zero fines for non-compliance concerning product and service information labelling and (iv) has zero incidents of non-compliance concerning health and safety impacts of products and services, (v) has zero incidents of reported corruption, (vi) has zero legal actions against it for anti-competitive behaviour and anti-trust of monopoly practices.

The Manager has adopted a Group-wide Third-Party Agent & Outsourcing Policy which provides guidance to address outsourcing and corruption risks arising from the engagement of third-party agents. Where there is a greater level of bribery or corruption risk attached to any particular area of business, or when working with a third-party agent, due diligence checks and processes are in place to adequately address and mitigate the risk(s). In FY2023, all of the Manager's employees received mandatory communication and training on anti-bribery and anti-corruption policies and procedures.

(F) IT AND CYBER SECURITY POLICY

The technology landscape of financial sector is transforming at a rapid pace and the underlying IT infrastructure supporting financial services has grown in scope and complexity over the years. Many financial institutions, including Elite REIT, are riding the wave of digitalisation to increase operational efficiency and to deliver better services to customers. While digital transformation brings significant benefits to the financial ecosystem, it also increases Elite REIT's exposure to technology risks, including cyber risk and security risks (e.g. viruses, hacks and etc.).

The Manager has adopted a Group-wide IT and Cyber Security Policy to ensure sound and robust practices for the management of technology risk to achieve security, reliability and resilience of its information technology operating environment. A sound risk culture and cyber resilience would protect Elite REIT's confidential information.



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REPORT OF THE TRUSTEE

Perpetual (Asia) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Elite Commercial REIT (the "Trust") held by it or through its subsidiaries (collectively, the "Group") in trust for the unitholders. In accordance with the Securities and Futures Act 2001 of Singapore, its subsidiary legislation, the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "Regulations"), the Trustee shall monitor the activities of Elite Commercial REIT Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 7 June 2018 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the year covered by these financial statements, set out on pages 162 to 204 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**

Matthew Joel Allen
Director

Singapore
22 March 2024

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 162 to 204, comprising the consolidated statement of financial position of the Group and statement of financial position of the Trust as at 31 December 2023, 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 2023, and the consolidated financial performance, consolidated movements in unitholders' funds and consolidated cash flows of the Group for the financial year ended on that date in accordance with International Financial Reporting Standards (IFRS) and the provisions of the Trust.

At the date of this statement, there are reasonable grounds to believe that the Group will be able to meet its financial obligations as and when they materialise.

**For and on behalf of the Manager,
Elite Commercial REIT Management Pte. Ltd.**

Tan Hai Peng Micheal
Director

Singapore
22 March 2024

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 2023, 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 material accounting policy information as set out on pages 162 to 204.

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 2023 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 5 of the financial statements)

Risk

At 31 December 2023, the Group owns a portfolio of 150 commercial properties located in United Kingdom, with a carrying value of £413.7 million.

These properties are held as "Investment Properties" and the fair value model is applied. The valuation process involves appointment of an external expert to carry out the property valuation using the income capitalisation method. As such, the fair value changes on the properties are sensitive to the equivalent yield rates applied, which is highly judgemental.

Our response

We evaluated the competence and objectivity of the external valuer. We considered the valuation technique used against those applied by other valuers for similar property types. We evaluated the appropriateness of the equivalent yield rates used in the valuations by comparing them to available industry and market data.

Our findings

The valuer is a member of a recognised professional association of valuers in United Kingdom, and had considered his independence and freedom from conflicts prior to performing the property valuation work. The income capitalisation method applied is in line with generally accepted market practices and the equivalent yield rates used were generally comparable to observable market data and recent transactions.

Other information

The Manager is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Manager and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Lo Mun Wai.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

22 March 2024

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Trust	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Non-current assets					
Investment properties	5	413,719	459,975	–	–
Investments in subsidiaries	6	–	–	–	36,797
Financial derivatives	7	483	67	–	–
Notes receivable	8	–	–	192,029	89,382
		414,202	460,042	192,029	126,179
Current assets					
Notes receivable	8	–	–	–	111,751
Prepayment for capital expenditure	5	6,152	7,437	–	–
Trade and other receivables	9	2,873	11,872	27,260	7,903
Cash and cash equivalents	10	20,816	7,444	442	2,028
		29,841	26,753	27,702	121,682
Total assets		444,043	486,795	219,731	247,861
Non-current liabilities					
Loans and borrowings	11	94,024	213,070	11,165	–
Lease liabilities	12	1,221	1,229	–	–
Deferred tax liabilities	13	–	2,169	–	–
		95,245	216,468	11,165	–
Current liabilities					
Loans and borrowings	11	126,288	7,200	–	–
Lease liabilities	12	8	7	–	–
Trade and other payables	14	4,758	4,819	650	265
Deferred income	15	8,860	8,774	–	–
Current tax liabilities		1,642	1,626	–	–
		141,556	22,426	650	265
Total liabilities		236,801	238,894	11,815	265
Net assets		207,242	247,901	207,916	247,596
Represented by:					
Unitholders' funds					
Units in issue	16	308,337	307,611	308,337	307,611
Unit issue costs	17	(5,903)	(5,903)	(5,903)	(5,903)
Accumulated losses		(95,192)	(53,807)	(94,518)	(54,112)
		207,242	247,901	207,916	247,596
Number of Units in issue ('000)	16	482,966	481,128	482,966	481,128
Net asset value per Unit attributable to unitholders (£)	18	0.43	0.52	0.43	0.51

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Revenue	19	37,637	37,075
Other property income	20	7,569	–
Property operating expenses	21	(3,842)	(1,334)
Net property income		41,364	35,741
Manager's management fees	22	(1,804)	(2,310)
Trustee's fee		(109)	(106)
Other trust expenses	23	(1,205)	(1,373)
Finance income	24	431	–
Finance costs	24	(12,356)	(7,417)
Net finance costs		(11,925)	(7,417)
Gain on disposal of investment properties		124	–
Net change in fair value of investment properties	5	(47,827)	(41,372)
Loss before tax		(21,382)	(16,837)
Tax expense	25	(788)	(1,495)
Loss for the year		(22,170)	(18,332)
Loss per Unit (pence)			
Basic	27	(4.60)	(3.83)
Diluted	27	(4.60)	(3.83)

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

STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2023

	Units in issue £'000	Unit issue costs £'000	Accumulated losses £'000	Total £'000
Group				
At 1 January 2022	304,794	(5,903)	(9,872)	289,019
Total comprehensive income for the year				
Loss for the year	–	–	(18,332)	(18,332)
Total comprehensive income for the year	–	–	(18,332)	(18,332)
Transactions with unitholders, recognised directly in unitholders' funds				
Units issued under distribution reinvestment plan	2,817	–	–	2,817
Distribution to unitholders	–	–	(25,603)	(25,603)
Total transactions with unitholders for the year	2,817	–	(25,603)	(22,786)
At 31 December 2022	307,611	(5,903)	(53,807)	247,901
At 1 January 2023	307,611	(5,903)	(53,807)	247,901
Total comprehensive income for the year				
Loss for the year	–	–	(22,170)	(22,170)
Total comprehensive income for the year	–	–	(22,170)	(22,170)
Transactions with unitholders, recognised directly in unitholders' funds				
Units issued under distribution reinvestment plan	726	–	–	726
Distribution to unitholders	–	–	(19,215)	(19,215)
Total transactions with unitholders for the year	726	–	(19,215)	(18,489)
At 31 December 2023	308,337	(5,903)	(95,192)	207,242

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Loss before tax		(21,382)	(16,837)
Adjustments for:			
Effect of recognising rental income on a straight-line basis over the lease term		317	–
Finance income		(431)	–
Finance costs		12,356	7,417
Gain on disposal of investment properties		(124)	–
Net change in fair value of investment properties		47,827	41,372
Unrealised foreign exchange loss		1	7
Operating income before working capital changes		38,564	31,959
Changes in:			
Trade and other receivables		8,949	(42)
Trade and other payables		(106)	(1,707)
Deferred income		86	69
Cash generated from operating activities		47,493	30,279
Tax paid		(2,941)	(2,417)
Net cash generated from operating activities		44,552	27,862
Cash flows from investing activities			
Prepayment for capital expenditure on investment properties		(3,668)	(7,437)
Proceeds from disposal of investment properties, net		3,189	–
Interest received		16	–
Net cash used in investing activities		(463)	(7,437)
Cash flows from financing activities			
Interest paid		(11,182)	(5,276)
Proceeds from bank loan		11,200	–
Repayment of bank loans		(12,085)	(3,400)
Distribution to unitholders		(18,489)	(22,786)
Payment of transaction costs related to loans and borrowings		(154)	(990)
Payment of lease liabilities		(7)	(8)
Increase in restricted cash		(3,206)	(692)
Net cash used in financing activities		(33,923)	(33,152)
Net increase/(decrease) in cash and cash equivalents		10,166	(12,727)
Cash and cash equivalents at 1 January		5,444	18,171
Cash and cash equivalents at 31 December	10	15,610	5,444

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

Significant non-cash transactions

For the year ended 31 December 2023, approximately 1,838,000 Units valued at £726,000, were issued as payment for distributions under the distribution reinvestment plan.

For the year ended 31 December 2022, there were the following significant non-cash transactions:

- (i) approximately 950,000 Units valued at £631,000, were issued to the Manager as satisfaction of the management fee paid to the Manager.
- (ii) approximately 88,000 Units valued at £58,000, were issued to the Manager as satisfaction of the lease management fee paid to the Manager.
- (iii) approximately 4,622,000 Units valued at £2,817,000, were issued as payment for distributions under the distribution reinvestment plan.

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 22 March 2024.

1. GENERAL

The Trust is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 7 June 2018 (as amended) (the "Trust Deed") between Elite Commercial REIT Management Pte. Ltd. (the "Manager") and Perpetual (Asia) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiaries in trust for the holders of units ("Units") in the Trust.

On 26 August 2021, a wholly-owned subsidiary of the Trust, Elite UK Commercial Holdings Limited ("EUKCH"), was admitted to The International Stock Exchange ("TISE"), enabling EUKCH and its subsidiaries to qualify as a UK REIT Group.

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 6.

The Group has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures for these services are as follows:

(i) Manager's management fees

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

- Management fees comprising a base fee of 10.0% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the Annual Distributable Income (as defined in the Trust Deed) of the Group in the relevant financial year (calculated before accounting for the base fee and performance fee) and a performance fee of 25.0% per annum of the increase in the Distribution Per Unit ("DPU") (as defined in the Trust Deed) in a financial year over the DPU in the preceding year (calculated before accounting for the performance fee but after accounting for the base fee in the financial year) multiplied by the weighted average number of Units in issue for such financial year.

The management fee is payable in the form of cash and/or Units as the Manager may elect. The portion of the management fee payable in the form of Units is payable quarterly in arrears and the portion of the management fee payable in cash is payable monthly in arrears.

- An acquisition fee of 1.0% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the acquisition price on all future acquisitions of properties or investments.

The acquisition fee is payable in the form of cash and/or Units as the Manager may elect.

- A divestment fee of 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the sale price on all future disposals of properties or investments.

The divestment fee is payable in the form of cash and/or Units as the Manager may elect.

- A development management fee of 3.0% of the Total Project Costs (as defined in the Trust Deed) incurred in a Development Project (as defined in the Trust Deed) undertaken by the Manager on behalf of the Trust.

The development management fee is payable in equal monthly instalments over the construction period of each Development Project based on the Manager's best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount when the Total Project Costs is finalised.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL (CONT'D)

(ii) Property management fees

Under the property management agreement in respect of each property within the Trust's initial portfolio of 95 properties (2022: 97 properties) ("Initial Portfolio"), the property manager ("Property Manager") will provide, amongst others, tenant liaison, rental and insurance collections, accounts monitoring and reporting services.

The property management fee payable to the Property Manager for the management of the portfolio shall reduce the management fee payable to the Manager. The Property Manager shall be entitled to receive out of the Deposited Assets (as defined in the Trust Deed) a fee for its services to be paid either directly (by the Trustee) or indirectly (by the entity which is held by the Trust).

The Property Manager is entitled to a fixed annual fee to be paid in the form of cash quarterly in advance.

Under the property management agreement in respect of each property within the Trust's new portfolio of 55 properties (2022: 58 properties) ("New Portfolio"), the property manager ("New Property Manager"), a related corporation of the Manager, will provide, amongst others, tenancy management, tenant liaison, building management, administrative and financial management services.

The New Property Manager is entitled to a property management fee of 2.0% per annum of the Gross Revenue (as defined the property management agreement) of each property. Where the New Property Manager has sub-contracted any of the property management services to another property manager ("Other Property Manager"), the fees paid to the New Property Manager will be reduced by an amount equal to the fees paid to the Other Property Manager in respect of the property.

The property management fee is payable in the form of cash and/or Units as agreed between the Manager and the New Property Manager. The fees are payable quarterly in arrears.

(iii) Lease management fees

Under the lease management agreement in respect of each property within the Trust's Initial Portfolio, the Manager is entitled to a lease management fee of 1.0% per annum of Revenue (as defined in the lease management agreement) of each property.

In addition, in relation to securing a new lease or renewal of an existing tenancy, the Manager is entitled to the following lease commissions:

- 0.5 month's gross rent, for securing a tenancy of fewer than three years; or
- one month's gross rent, for securing a tenancy of three years or more; or
- 0.25 month's gross rent, for securing a tenancy of any number of years, if there is a third party agent involved. For the avoidance of doubt, any fees payable to third party agent(s) will be paid on a cost recovery basis.

The lease management fee and commissions are payable in the form of cash or Units or a combination of cash and Units as the Manager may elect.

Under the property management agreement in respect of each property within the Trust's New Portfolio, the New Property Manager will also provide lease management services, including space management and leasing supervision and rental collections.

The New Property Manager is entitled to a lease management fee of 1.0% per annum of the Gross Revenue (as defined the property management agreement) of each property.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL (CONT'D)

(iii) Lease management fees (cont'd)

In addition, in relation to securing a new lease or renewal of an existing tenancy, the New Property Manager is entitled to the following lease commissions:

- one month's gross effective rent for securing a new tenancy of three years or less, or 1.2 month's gross effective rent if there is a third party agent involved;
- 2.0 month's gross effective rent for securing a new tenancy exceeding three years, or 2.4 month's gross effective rent if there is a third party agent involved;
- 0.5 month's gross effective rent for the renewal of an existing tenancy for three years or less; and
- 1.0 month's gross effective rent for the renewal of an existing tenancy for more than three years.

The lease management fee and commissions are payable in the form of cash and/or Units as agreed between the Manager and the New Property Manager. The fees are payable quarterly in arrears.

(iv) Trustee's fee

Pursuant to the Trust Deed, the Trustee's fee shall not exceed 0.015% per annum of the value of the Deposited Property (as defined in the Trust Deed) subject to a minimum amount of S\$15,000 per month, excluding out-of-pocket expenses and GST. The Trustee's fee is payable monthly in arrears.

2. GOING CONCERN

As at 31 December 2023, the Group recorded net current liabilities of £111.7 million, and interest-bearing borrowings of £221.3 million; and generated positive operating cash flows of £44.6 million during the year. Of the interest-bearing borrowings, £125.0 million ("Loan A") and £83.5 million ("Loan B") are due for repayment in November 2024 and January 2025, respectively.

Subsequent to year-end, the Group received a written committed offer from financial institutions for a 3.25-year credit facility sum of up to £135.0 million, in place of Loan A retiring in November 2024. As of the date of issuance of these financial statements, the Group is in discussions with existing lenders of Loan B to have the maturity date extended beyond January 2025. In the event the maturity date for Loan B is not extended, the Group considers its existing multicurrency debt issuance programme of S\$300 million (equivalent to £178.6 million) (refer to Note 11), a viable alternative for additional fund raising.

Therefore, the Group believes it is appropriate to prepare the consolidated financial statements on a going concern basis. The validity of the going concern assumption is premised on (i) the committed credit facility sum of up to £135.0 million secured to-date (ii) the likelihood of extension of maturity date of Loan B beyond January 2025, and (iii) availability of multicurrency debt issuance programme of S\$300 million.

NOTES TO THE FINANCIAL STATEMENTS

3. BASIS OF ACCOUNTING

3.1 Statement of compliance

The financial statements have been prepared in accordance with IFRS and the provisions of the Trust Deed.

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

3.3 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.

3.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the Manager to make judgements, estimates and assumptions about the future, including climate-related risks and opportunities, 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 and are consistent with the Group's risk management and climate-related commitments where appropriate. 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 5 – valuation of investment properties.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

The Manager regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Manager assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS. Significant valuation issues are reported to the Manager's Audit and Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

3. BASIS OF ACCOUNTING (CONT'D)

3.4 Use of estimates and judgements (cont'd)

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 5 – Valuation of investment properties
- Note 31 – Valuation of financial instruments

3.5 Change in material accounting policies

New standards and amendments

The Group has applied various IFRSs, amendments to and interpretations of IFRS for the first time for the annual period beginning on 1 January 2023.

Other than as set out below, the application of these amendments to accounting standards and interpretations does not have a material effect on the financial statements.

Material accounting policy information

The Group adopted Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies* for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Manager reviewed the accounting policies and made updates to the information disclosed in Note 4 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

4. MATERIAL 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 3.5, which addresses changes in accounting policies.

4.1 Basis of consolidation

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(ii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and other components of equity. Any resulting gain or loss is recognised in the statement of comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iii) 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.

(iv) 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.

4.2 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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 under the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of comprehensive income. Any gain or loss on derecognition is recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

4.2 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets (cont'd)

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

4.2 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

NOTES TO THE FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

4.2 Financial instruments (cont'd)

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances at banks. For the purpose of the statement of cash flows, restricted cash is excluded.

(vi) Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

(vi) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Trust that require the Trust 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 are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 *Financial Instruments* and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 *Revenue from Contracts with Customers*.

Expected credit losses ("ECLs") are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Trust expects to recover.

Liabilities arising from financial guarantees are included within 'loans and borrowings'.

4.3 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of comprehensive income.

The cost of a purchased property comprises its purchase price and any directly attributable expenditure including transaction costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of comprehensive income.

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.

NOTES TO THE FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

4.4 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 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 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'.

4.5 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for 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 and intra-group financial guarantee contracts. 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.

NOTES TO THE FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

4.5 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

General approach (cont'd)

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 Trust considers an intra-group financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Trust in full, without recourse by the Trust 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.

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.

Loss allowances for intra-group financial guarantee contracts are recognised as a financial liability to the extent that they exceed the initial carrying amount of the financial guarantee contract less the cumulative income recognised.

NOTES TO THE FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

4.5 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

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.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.6 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.

4.7 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.

4.8 Finance income and finance costs

Finance income comprises interest income and gain on financial derivatives.

Finance costs comprises interest expense on loans and borrowings and lease liabilities, amortisation of debt-related transaction costs and loss on financial derivatives.

Interest income or expense 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.

NOTES TO THE FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

4.9 Taxation

Tax expenses comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in unitholders' fund.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income for the year, measured using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are effect only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, that affects neither accounting nor taxable profit; and
- temporary differences relating to investments in subsidiaries to the extent that the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

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 an investment property that is measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

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.

NOTES TO THE FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

4.10 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 2023 and earlier application is permitted. In 2022, the Group early adopted the Amendments to IAS 1 *Classification of Liabilities as Current or Non-Current* which is effective for annual periods beginning on or after 1 January 2024. The amendments, as issued in 2020 and 2022, aim to clarify requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. Except as disclosed, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following amendments to IFRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Trust's statement of financial position:

- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to IFRS 16 *Lease liability in a Sale and Leaseback*
- Amendments to IAS 7 and IFRS 7 *Supplier Finance Arrangements*
- Amendments to IAS 21 *Lack of Exchangeability*

5. INVESTMENT PROPERTIES

	Group	
	2023 £'000	2022 £'000
At 1 January	459,975	501,347
Disposals	(3,065)	–
Capital expenditure	4,953	–
Effect of recognising rental income on a straight-line basis over the lease term	(317)	–
Net change in fair value recognised in statement of comprehensive income	(47,827)	(41,372)
At 31 December	413,719	459,975

As at 31 December 2023, investment properties comprise 145 (2022: 150) freehold and 5 (2022: 5) leasehold commercial properties situated throughout England, Scotland and Wales. The investment properties are mainly leased to the UK Government via various government agencies, which include The Secretary of State for Housing, Communities and Local Government (with the Department of Works and Pensions ("DWP") occupying each property under a group sharing arrangement), under operating leases with a weighted remaining lease expiry of 4.2 (2022: 4.8) years at the reporting date.

Security

As at 31 December 2023, 55 (2022: 58) properties with a total carrying value of £157,504,000 (2022: £178,346,000) are pledged as security for credit facilities granted to the Group (Note 11).

Measurement of fair value

The carrying values of the investment properties as at 31 December 2023 were based on an independent professional valuation undertaken by CBRE Limited ("CBRE") as at 1 December 2023. The Manager has obtained a letter from CBRE confirming that the valuations of the investment properties as at 31 December 2023 remained unchanged from those as of 1 December 2023. The carrying values of the investment properties as at 31 December 2022 were based on an independent professional valuation undertaken by Knight Frank UK LLP ("Knight Frank") as of that date. The independent valuers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

The fair values of the investment properties as at 31 December 2023 and 31 December 2022 were based primarily on the income capitalisation method. The valuation method used in determining the fair value involves certain estimates including the yield rate. The specific risks inherent in each of the properties are taken into consideration in arriving at the property valuation. In relying on the valuation report, the Manager has exercised its judgment and is satisfied that the valuation method and estimates used are reflective of market conditions prevailing at the end of the financial year.

(i) Fair value hierarchy

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 3.4).

	Group	
	2023 £'000	2022 £'000
Fair value of investment properties (based on valuation reports)	412,490	466,175
Less: Prepayment of capital expenditure on investment properties ¹	–	(7,437)
Add: Carrying amount of lease liabilities	1,229	1,237
Carrying amount of investment properties	413,719	459,975

¹ The Group has agreed to make a sustainability contribution to its tenants, the Department for Work and Pensions and UK Government's Ministry of Defence (see below). £7.4 million of the sustainability contribution disbursed by the Group in 2022 was considered by Knight Frank in arriving at the valuations of the investment properties as at 31 December 2022. CBRE has confirmed that the sustainability contribution disbursements relating to planned capital expenditures that had not commenced or were not completed, were not considered in the valuations of the investment properties as at 31 December 2023.

(ii) Valuation technique and significant unobservable inputs

The following table shows the significant unobservable inputs used in the valuation model:

Valuation method	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Income capitalisation method	Equivalent yield rate*: 2023: 4.81% to 12.96% 2022: 4.25% to 13.82%	The estimated fair value would increase (decrease) if the yield rate is lower (higher).

* The equivalent yield rate (nominal equivalent yield) reflects the weighted average of the initial yield and reversionary yield (being the anticipated yield, which the initial yield will rise to once the rent reaches the estimated rental value and when the property is fully let) and represents the return a property will produce based upon the timing of the income received, assuming that rents are received annually in arrears.

The valuer has highlighted in its report that a combination of global inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems have increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term.

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES (CONT'D)

Prepayment for capital expenditure

The Group has agreed to make a sustainability contribution to its tenants, the Department for Work and Pensions and UK Government's Ministry of Defence. The prepayment relates to the amount disbursed by the Group which has not been utilised yet. Amounts incurred are capitalised and included in the carrying value of investment properties. As at 31 December 2023, the Group has agreed to make a total sustainability contribution of £14.7 million (2022: £14.7 million), of which £11.1 million (2022: £7.4 million) has been disbursed and £5.0 million (2022: Nil) has been incurred as capital expenditure.

6. INVESTMENTS IN SUBSIDIARIES

	Trust	
	2023 £'000	2022 £'000
Equity investment, at cost	88,900	88,900
Less: Accumulated impairment losses		
At 1 January	(52,103)	(10,395)
Impairment losses recognised	(36,797)	(41,708)
At 31 December	(88,900)	(52,103)
	–	36,797

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of constitution/business	Equity interests held by the Group	
		2023 %	2022 %
Direct subsidiaries			
Elite UK Commercial Holdings Limited ("EUKCH") ²	United Kingdom	100	100
Indirect subsidiaries			
Elite Kist Limited ¹	United Kingdom	100	100
Elite UK Commercial Investments Limited ³	United Kingdom	–	100
Elite UK Commercial Limited ¹	United Kingdom	100	100
Elite Gemstones Properties Limited ²	United Kingdom	100	100
Elite Amphora Limited ²	United Kingdom	100	100
Elite Cask 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

³ Liquidated during 2023

As at the reporting date, the shares of Elite Gemstones Properties Limited, Elite Amphora Limited and Elite Cask Limited, have been pledged as security for credit facilities granted to the Group (Note 11).

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

During the year, the Trust undertook an assessment of impairment indicators for its investments in subsidiaries. Arising from a decline in fair values of the underlying properties held by the subsidiaries of EUKCH, the Trust re-assessed the recoverable amount of EUKCH. The recoverable amount was determined using the fair value less costs to sell approach taking into consideration the fair values of the underlying assets and fair values of the liabilities to be settled. The fair value measurement was categorised as a Level 3 fair value based on the inputs into the valuation technique used. On this basis, the Trust recognised an additional impairment loss of £36.8 million (2022: £41.7 million) in profit or loss.

7. FINANCIAL DERIVATIVES

	Group	
	2023 £'000	2022 £'000
Derivative assets		
Interest rate swap at FVTPL	483	67

8. NOTES RECEIVABLE

	Trust	
	2023 £'000	2022 £'000
Notes receivable	201,133	201,133
Less: Accumulated impairment loss		
At 1 January	–	–
Impairment loss recognised	(9,104)	–
At 31 December	(9,104)	–
	192,029	201,133
Current	–	111,751
Non-current	192,029	89,382
	192,029	201,133

Notes receivable relate to loan notes issued by a subsidiary, Elite UK Commercial Holdings Limited ("EUKCH"), subscribed by the Trust.

As at 31 December 2022, £111.7 million ("Series 1 loan note") and £89.4 million ("Series 2 loan note") of the loan notes were due to mature on 16 November 2023 and 25 October 2025 respectively. On 16 November 2023, the Series 1 loan note was fully redeemed through the issuance of an additional Series 2 loan note with a principal amount of £111.7 million in lieu of cash payment. The Series 2 loan note of £201.1 million as at 31 December 2023 will mature on 25 October 2025.

The notes are unsecured and carry interest at a fixed interest rate of 5.0% (2022: 5.0%) per annum.

Under the terms of the Series 2 loan note, the Trust, as a noteholder, has the right, at its sole discretion, to require EUKCH to purchase all of its notes on specified put option exercise dates, being 9 March 2024 and 9 March 2025. In 2022, the Series 1 loan note of £111.7 million also had the same put option and the put option exercise dates were 16 November 2021 and 16 November 2022.

NOTES TO THE FINANCIAL STATEMENTS

8. NOTES RECEIVABLE (CONT'D)

At the reporting date, the Trust has not required and does not intend to require the issuer to redeem this loan note on the specified put option exercise dates.

As at 31 December 2023, an impairment loss of £9.1 million (2022: Nil) was recognised on the notes receivable as a result of the decline in the values of the underlying assets of EUKCH. The impairment loss was estimated using the lifetime expected credit losses approach.

9. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade receivables	2,268	11,039	–	–
Other receivables	100	268	–	–
Amount due from a subsidiary	–	–	27,041	7,501
	2,368	11,307	27,041	7,501
VAT & GST receivables	47	178	42	178
Prepayments	458	387	177	224
	2,873	11,872	27,260	7,903

Trade receivables of the Group as at the reporting date relate mainly to receivables from the property manager in respect of advance rental collected by the property manager on behalf of the Group from tenants.

Included in prepayments as at the reporting date are approximately £170,000 (2022: £170,000) transaction costs incurred by the Trust on its multicurrency debt issuance programme set up in 2022 (Note 11).

As at 31 December 2023, amount due from a subsidiary includes dividend receivable from the subsidiary of approximately £17.6 million (2022: £2.8 million), interest receivable on the notes issued by the subsidiary of approximately £4.2 million (2022: £4.2 million) and a £3.7 million (2022: Nil) advance made to the subsidiary. The advance to the subsidiary is unsecured, interest-free and repayable on demand.

10. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash at banks	20,816	7,444	442	2,028
Less: Restricted cash	(5,206)	(2,000)	–	–
Cash and cash equivalents in the statement of cash flows	15,610	5,444	442	2,028

The restricted cash relates to the reserve funds required to be maintained with banks in accordance with terms of the secured bank loans.

NOTES TO THE FINANCIAL STATEMENTS

11. LOANS AND BORROWINGS

	Group		Trust	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Secured bank loans	210,115	222,200	–	–
Unsecured bank loan	11,200	–	11,200	–
Less: Unamortised transaction costs	(1,003)	(1,930)	(35)	–
	220,312	220,270	11,165	–
Current	126,288	7,200	–	–
Non-current	94,024	213,070	11,165	–
	220,312	220,270	11,165	–

The Group has loan facilities comprising:

£140.0 million term loan and bridge loan facilities

- A £125.0 million (2022: £125.0 million) secured term loan facility. At the reporting date, £125.0 million (2022: £125.0 million) was drawn down and is due for repayment in November 2024; and
- A £15.0 million (2022: £15.0 million) bridge loan facility. The bridge loan facility can be drawn down under multiple tranches, and each tranche is to be repaid within the earlier of one year from the drawn down date, and five years after the first drawn down date (where the amount is drawn down in multiple tranches). As at 31 December 2023, £1.6 million (2022: £3.2 million) was drawn down and is repayable in March 2024 (2022: March 2023).

The shares of a subsidiary, Elite Gemstones Properties Limited, which held 95 (2022: 97) properties with carrying values amounting to £256.2 million as at 31 December 2023 (2022: £281.6 million), were pledged to secure the facilities (Note 6).

£94.0 million term loan and revolving credit facilities

- A £76.0 million (2022: £76.0 million) secured term loan facility. At the reporting date, £76.0 million (2022: £76.0 million) was drawn down and is due for repayment in January 2025; and
- A £18.0 million (2022: £18.0 million) revolving credit facility. At the reporting date, £7.5 million (2022: £18.0 million) was drawn down and is due for repayment in January 2025 (2022: £4.0 million was due for repayment in April 2023, with the remaining drawn down amount due for repayment in January 2025).

The shares of two subsidiaries, Elite Amphora Limited and Elite Cask Limited together with the 55 (2022: 58) properties held by these entities with carrying values amounting to £157.5 million as at 31 December 2023 (2022: £178.3 million), were pledged and a corporate guarantee from the Trust was provided to secure the facilities (Notes 5 and 6).

£15.0 million green revolving credit facility

- A £15.0 million green revolving credit facility was obtained in November 2022. At the reporting date, £11.2 million (2022: Nil) was drawn down and is due for repayment in May 2026.

\$300.0 million multicurrency debt issuance programme

- The Trust has in place a \$300.0 million multicurrency debt issuance programme (the 'Programme'), which was set up in October 2022 for the issuance of notes and/or perpetual securities. At the reporting date, there were no issuances made under the Programme.

NOTES TO THE FINANCIAL STATEMENTS

11. 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				
2023				
Secured bank loans	SONIA [^] + credit adjustment spread + margin	2024	62,500	62,344
Secured bank loans	2.28%	2024	62,500	62,344
Secured bridge loan	SONIA [^] + credit adjustment spread + margin	2024	1,600	1,600
Secured bank loans	SONIA [^] + credit adjustment spread + margin	2025	83,515	82,859
Unsecured green revolving credit facility	SONIA [^] + margin	2026	11,200	11,165
			<u>221,315</u>	<u>220,312</u>
2022				
Secured bank loans	SONIA [^] + credit adjustment spread + margin	2024	62,500	62,173
Secured bank loans	2.28%	2024	62,500	62,173
Secured bridge loan	SONIA [^] + credit adjustment spread + margin	2023	3,200	3,200
Secured bank loans	SONIA [^] + credit adjustment spread + margin	2023 - 2025	94,000	92,724
			<u>222,200</u>	<u>220,270</u>
Trust				
2023				
Unsecured green revolving credit facility	SONIA [^] + margin	2026	11,200	11,165

[^] Sterling Overnight Index Average

NOTES TO THE FINANCIAL STATEMENTS

11. LOANS AND BORROWINGS (CONT'D)

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

	Liabilities			Total £'000
	Loans and borrowings £'000	Lease liabilities (Note 12) £'000	Interest payable (Note 14) £'000	
Balance at 1 January 2022	223,854	1,244	558	225,656
Changes from financing cash flows				
Repayment of bank loans	(3,400)	–	–	(3,400)
Payment of transaction costs related to loans and borrowings	(990)	–	–	(990)
Payment of lease liabilities	–	(8)	–	(8)
Interest paid	–	(38)	(5,238)	(5,276)
Total changes from financing cash flows	(4,390)	(46)	(5,238)	(9,674)
Other non-cash changes				
Amortisation of transaction costs related to loans and borrowings	1,140	–	–	1,140
Interest expense	–	38	5,956	5,994
Others	(334)	–	–	(334)
Total other non-cash changes	806	38	5,956	6,800
Balance at 31 December 2022	220,270	1,236	1,276	222,782
Balance at 1 January 2023	220,270	1,236	1,276	222,782
Changes from financing cash flows				
Proceeds from bank loan	11,200	–	–	11,200
Repayment of bank loans	(12,085)	–	–	(12,085)
Payment of transaction costs related to loans and borrowings	(154)	–	–	(154)
Payment of lease liabilities	–	(7)	–	(7)
Interest paid	–	(38)	(11,144)	(11,182)
Total changes from financing cash flows	(1,039)	(45)	(11,144)	(12,228)
Other non-cash changes				
Amortisation of transaction costs related to loans and borrowings	999	–	–	999
Interest expense	–	38	11,298	11,336
Others	82	–	–	82
Total other non-cash changes	1,081	38	11,298	12,417
Balance at 31 December 2023	220,312	1,229	1,430	222,971

NOTES TO THE FINANCIAL STATEMENTS

12. LEASE LIABILITIES

	Group	
	2023 £'000	2022 £'000
Lease liabilities	1,229	1,236
Current	8	7
Non-current	1,221	1,229
	1,229	1,236

The incremental borrowing rates of the Group's lease liabilities ranged from 3.06% to 3.11% (2022: 3.06% to 3.11%) per annum.

13. DEFERRED TAX LIABILITIES

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

	At 1 January 2022 £'000	Recognised in profit or loss (Note 25) £'000	At 31 December 2022 £'000	Recognised in profit or loss (Note 25) £'000	At 31 December 2023 £'000
Group					
Investment properties	(3,612)	1,628	(1,984)	1,984	–
Lease liabilities	(187)	2	(185)	185	–
	<u>(3,799)</u>	<u>1,630</u>	<u>(2,169)</u>	<u>2,169</u>	<u>–</u>

On 26 August 2021, Elite UK Commercial Holdings Limited ("EUKCH") a wholly owned subsidiary of the Trust, was listed on The International Stock Exchange (the "TISE"), as a UK REIT group. Upon entry into the UK REIT regime, latent capital gains (and its corresponding deferred tax liabilities) to that date, of the existing properties held by the Group were eliminated.

For future acquisition of property investment company holding UK properties by EUKCH and its subsidiaries (the "UK REIT Group"), any unrealised gains on the properties (and the corresponding deferred tax liabilities) at the date of acquisition will also be eliminated on acquisition.

Additionally, any gains or losses arising from direct or indirect disposal of the properties that form part of the qualifying property rental business within the UK REIT Group are exempt from UK corporation tax. Instead, a withholding tax of 15.0% is applicable upon the distribution of such gains.

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER PAYABLES

	Group		Trust	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade payables	275	27	254	4
Interest payable	1,430	1,276	10	–
Accrued operating expenses	1,738	1,804	386	261
Other payables	1,315	1,712	–	–
	4,758	4,819	650	265

Other payables comprise mainly Value Added Tax ("VAT") payable to Her Majesty's Revenue and Customs ("HMRC"), predominantly on the Group's rental receipts.

15. DEFERRED INCOME

Deferred income relates to advance rental received from tenants.

16. UNITS IN ISSUE

	Group and Trust			
	2023		2022	
	Number of Units '000	£'000	Number of Units '000	£'000
Units issued				
At beginning of the year	481,128	307,611	475,468	304,105
Issue of new Units:				
- Manager's management fees paid in Units	–	–	950	631
- Lease management fees paid in Units	–	–	88	58
- Distribution reinvestment plan	1,838	726	4,622	2,817
At end of the year	482,966	308,337	481,128	307,611

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

Year ended 31 December 2023

- Approximately 1,838,000 Units were issued at Unit prices ranging from £0.28 to £0.49 per Unit, valued at £726,000, under the distribution reinvestment plan.

Year ended 31 December 2022

- Approximately 950,000 Units were issued at approximately £0.66 per Unit, valued at £631,000, to the Manager as satisfaction of the management fee paid to the Manager.
- Approximately 88,000 Units were issued at approximately £0.66 per Unit, valued at £58,000, to the Manager as satisfaction of the lease management fee paid to the Manager.
- Approximately 4,622,000 Units were issued at Unit prices ranging from £0.59 to £0.62 per Unit, valued at £2,817,000, under the distribution reinvestment plan.

NOTES TO THE FINANCIAL STATEMENTS

16. UNITS IN ISSUE (CONT'D)

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.

17. UNIT ISSUE COSTS

	Group	
	2023 £'000	2022 £'000
Unit issue costs capitalised in unitholders' funds	5,903	5,903

18. NET ASSET VALUE PER UNIT

	Group		Trust	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Net asset value per Unit is based on:				
Net assets attributable to unitholders	207,242	247,901	207,916	247,596
Total issued Units as at 31 December ('000) (Note 16)	482,966	481,128	482,966	481,128
Net asset value per Unit (£)	0.43	0.52	0.43	0.51

NOTES TO THE FINANCIAL STATEMENTS

19. REVENUE

Revenue mainly relates to rental income derived from leasing of the Group's investment properties recognised on straight-line basis over the lease terms.

Over 99% (2022: 99%) of the contracted rental income under the current leases is derived from the UK Government via various government agencies which includes The Secretary of State for Housing, Communities and Local Government (with the Department of Works and Pensions ("DWP") occupying each property under a group sharing arrangement).

20. OTHER PROPERTY INCOME

	Group	
	2023 £'000	2022 £'000
Dilapidation income	6,947	–
Other property income	622	–
	<u>7,569</u>	<u>–</u>

Dilapidation income relates to dilapidation settlements paid and payable by tenants upon the surrender of certain leases of vacant assets.

21. PROPERTY OPERATING EXPENSES

	Group	
	2023 £'000	2022 £'000
Property management fee paid/payable to a non-related corporation of the Manager	451	408
Property management fee paid/payable to a related corporation of the Manager	257	261
Property insurance	247	242
Lease management fee paid/payable to the Manager	244	231
Other property expenses	2,643	192
	<u>3,842</u>	<u>1,334</u>

Other property expenses were mainly incurred by the Group for vacant properties. When the properties were leased out, those property expenses were borne by tenants.

22. MANAGER'S MANAGEMENT FEES

	Group	
	2023 £'000	2022 £'000
Base fee	1,804	2,310

NOTES TO THE FINANCIAL STATEMENTS

23. OTHER TRUST EXPENSES

	Group	
	2023 £'000	2022 £'000
Audit fees paid/payable to auditors of the Trust and other firms affiliated with KPMG International Limited	296	286
Non-audit fees paid/payable to auditors of the Trust and other firms affiliated with KPMG International Limited	–	46
Valuation fees	170	349

24. FINANCE INCOME AND FINANCE COSTS

	Group	
	2023 £'000	2022 £'000
Finance income		
Interest income	15	–
Fair value gain on financial derivatives	416	–
	431	–
Finance costs		
Fair value loss on financial derivatives	–	(441)
Amortisation of transaction costs relating to loans and borrowings	(999)	(1,140)
(Commitment fee)/Reversal of accrued commitment fee no longer required	(21)	158
Interest expense on:		
- loans and borrowings	(11,298)	(5,956)
- lease liabilities	(38)	(38)
	(12,356)	(7,417)
Net finance costs recognised in statement of comprehensive income	(11,925)	(7,417)

NOTES TO THE FINANCIAL STATEMENTS

25. TAX EXPENSE

	Group	
	2023 £'000	2022 £'000
Current tax expense		
Under provision in respect of prior years	-	2
Withholding tax	2,957	3,123
	<u>2,957</u>	<u>3,125</u>
Deferred tax credit		
Reversal of temporary differences	(2,169)	(1,630)
	<u>(2,169)</u>	<u>(1,630)</u>
Income tax expense	<u>788</u>	<u>1,495</u>
Reconciliation of effective tax rate		
Loss before tax	(21,382)	(16,837)
Tax calculated using Singapore tax rate of 17% (2022: 17%)	(3,635)	(2,862)
Effect of different tax rates in foreign jurisdictions	(1,913)	(503)
Income not subject to tax	(8,818)	(5,918)
Expenses not deductible for tax purposes	12,197	7,653
Under provision in respect of prior years	-	2
Withholding tax	2,957	3,123
	<u>788</u>	<u>1,495</u>

NOTES TO THE FINANCIAL STATEMENTS

26. AMOUNT AVAILABLE FOR DISTRIBUTION

	Group	
	2023 £'000	2022 £'000
Amount available for distribution to unitholders at beginning of the year	10,857	13,364
Loss for the year	(22,170)	(18,332)
Distribution adjustments (Note A)	40,213	41,428
	18,043	23,096
Less: Amount retained for general corporate and working capital ("Retention")	(1,804)	–
Amount available for distribution to unitholders	27,096	36,460
Distribution to unitholders:		
Distribution of GBP 2.80 pence per unit for the period from 1 July 2021 to 31 December 2021	–	(13,342)
Distribution of GBP 2.56 pence per unit for the period from 1 January 2022 to 30 June 2022	–	(12,261)
Distribution of GBP 2.25 pence for the period from 1 July 2022 to 31 December 2022	(10,826)	–
Distribution of GBP 1.74 pence for the period from 1 January 2023 to 30 June 2023	(8,389)	–
	(19,215)	(25,603)
Amount available for distribution to unitholders at end of the year	7,881	10,857
Distribution per Unit before Retention (pence)	3.42	4.81
Distribution per Unit after Retention (pence)	3.07	4.81
Note A		
Distribution adjustments (as defined in the Trust Deed) relate to the following items:		
Amortisation of debt-related upfront fee and transaction costs	999	1,140
Dilapidation settlements, net	(6,323)	–
Fair value (gain)/loss on financial derivative	(416)	441
Gain on disposal of investment properties	(124)	–
Net change in fair value of investment properties	47,827	41,372
Effect of recognising rental income on straight-line basis over the lease term	317	–
Trustee's fee	109	106
Deferred tax credit	(2,169)	(1,630)
Others	(7)	(1)
Distribution adjustments	40,213	41,428

The Manager has included 103,355,000 Preferential Offering Units issued on 18 January 2024 (Note 34) in computing distribution per Unit for the year ended 31 December 2023 on the basis that the Trust will make the distribution for the period from 1 July 2023 to 31 December 2023 to the holders of the Preferential Offering Units.

NOTES TO THE FINANCIAL STATEMENTS

27. LOSS PER UNIT

Basic loss per Unit

The calculation of basic loss per Unit is based on the loss attributable to unitholders and the weighted average number of Units outstanding.

	Group	
	2023 £'000	2022 £'000
Loss for the year attributable to unitholders	(22,170)	(18,332)
Weighted average number of Units:		
– Units issued at the beginning of the year	481,128	476,506
– Effect of Units issued under distribution reinvestment plan	998	2,438
Weighted average number of Units	482,126	478,944

Diluted loss per Unit

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

For the years ended 31 December 2023 and 31 December 2022, the diluted loss per Unit is the same as the basic loss per Unit as the Group has a net loss for the year and any potential Units would be anti-dilutive.

28. SEGMENT INFORMATION

Segment information has not been presented as all the Group's investment properties are commercial properties and are located in the United Kingdom.

29. RELATED PARTY TRANSACTIONS

In the normal course of the operations of the Trust, the Manager's management fee and the Trustee's fee have been paid or are payable to the Manager and Trustee, respectively.

Other than as disclosed elsewhere in the financial statements, there were the following significant related party transactions during the period.

	Group	
	2023 £'000	2022 £'000
Leasing commission paid/payable to the Manager	23	–
Leasing commission paid/payable to a related corporation of the Manager	67	2
Divestment fee paid/payable to the Manager	17	–

30. COMMITMENTS

At the reporting date, the Group had the following commitment:

	Group	
	2023 £'000	2022 £'000
Capital expenditure on investment properties	3,669	7,337

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT

Capital management

The Manager proactively reviews the Group's capital and debt management and financing policy regularly so as to optimise the Group's funding structure. Capital consists of net assets attributable to unitholders. The Manager also monitors the Group's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

The Manager's objectives are to provide unitholders of the Group with regular and stable distributions and to achieve long-term growth in distribution per Unit and net asset value per Unit, while maintaining an appropriate capital structure.

The Manager will endeavour to employ an appropriate mix of debt and equity in financing acquisitions and asset enhancement and will seek to optimise its cost of debt financing, in order to minimise exposure to market volatility and maximise risk-adjusted returns to unitholders.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2022 and 31 December 2023. There were no substantial changes in the Group's approach to capital management during the year.

As at 31 December 2023, the Group's aggregate leverage was 50.0% (2022: 45.8%) with an interest coverage ratio of 3.1 times (2022: 4.6 times).

The aggregate leverage is calculated as gross borrowings divided by total assets. Lease liabilities and right-of-use assets are excluded when deriving gross borrowings and total assets, respectively. The interest coverage ratio is computed based on financial information for the financial years, by dividing earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties and foreign exchange translation) ("EBITDA"), by interest expenses and borrowing related fees (excluding interest expense on lease liabilities). Interest expense on lease liabilities is excluded as it does not reflect the serviceability of loans and does not have any impact on the Group's debt servicing ability.

The Group has complied with the guidelines prescribed under the Property Fund Guidelines of the Code of Collective Investment Scheme issued by Monetary Authority of Singapore ("CIS Code") during both financial periods.

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 and interest rate 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 and notes receivable from a subsidiary.

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.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT (CONT'D)

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% (2022: 99%) of the Group's revenue is derived from leases to the UK Government via various government agencies, which includes The Secretary of State for Housing, Communities and Local Government (with the Department of Works and Pensions ("DWP") occupying each property under a group sharing arrangement).

Expected credit loss assessment

At 31 December 2023 and 31 December 2022, the Group's trade receivables were not past due.

The Group establishes allowances for impairment that represent its estimates of the ECL and specific loss component in respect of its trade receivables. ECL is estimated taking into consideration past due status of the trade receivables, adjusted as appropriate to reflect current condition and estimates of future economic conditions. Based on the assessment, the impairment allowance on trade receivables is negligible.

Other receivables and notes receivable

The Group assesses on a forward-looking basis the expected credit loss associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group considers the amount of the allowance on other receivables to be negligible.

During the financial year ended 31 December 2023, the Trust recorded an impairment loss of £9.1 million (2022: Nil) on notes receivable from a subsidiary as a result of the decline in the values of the underlying assets of the subsidiary.

Derivatives

The derivatives were entered into with banks with sound credit ratings.

Cash and cash equivalents

Cash is placed with financial institutions which are regulated.

At the reporting date, the Group held cash and cash equivalents of £20.8 million (2022: £7.4 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.

Intra-group financial guarantees

As at the reporting date, the Trust has issued a guarantee to certain banks in respect of credit facilities granted to two subsidiaries (Note 11). These guarantees are subject to impairment assessment under IFRS 9. The Trust has assessed that the subsidiaries have sufficient financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses from the guarantees. The Trust's assessment is based on qualitative and quantitative factors that are indicative of the risk of default, including management accounts and cash flow projections.

NOTES TO THE FINANCIAL STATEMENTS

31. 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.

As at 31 December 2023, the Group recorded net current liabilities of £111.7 million, and interest-bearing borrowings of £221.3 million; and generated positive operating cash flows of £44.6 million during the year. Of the interest-bearing borrowings, £125.0 million and £83.5 million are due for repayment in November 2024 and January 2025, respectively. The Manager has assessed the sources of funding available to the Group to re-finance the bank loans as disclosed in Note 2. The Manager has also undertaken a review of the cash flow projections of the Group and believes that the Group has adequate resources to meet its financial obligations as and when they fall due.

The Group is cognisant that its loan agreements require compliance with financial covenants for which the key risks that may affect compliance are those relating to interest coverage ratio and loan-to-valuation ratio. As at the reporting date, the Group has non-current bank loans of £18.7 million (2022: £18.0 million) for which its right to defer settlement of such loans is subject to the Group complying with certain financial covenants within 12 months after the reporting period. Where the Group is unable to meet such covenants at the prescribed covenant testing dates, such loans will become repayable within the next 12 months.

The Group has contractual commitments to incur capital expenditure on its investment properties (see Note 30).

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount £'000	Contractual cash flows £'000	Within 1 year £'000	After 1 year but within 5 years £'000	More than 5 years £'000
Group					
31 December 2023					
Non-derivative financial liabilities					
Loans and borrowings	(220,312)	(234,584)	(138,395)	(96,189)	–
Lease liabilities	(1,229)	(2,637)	(46)	(183)	(2,408)
Trade and other payables [^]	(3,472)	(3,472)	(3,472)	–	–
	<u>(225,013)</u>	<u>(240,693)</u>	<u>(141,913)</u>	<u>(96,372)</u>	<u>(2,408)</u>
Derivative financial instruments					
Financial derivatives	483	823	770	53	–
	<u>(224,530)</u>	<u>(239,870)</u>	<u>(141,143)</u>	<u>(96,319)</u>	<u>(2,408)</u>
31 December 2022					
Non-derivative financial liabilities					
Loans and borrowings	(220,270)	(236,898)	(14,631)	(222,267)	–
Lease liabilities	(1,236)	(2,683)	(46)	(183)	(2,454)
Trade and other payables [^]	(3,111)	(3,111)	(3,111)	–	–
	<u>(224,617)</u>	<u>(242,692)</u>	<u>(17,788)</u>	<u>(222,450)</u>	<u>(2,454)</u>
Derivative financial instruments					
Financial derivatives	67	(3,278)	(1,625)	(1,653)	–
	<u>(224,550)</u>	<u>(245,970)</u>	<u>(19,413)</u>	<u>(224,103)</u>	<u>(2,454)</u>

[^] Excluding VAT payables

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT (CONT'D)

	Carrying amount £'000	Contractual cash flows £'000	Within 1 year £'000	After 1 year but within 5 years £'000	More than 5 years £'000
Trust					
31 December 2023					
Non-derivative financial liabilities					
Loans and borrowings	(11,165)	(13,042)	(766)	(12,276)	–
Trade and other payables	(650)	(650)	(650)	–	–
Financial guarantees*	–	(83,515)	(83,515)	–	–
	<u>(11,815)</u>	<u>(97,207)</u>	<u>(84,931)</u>	<u>(12,276)</u>	<u>–</u>
31 December 2022					
Non-derivative financial liabilities					
Trade and other payables	(265)	(265)	(265)	–	–
Financial guarantees*	–	(94,000)	(94,000)	–	–
	<u>(265)</u>	<u>(94,265)</u>	<u>(94,265)</u>	<u>–</u>	<u>–</u>

[^] Excluding VAT payables

* As at 31 December 2023 and 31 December 2022, the maximum exposure of the Trust in respect of the intragroup financial guarantee (Note 11) based on facilities drawn down by the subsidiaries is £83.5 million (2022: £94.0 million). The Trust does not consider it probable that a claim will be made against the Trust under the intra-group financial guarantee as the assets of the subsidiary are pledged as security for the credit facilities.

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.

At the reporting date, 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 six months, or when notified by banks. The fixed rate borrowings cover a tenor of 5 years and mature in 2024.

As at 31 December 2023, the Group entered into interest rate swaps with a total notional amount of £77.0 million (2022: £90.0 million) whereby the Group agreed with the counterparties to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to the agreed notional principal amounts of secured term loans. Under the interest rate swap contracts, the Group receives floating interest on the principal amount and pays fixed interest.

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'interest rate benchmark reform'). The Group had exposures to IBORs on its financial instruments that were replaced or reformed as part of these market-wide initiatives.

Non-derivative financial liabilities

Historically, the Group's IBOR exposures to non-derivative financial liabilities included secured bank loans indexed to the GBP LIBOR. The Group had modified its non-derivative financial liabilities previously indexed to GBP LIBOR to reference GBP SONIA during the year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT (CONT'D)*Exposure to interest rate risk*

At the reporting date, the interest rate profile of interest-bearing financial instruments, as reported to the management, was as follows:

	Group		Trust	
	Nominal amount		Nominal amount	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Fixed rate instruments				
Financial assets	–	–	201,133	201,133
Financial liabilities	(62,500)	(62,500)	–	–
Effect of interest rate swaps	(77,000)	(90,000)	–	–
	(139,500)	(152,500)	201,133	201,133
Variable rate instruments				
Financial liabilities	(158,815)	(159,700)	(11,200)	–
Effect of interest rate swaps	77,000	90,000	–	–
	(81,815)	(69,700)	(11,200)	–

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at FVTPL. The derivatives (interest rate swaps) were however dealt with at FVTPL, but not as hedging instruments under any accounting hedges. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect the statement of comprehensive income.

Cash flow sensitivity analysis for variable rate instruments

A 100 basis point ("bp")* movement in interest rate at the reporting date would increase/(decrease) profit or loss (before any tax effect) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

* 100 basis point is equivalent to 1 percentage point

	2023		2022	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	£'000	£'000	£'000	£'000
Group				
Variable rate instruments	(1,588)	1,588	(1,597)	1,597
Interest rate swaps	770	(770)	900	(900)
Cash flow sensitivity (net)	(818)	818	(697)	697
Trust				
Variable rate instruments	(112)	112	–	–
Cash flow sensitivity (net)	(112)	112	–	–

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The fair value disclosure of lease liabilities is also not required.

	Carrying amount				Fair value			
	Financial assets at amortised cost £'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 2023								
Financial asset measured at fair value								
Financial derivatives	–	483	–	483	–	483	–	483
Financial assets not measured at fair value								
Trade and other receivables*	2,368	–	–	2,368				
Cash and cash equivalents	20,816	–	–	20,816				
	23,184	–	–	23,184				
Financial liabilities not measured at fair value								
Trade and other payables^	–	–	(3,472)	(3,472)				
Loans and borrowings	–	–	(220,312)	(220,312)	–	(207,993)	–	(207,993)
	–	–	(223,784)	(223,784)				
31 December 2022								
Financial asset measured at fair value								
Financial derivatives	–	67	–	67	–	67	–	67
Financial assets not measured at fair value								
Trade and other receivables*	11,307	–	–	11,307				
Cash and cash equivalents	7,444	–	–	7,444				
	18,751	–	–	18,751				
Financial liabilities not measured at fair value								
Trade and other payables^	–	–	(3,111)	(3,111)				
Loans and borrowings	–	–	(220,270)	(220,270)	–	(208,429)	–	(208,429)
	–	–	(223,381)	(223,381)				

* Excluding VAT & GST receivables, prepayments and tax receivables

^ Excluding VAT payables

NOTES TO THE FINANCIAL STATEMENTS

31. 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 2023								
Financial asset measured at fair value								
Notes receivable	192,029	–	–	192,029	–	177,515	–	177,515
Trade and other receivables*	27,041	–	–	27,041				
Cash and cash equivalents	442	–	–	442				
	<u>219,512</u>	<u>–</u>	<u>–</u>	<u>219,512</u>				
Financial liabilities not measured at fair value								
Trade and other payables	–	–	(650)	(650)				
Loans and borrowings	–	–	(11,165)	(11,165)	–	(11,165)	–	(11,165)
	<u>–</u>	<u>–</u>	<u>(11,815)</u>	<u>(11,815)</u>				
31 December 2022								
Financial asset measured at fair value								
Notes receivable	201,133	–	–	201,133	–	189,830	–	189,830
Trade and other receivables*	7,501	–	–	7,501				
Cash and cash equivalents	2,028	–	–	2,028				
	<u>210,662</u>	<u>–</u>	<u>–</u>	<u>210,662</u>				
Financial liabilities not measured at fair value								
Trade and other payables	–	–	(265)	(265)				

* Excluding prepayments, tax receivables and VAT & GST receivables

Measurement of fair values**(i) Valuation techniques**

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

Type	Valuation technique and significant unobservable inputs
Loans and borrowings, and Notes receivable	Discounted cash flows: The fair value is based on present value of future payments, discounted at the market rate of interest at the measurement date.
Financial derivatives – interest rate swaps	Market comparison technique: The fair values are based on bank quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

NOTES TO THE FINANCIAL STATEMENTS

32. LEASES

Leases as lessee

Some of the investment properties of the Group are under operating leases. The leases run for periods with expiry between 2077 and 2086. Lease payments are re-negotiated every five years, and there is an option to renew the leases after the expiry date, for a further term of 26 years.

Information about leases for which the Group are lessees is presented as below:

Right-of-use ("ROU") assets

ROU assets relate to the Group's investment properties and are presented as investment properties.

Amounts recognised in statement of comprehensive income

Interest on lease liabilities of £38,000 (2022: £38,000) was recognised in the statement of comprehensive income during the year.

Amounts recognised in statement of cash flows

	Group	
	2023 £'000	2022 £'000
Payment of lease liabilities	(7)	(8)
Interest expense	(38)	(38)
Total cash outflow for leases	(45)	(46)

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 2023 was £37.6 million (2022: £36.8 million).

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

	Group	
	2023 £'000	2022 £'000
Less than one year	37,352	33,692
One to two years	37,130	31,977
Two to three years	37,130	31,908
Three to four years	37,130	31,908
Four to five years	9,839	31,908
More than five years	504	8,463
	159,085	169,856

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL RATIOS

	2023	2022
Expenses to weighted average net assets ⁽¹⁾	1.32%	1.36%
Portfolio turnover ratio ⁽²⁾	–	–

⁽¹⁾ The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to the expenses of the Group, excluding property expenses, interest expense, foreign exchange gains and losses, Unit issue costs and income tax expense of the Group. There is no performance component in the Manager's management fee during the period.

⁽²⁾ The annualised ratios are computed in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio is based on the lower of the total value of purchases or sales of underlying investment properties of the Group expressed as a percentage of average daily net asset value.

34. SUBSEQUENT EVENTS

Subsequent to the reporting date, there were the following key events:

- a) On 18 December 2023, the Manager launched a preferential offering of new units ("Preferential Offering Units") in the Trust to raise gross proceeds of approximately £28.0 million by way of a fully underwritten pro rata and non-renounceable preferential offering of 103,355,000 new Units on the basis of 214 Preferential Offering Units for every 1,000 existing Units at an issue price of £0.27 per Preferential Offering Unit. The Preferential Offering Units were fully subscribed, issued and listed on the Mainboard of SGX-ST on 18 January 2024. Following the Preferential Offering, the total number of Units in issue increased to 586,321,000.

The Preferential Offering Units issued rank pari passu in all respects with the existing Units in issue on the day immediately prior to the date on which the Preferential Offering Units were issued, including the right to any distributions out of the Group's distributable income from the date of issuance, as well as all distributions thereafter.

- b) The Group repaid bank loans of £30.2 million using proceeds from the Preferential Offering and existing cash resources.
- c) On 1 March 2024, the Group obtained a committed offer for debt facilities of up to £135.0 million from a group of financial institutions, to refinance its existing bank loans which are due for repayment within twelve months subsequent to year end. The facilities comprise a 3.25-year term loan facility of up to £100.0 million and a revolving credit facility of up to £35.0 million.

STATISTICS OF UNITHOLDINGS

As at 13 March 2024

ISSUED AND FULLY PAID UNITS

Issued and Fully Paid-Up Units: 586,320,534 units (voting rights: one vote per unit)

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

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 – 99	25	0.69	1,134	0.00
100 – 1,000	942	25.94	913,319	0.15
1,001 – 10,000	1,896	52.22	6,841,477	1.17
10,001 – 1,000,000	746	20.54	41,211,643	7.03
1,000,001 and above	22	0.61	537,352,961	91.65
Total	3,631	100.00	586,320,534	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	Number of Units	%
1.	DBSN Services Pte. Ltd.	136,431,683	23.27
2.	Citibank Nominees Singapore Pte. Ltd.	125,979,330	21.49
3.	DBS Nominees (Private) Limited	79,087,527	13.49
4.	DB Nominees (Singapore) Pte. Ltd.	51,008,403	8.70
5.	CGS-CIMB Securities (Singapore) Pte. Ltd.	33,836,158	5.77
6.	Sunway RE Capital Pte. Ltd.	32,462,867	5.54
7.	Raffles Nominees (Pte.) Limited	21,392,471	3.65
8.	OCBC Securities Private Limited	7,919,783	1.35
9.	ABN AMRO Clearing Bank N.V.	6,456,962	1.10
10.	HSBC (Singapore) Nominees Pte. Ltd.	6,304,219	1.08
11.	Phillip Securities Pte. Ltd.	5,894,346	1.01
12.	United Overseas Bank Nominees (Private) Limited	5,564,080	0.95
13.	BNP Paribas Nominees Singapore Pte. Ltd.	4,674,442	0.80
14.	UOB Kay Hian Private Limited	4,628,574	0.79
15.	Morgan Stanley Asia (Singapore) Securities Pte. Ltd.	2,910,086	0.50
16.	Maybank Securities Pte. Ltd.	2,660,197	0.45
17.	Chin Phak Lin	2,590,063	0.44
18.	BPSS Nominees Singapore (Pte.) Ltd.	2,493,942	0.43
19.	Tan Kim Seng	1,596,782	0.27
20.	iFast Financial Pte. Ltd.	1,166,930	0.20
Total		535,058,845	91.28

STATISTICS OF UNITHOLDINGS

As at 13 March 2024

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 13 MARCH 2024

(As recorded in the Register of Substantial Unitholders' Unitholdings)

Name of Substantial Unitholders	No. of Units Direct Interest	No. of Units Deemed Interest
Ho Lee Group Trust	44,729,446	-
Tan Hai Peng Micheal	183,361	55,353,843 ⁽¹⁾
Tan Hai Seng Benjamin	-	55,078,750 ⁽²⁾
Tan Yong Hiang Priscilla	-	44,729,446 ⁽³⁾
Seow Whye Pheng	-	44,729,446 ⁽³⁾
Seow Hywe Min	-	44,729,446 ⁽³⁾
Seow Whye Teck	-	44,729,446 ⁽³⁾
Seow Hwey Tiong	-	44,729,446 ⁽³⁾
Sunway RE Capital Pte. Ltd.	65,490,908	-
Sunway City Sdn. Bhd.	-	65,490,908 ⁽⁴⁾
Sunway Berhad	-	65,490,908 ⁽⁴⁾
Sungei Way Corporation Sdn. Bhd.	-	65,490,908 ⁽⁴⁾
Active Equity Sdn. Bhd.	-	65,490,908 ⁽⁴⁾
Tan Sri Sir Dr Jeffrey Cheah Fook Ling KBE AO	-	65,490,908 ⁽⁴⁾
Partner Reinsurance Asia Pte. Ltd.	34,813,235	-
Partner Reinsurance Company Ltd.	46,614,861	-
Partner Reinsurance Europe SE	50,988,000	-
PartnerRe Holdings SA	-	50,988,000 ⁽⁵⁾
PartnerRe Holdings Europe Limited	-	50,988,000 ⁽⁵⁾
PartnerRe Ltd.	-	132,416,096 ⁽⁵⁾
Covéa Cooperations S.A.	-	132,416,096 ⁽⁶⁾
Covéa	-	132,416,096 ⁽⁶⁾
MMA IARD Assurances Mutuelles	-	132,416,096 ⁽⁶⁾
MMA Vie Assurances Mutuelles	-	132,416,096 ⁽⁶⁾
AM-GMF	-	132,416,096 ⁽⁶⁾
MAAF Assurances	-	132,416,096 ⁽⁶⁾
MMAF Santé	-	132,416,096 ⁽⁶⁾

Notes:

- (1) Tan Hai Peng Micheal ("**Micheal**") holds 46.62% of the share capital of Teck Lee Holdings Pte. Ltd. ("**TLH**"). TLH holds 82.48% 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 6,518,495 units in Elite Commercial REIT ("**Units**"). EPH holds 68% of the share capital of Elite Commercial REIT Management Pte. Ltd. (the "**Manager**"), which holds 3,830,809 Units. Therefore, Micheal is deemed to be interested in 10,349,304 Units held by EPH and the Manager.
- Ho Lee Group Trust ("**HLGT**") holds 44,729,446 Units. Micheal is a beneficiary of HLGT, and therefore is deemed to be interested in the 44,729,446 Units held by HLGT.
- Micheal is also deemed interested in the 275,093 Units held by his wife, Kan Phui Lin.
- (2) Mr Tan Hai Seng Benjamin holds 46.62% of the share capital of TLH. TLH holds 82.48% of the share capital of HLG. HLG holds 50% of the share capital of EPH, which holds 6,518,495 Units. EPH holds 68% of the share capital of the Manager, which holds 3,830,809 Units. Therefore, Tan Hai Seng Benjamin is deemed to be interested in 10,349,304 Units held by EPH and the Manager.
- HLGT holds 44,729,446 Units. Tan Hai Seng Benjamin is deemed to be interested in the 44,729,446 Units held by HLGT.
- (3) Tan Yong Hiang Priscilla, Seow Whye Pheng, Seow Hwey Min, Seow Whye Teck and Seow Hwey Tiong are beneficiaries of HLGT. Accordingly, each of Tan Yong Hiang Priscilla, Seow Whye Pheng, Seow Hwey Min, Seow Whye Teck and Seow Hwey Tiong are deemed to be interested in the Units held by HLGT.
- (4) Sunway RE Capital Pte. Ltd. ("**Sunway RE**") is 100% owned by Sunway City Sdn. Bhd. ("**SCSB**"). SCSB is 100% owned by Sunway Berhad. Sungei Way Corporation Sdn. Bhd. ("**SWCSB**") holds 62.54% interest in Sunway Berhad. SWCSB is 100% owned by Active Equity Sdn. Bhd. ("**AESB**"). Tan Sri Sir Dr Jeffrey Cheah Fook Ling KBE AO holds 60% direct interest in AESB.
- SCSB, Sunway Berhad, SWCSB, AESB and Tan Sri Sir Dr Jeffrey Cheah Fook Ling KBE AO are therefore deemed interested in the Units held by Sunway RE by virtue of Section 4 of the Securities and Futures Act 2001 of Singapore.

STATISTICS OF UNITHOLDINGS

As at 13 March 2024

- (5) Partner Reinsurance Company Ltd. ("**PRCL**") and Partner Reinsurance Asia Pte. Ltd. ("**PRA**") hold 46,614,861 and 34,813,235 Units, respectively. PRCL and PRA are wholly-owned subsidiaries of PartnerRe Ltd. ("**PR**").
Partner Reinsurance Europe SE is wholly-owned by PartnerRe Holdings SA ("**PRH**"). PRH is wholly owned by PartnerRe Holdings Europe Limited ("**PRHE**"). PRHE is wholly owned by PR.
- (6) Covéa Cooperations S.A. ("**Covéa Cooperations**") owns 100% PR. Covéa is the ultimate holding company of Covéa Cooperations through the following entities:
- (a) MMA IARD Assurances Mutuelles holds 21.528% of the voting rights of Covéa Cooperations and, together with MMA Vie Assurances Mutuelles (with which it acts in concert), holds 33.3% of the voting rights of Covéa Cooperations.
- (b) MMA Vie Assurances Mutuelles holds 11.805% of the voting rights of Covéa Cooperations and, together with MMA IARD Assurances Mutuelles (with which it acts in concert), holds 33.3% of the voting rights of Covéa Cooperations.
- (c) AM-GMF holds 33.3% of the voting rights of Covéa Cooperations.
- (d) MAAF Santé holds 0.173% of the voting rights of Covéa Cooperations and, together with MAAF Assurances (with which it acts in concert), holds 33.3% of the voting rights of Covéa Cooperations.
- (e) MAAF Assurances holds 33.161% of the voting rights of Covéa Cooperations and, together with MAAF Santé (with which it acts in concert), holds 33.3% of the voting rights of Covéa Cooperations.

UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 13 MARCH 2024

(As recorded in the Register of Substantial Unitholders' Unitholdings)

Name of Substantial Unitholders	No. of Units Direct Interest	No. of Units Deemed Interest
David Lim Teck Leong	733,177	-
Tan Hai Peng Micheal	183,361	55,353,843 ⁽¹⁾
Victor Song Chern Chean	-	10,349,304 ⁽²⁾
Tan Dah Ching	43,181	1,112,371 ⁽³⁾
Yezdi Phiroze Chinoy	30,489	-
Nicholas David Ashmore	-	-
Koo Tsai Kee	-	-
Tan Huay Lim	-	-
Sarena Cheah Yean Tih	-	-

Notes:

- (1) Tan Hai Peng Micheal ("**Micheal**") holds 46.625% of the share capital of Teck Lee Holdings Pte. Ltd. ("**TLH**"). TLH holds 81.25% of the share capital of Ho Lee Group Pte. Ltd. ("**HLG**"). HLG holds 50% of the share capital of Elite Partners Holdings Pte. Ltd. ("**EPH**"), which holds 6,518,495 units in Elite Commercial REIT ("**Units**"). EPH holds 68% of the share capital of the Manager, which holds 3,830,809 Units. Therefore, Micheal is deemed to be interested in 10,349,304 Units held by EPH and the Manager.
Ho Lee Group Trust holds 44,729,446 Units. Micheal is a beneficiary of HLGT, and therefore is deemed to be interested in the 44,729,446 Units held by HLGT.
Micheal is also deemed interested in the 275,093 Units held by his wife, Kan Phui Lin.
- (2) Victor Song Chern Chean holds 22.5% of the share capital of EPH, which holds 6,518,495 Units. EPH holds 68% of the share capital of the Manager, which holds 3,830,809 Units. Therefore, Victor Song Chern Chean is deemed to be interested in 10,349,304 Units held by EPH and the Manager.
- (3) Tan Dah Ching holds 50% of the share capital of Jin Leng Investments Pte. Ltd. ("**JLI**"), which holds 1,112,371 Units. Therefore, Tan Dah Ching is deemed to be interested in 1,112,371 Units held by JLI.

FREE FLOAT

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

Based on information available to the Manager as at 13 March 2024, approximately 56.6% of the Units in Elite Commercial REIT are held in public hands. Accordingly, Rule 723 of the SGX-ST Listing Manual has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

ELITE COMMERCIAL REIT

(a real estate investment trust constituted on 7 June 2018
under the laws of the Republic of Singapore)
(Managed by Elite Commercial REIT Management Pte. Ltd.)

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**" or "**Meeting**") of the holders of units of Elite Commercial REIT (the "**Unitholders**") will be convened and held in a wholly physical format at Suntec Singapore Convention & Exhibition Centre, Nicoll 3 (Level 3), 1 Raffles Boulevard, Singapore 039593 on Monday, 29 April 2024 at 4.00 p.m. (Singapore time) 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 2023 together with the Auditors' Report thereon. (Ordinary Resolution 1)
2. To re-appoint KPMG LLP as Auditors of Elite Commercial REIT and to hold office until the conclusion of the next AGM and to authorise the Manager to fix their remuneration. (Ordinary Resolution 2)

(B) AS SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without any modifications, the following resolution as an Ordinary Resolution:

3. **GENERAL MANDATE FOR THE ISSUE OF NEW UNITS AND/OR CONVERTIBLE SECURITIES** (Ordinary Resolution 3)

That authority be given to the Manager to:

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

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

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

provided that:

 - (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to existing Unitholders (including Units to be issued in pursuance of Instruments to be made or granted pursuant to this Resolution) shall not exceed twenty per cent (20.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

- (2) subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST"), for the purpose of determining the aggregate number of Units and Instruments that may be issued under sub-paragraph (1) above, the total number of issued Units and Instruments shall be based on the total number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:
 - (a) any new Units arising from the conversion or exercise of the Instruments; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed constituting Elite Commercial REIT (as amended) ("**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) unless revoked or varied by Unitholders in a general meeting of Elite Commercial REIT, the authority conferred by this Resolution shall continue in force (i) until (a) the conclusion of the next AGM of Elite Commercial REIT or (b) the date by which the next AGM of Elite Commercial REIT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier or (ii) in the case of Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Elite Commercial REIT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note)

BY ORDER OF THE BOARD

Elite Commercial REIT Management Pte. Ltd.

(as manager of Elite Commercial REIT)

(Company Registration No. 201925309R)

Josephine Toh

Company Secretary

Singapore

12 April 2024

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note:

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of the Unitholders of Elite Commercial REIT, or (ii) the date by which the next AGM of the Unitholders of Elite Commercial REIT is required by the applicable laws and regulations or the Trust Deed to be held, or (iii) such authority is varied or revoked by the Unitholders in a general meeting, whichever is the earliest, to issue Units, make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any), with a sub-limit of twenty per cent (20.0%) for issues other than on a *pro rata* basis to Unitholders.

For the purpose of determining the aggregate number of Units that may be issued, the total number of issued Units will be calculated based on the total number of issued Units (excluding treasury Units, if any) at the time this Ordinary Resolution is passed, after adjusting for new Units arising from the conversion and any subsequent bonus issue, consolidation or subdivision of Units.

Important Notice:

1. A Unitholder who is not a relevant intermediary (as defined in paragraph 2 below) and entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his/her/its stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its unitholding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary and entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form.

“**Relevant intermediary**” means:

- (i) a banking corporation licensed under the Banking Act 1970 or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds Units in that capacity; or
 - (iii) (if applicable) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act 1953, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The AGM will be held in a wholly physical format at Suntec Singapore Convention & Exhibition Centre, Nicoll 3 (Level 3), 1 Raffles Boulevard, Singapore 039593. **There will be no option for Unitholders to participate virtually.** Printed copies of this Notice of AGM will be sent to Unitholders. This Notice of AGM will also be made available on Elite Commercial REIT’s website at the URL https://investor.elitecreit.com/agm_egm.html and on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

4. Arrangements for conduct of the AGM

Arrangements relating to the conduct of the AGM, including:

- (a) attending the AGM in person;
- (b) submitting questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM or at the AGM itself; and/or
- (c) voting at the AGM by the Unitholder (a) in person or (b) by his/her/its duly appointed proxy(ies),

are set out in this Notice of AGM. Any reference to a time of day is made by reference to Singapore time. The Notice of AGM may be accessed at Elite Commercial REIT's website at the URL https://investor.elitecreit.com/agm_egm.html, and will also be made available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

Unitholders, including SRS investors, or, where applicable, their appointed proxy(ies) who will be attending the AGM in person should bring along their NRIC/passport so as to enable the verification of their identity on the day of the AGM.

5. Question and answer and AGM minutes

Unitholders, including SRS investors, or, where applicable, their appointed proxy(ies) will be able to submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, at the AGM.

Unitholders, including SRS investors, may also submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM. To do so, all questions must be submitted in the following manner by **4.00 p.m. (Singapore time) on Saturday, 20 April 2024**:

- (a) if submitted by post, be deposited at the office of the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
- (b) if submitted electronically, via email to the Manager at EliteREIT@boardroomlimited.com.

Unitholders, including SRS investors, who submit questions by post to the Unit Registrar or via email to the Manager must provide the following information:

- (1) the Unitholder's full name;
- (2) the Unitholder's address; and
- (3) the manner in which the Unitholder holds Units in Elite Commercial REIT (e.g., via CDP or SRS).

Unitholders are strongly encouraged to submit their questions via email.

The Manager will endeavour to address all substantial and relevant questions received by it in the manner set out above, prior to or during the AGM. Where substantially similar questions are received, the Manager will consolidate such questions and consequently not all questions may be individually addressed.

The Manager will publish the minutes of the AGM on Elite Commercial REIT's website and on SGXNET within one month from the date of the AGM, and the minutes will include the responses to the substantial and relevant questions received from Unitholders which are addressed during the AGM.

NOTICE OF ANNUAL GENERAL MEETING

6. Voting, or appointing proxy(ies) to vote, at the AGM

A Unitholder who wishes to exercise his/her/its voting rights at the AGM may: (a) vote at the AGM in person or (b) appoint proxy(ies) to vote on his/her/its behalf at the AGM.

A Unitholder who wishes to submit an instrument appointing proxy(ies) must complete the accompanying proxy form ("Proxy Form"), before submitting it in the manner set out below. Printed copies of the Proxy Form will be sent to Unitholders. The Proxy Form may also be accessed at Elite Commercial REIT's website at the URL https://investor.elitecreit.com/agm_egm.html, and will also be made available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

Where a Unitholder appoints proxy(ies), he/she/it may give specific instructions as to voting, or abstentions from voting, in respect of the resolutions in the Proxy Form, failing which the proxy(ies) will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the AGM.

7. The Proxy Form must be submitted to the Manager c/o Elite Commercial REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

- (a) if submitted by post, by completing and signing the Proxy Form, and lodging the same at the Unit Registrar's office at **Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632**; or
- (b) if submitted electronically, by completing and signing the Proxy Form, and attaching and sending a clear PDF copy of the same via email to the Unit Registrar at EliteREIT@boardroomlimited.com.

in either case, by **4.00 p.m. (Singapore time) on Friday, 26 April 2024**, being 72 hours before the time fixed for holding the AGM.

8. Relevant intermediaries

Persons who hold Units through relevant intermediaries, other than SRS investors, and who wish to participate in the AGM should contact the relevant intermediary through which they hold such Units as soon as possible. Persons who hold Units through relevant intermediaries, other than SRS investors, may (i) vote at the AGM if they are appointed as proxies by their respective relevant intermediaries; or (ii) specify their voting instructions to their respective SRS Operators / arrange for their votes to be submitted with their respective relevant intermediaries, and should contact their respective relevant intermediaries as soon as possible in order for the necessary arrangements to be made.

In addition, SRS investors may (a) vote at the AGM if they are appointed as proxies by their respective SRS Operators, and should contact their respective SRS Operators if they have any queries regarding their appointment as proxies; or (b) specify their voting instructions to their respective SRS Operators / arrange for their votes to be submitted with their respective SRS Operators, and should approach their respective SRS Operators by **4.00 p.m. (Singapore time) on Wednesday, 17 April 2024**, being at least seven working days before the date of the AGM, to ensure their votes are submitted.

9. The Annual Report has been uploaded on SGXNET on 12 April 2024 at the URL <https://www.sgx.com/securities/company-announcements> and may be accessed at Elite Commercial REIT's website at the URL <https://investor.elitecreit.com/ar.html>. Printed copies of the Annual Report will not be sent to Unitholders unless requested for by a Unitholder submitting a request via email to Elite Commercial REIT's Unit Registrar at EliteREIT@boardroomlimited.com. The following information must be provided:

- (a) the Unitholder's full name; and
- (b) the Unitholder's address

which should reach the Unit Registrar by **4.00 p.m. (Singapore time) on Friday, 19 April 2024**.

A printed copy of the Annual Report will then be sent to the address specified by the Unitholder at his/her/its own risk.

10. **Important reminder:**

Unitholders should check Elite Commercial REIT's website at the URL https://investor.elitecreit.com/agm_egm.html and SGXNET at the URL <https://www.sgx.com/securities/company-announcements> for the latest updates on the status of the AGM.

Personal Data Privacy:

By either (a) attending the AGM or (b) submitting an instrument appointing proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof; and/or (c) submitting any question in advance of, or at, the AGM, a Unitholder:

- (i) consents to the collection, use and disclosure of the Unitholder's personal data by Elite Commercial REIT, the Manager and the Trustee (or their respective agents or service providers) for the following purposes:
 - (1) the processing, administration and analysis by Elite Commercial REIT, the Manager and the Trustee (or their respective agents or service providers) of instruments appointing proxy(ies) for the AGM (including any adjournment thereof);
 - (2) the addressing of questions received from Unitholders in advance of or at the AGM and, if necessary, the following up with the relevant Unitholders in relation to such questions;
 - (3) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
 - (4) in order for Elite Commercial REIT, the Manager and the Trustee (or their respective agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines,
 (collectively, the "**Purposes**");
- (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to Elite Commercial REIT, the Manager and the Trustee (or their respective agents or service providers), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by Elite Commercial REIT, the Manager and the Trustee (or their respective agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes;
- (iii) agrees to provide the Manager and the Trustee with written evidence of such prior consent upon reasonable request;
- (iv) agrees that the Unitholder will indemnify Elite Commercial REIT, the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty; and
- (v) agrees and consents to such photographic, sound and/or video recordings of the AGM as may be made by Elite Commercial REIT, the Manager and the Trustee (or their respective agents or service providers) for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of the Unitholder (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she may propose/second) may be recorded by Elite Commercial REIT, the Manager and the Trustee (or their respective agents or service providers) for such purpose.

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Proxy Form

ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

ELITE COMMERCIAL REIT

(a real estate investment trust constituted on 7 June 2018 under the laws of the Republic of Singapore)

Note

This instrument appointing proxy(ies) ("Proxy Form") has been made available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements> and may be accessed at Elite Commercial REIT's website at the URL https://investor.elitecreit.com/aggm_egm.html. Printed copies of this Proxy Form will be sent to unitholders of Elite Commercial REIT ("Unitholders").

Personal data privacy

By submitting an instrument appointing a proxy(ies), Unitholders accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2024 ("Notice of AGM").

IMPORTANT

- The Annual General Meeting ("AGM") will be held in a wholly physical format at Suntec Singapore Convention & Exhibition Centre, Nicoll 3 (Level 3), 1 Raffles Boulevard, Singapore 039593. **There will be no option for Unitholders to participate virtually.** The Notice of AGM and the Proxy Form will be available through electronic means via publication on Elite Commercial REIT's website at the URL https://investor.elitecreit.com/aggm_egm.html and on the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of the Notice of AGM and the Proxy Form will be sent to Unitholders. However, printed copies of the Annual Report 2023 will **not** be sent to Unitholders. Any Unitholder who wishes to receive printed copies of the Annual Report 2023 should submit his/her/its request via email to the Unit Registrar. **Please refer to the Notice of AGM for details of the arrangements relating to the conduct of the AGM.**
- This Proxy Form is for use by Unitholders wishing to appoint a proxy(ies) for the AGM. Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies).
- This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by investors holding Units through a relevant intermediary and SRS investors who hold Units through SRS Operators. Unitholders holding Units through relevant intermediaries who wish to participate / vote in the AGM should contact their respective relevant intermediary as soon as possible in order for the necessary arrangements to be made for their participation in the AGM. SRS investors (a) may vote at the AGM if they are appointed as proxies by their respective SRS Operators, and should contact their respective SRS Operators as soon as practicable if they have any queries regarding their appointment as proxies; or (b) may specify their voting instructions to their respective SRS Operators / arrange for their votes to be submitted with their respective SRS Operators, and should approach their respective SRS Operators by **4.00 p.m. (Singapore time) on Wednesday, 17 April 2024**, being seven (7) working days before the date of the AGM, to ensure their votes are submitted.
- Capitalised terms not otherwise defined herein shall have the meanings ascribed to them in the Notice of AGM.

I/We, _____ (Name)

_____ (NRIC/Passport Number/Company Registration Number)

of _____ (Address)

being a Unitholder/Unitholders of Elite Commercial REIT, hereby appoint the following person(s):

Name	NRIC/Passport No.	Email Address	Proportion of Unitholdings	
			No. of Units	%
Address				

* and/or

Name	NRIC/Passport No.	Email Address	Proportion of Unitholdings	
			No. of Units	%
Address				

Or, both of whom failing, the **Chairman of the AGM**, as *my/our proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the AGM of Elite Commercial REIT to be held in a wholly physical format at Suntec Singapore Convention & Exhibition Centre, Nicoll 3 (Level 3), 1 Raffles Boulevard, Singapore 039593, on **Monday, 29 April 2024 at 4.00 p.m. (Singapore time)** and at any adjournment thereof.

*I/We direct *my/our proxy/proxies to vote for or against, or abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, or in the event of any other matter arising at the AGM and at any adjournment thereof, *my/our *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

No.	Ordinary Resolutions	For**	Against**	Abstain**
ORDINARY BUSINESS				
1.	To receive and adopt the Report of the Trustee, the Statement by the Manager, and the Audited Financial Statements of Elite Commercial REIT for the financial year ended 31 December 2023 together with the Auditors' Report thereon.			
2.	To re-appoint KPMG LLP as Auditors of Elite Commercial REIT and to hold office until the conclusion of the next AGM and to authorise the Manager to fix their remuneration.			
SPECIAL BUSINESS				
3.	To authorise the Manager to issue new Units and to make or grant convertible instruments.			

* Delete where inapplicable

** Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the resolutions, please tick (✓) within the "For" or "Against" box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the resolutions, please indicate the number of votes "For" or "Against" in the relevant boxes provided. If you wish your proxy(ies) to abstain from voting on the resolutions, please tick (✓) within the "Abstain" box provided. Alternatively, please indicate the number of Units that your proxy(ies) is directed to vote "For" or "Against", or "Abstain" in the relevant boxes provided.

Dated this _____ day of _____ 2024

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

Total Number of Units Held

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM ON REVERSE PAGE

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

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



Postage will be
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For posting in
Singapore only.

BUSINESS REPLY SERVICE
PERMIT NO. 09568



ELITE COMMERCIAL REIT MANAGEMENT PTE. LTD.

(as manager of Elite Commercial REIT)

c/o Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue,
#14-07 Keppel Bay Tower,
Singapore 098632

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IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to the Proxy Form:

1. A Unitholder who is not a relevant intermediary (as defined herein) is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such Unitholder's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the unitholding concerned to be represented by each proxy shall be specified in the instrument appointing a proxy(ies).
2. A Unitholder who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different unit in Elite Commercial REIT ("Unit") or Units held by such Unitholder. Where such Unitholder's instrument appointing a proxy(ies) appoints more than two proxies, the number of Units held in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy(ies).
"Relevant intermediary" means:
 - (i) a banking corporation licensed under the Banking Act 1970, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds Units in that capacity; or
 - (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. This Proxy Form may be accessed at Elite Commercial REIT's website at the URL https://investor.elitecreit.com/agm_egm.html, and will also be made available on the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements>. Where a Unitholder appoints proxy(ies), he/she/it may give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the proxy(ies) will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the AGM and at any adjournment thereof.
4. A proxy need not be a Unitholder.
5. A Unitholder who wishes to submit an instrument of proxy must do so in the following manner:
 - (a) if submitted by post, by completing and signing the Proxy Form, before lodging it at the office of Elite Commercial REIT's Unit Registrar's office at **Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632**; or
 - (b) if submitted electronically via email, by completing and signing the Proxy Form, before attaching and sending a clear PDF copy of the same via email to Elite Commercial REIT's Unit Registrar at EliteREIT@boardroomlimited.com,in either case, by **4.00 p.m. (Singapore time) on Friday, 26 April 2024**, being 72 hours before the time fixed for holding the AGM.

Unitholders are strongly encouraged to submit completed instruments appointing a proxy(ies) electronically via email.

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6. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his/her/its name in the Depository Register maintained by The Central Depository (Pte) Limited, he/she/it should insert that number of Units. If the Unitholder has Units registered in his/her/its name in the Register of Unitholders of Elite Commercial REIT, he/she/it should insert that number of Units. If the Unitholder has Units entered against his/her/its name in the said Depository Register and registered in his/her/its name in the Register of Unitholders, he/she/it should insert the aggregate number of Units. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.
7. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
8. Completion and return of the instrument appointing a proxy(ies) by a Unitholder will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the Unitholder attends the AGM in person and, in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.
9. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof must (failing previous registration with the Manager), if the Proxy Form is submitted by post, be lodged with the Proxy Form, or, if the Proxy Form is submitted via email, be emailed with the Proxy Form, failing which the Proxy Form may be treated as invalid.
10. Any reference to a time of day is made by reference to Singapore time.
11. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
12. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the AGM and his/her proxy(ies). A person entitled to more than one vote need not use all his/her votes or cast them the same way.

GENERAL

The Manager shall be entitled to reject this Proxy Form if it is incomplete, improperly completed or illegible or where the true intention of the appointor is not ascertainable from the instruction of the appointor specified in the Proxy Form. In the case of Unitholders whose Units are entered against their names in the Depository Register, the Manager may reject any Proxy Form lodged if such Unitholders are not shown to have the corresponding number of Units in Elite Commercial REIT entered against his/her/its name in the Depository Register not less than 72 hours before the time appointed for holding the AGM, as certified by CDP to the Manager.

CORPORATE DIRECTORY

THE TRUSTEE

Perpetual (Asia) Limited

16 Collyer Quay
#07-01 Singapore 049318
Telephone No.: (65) 6908 8203

MANAGER

Elite Commercial REIT Management Pte. Ltd.

8 Temasek Boulevard #37-02
Suntec Tower Three
Singapore 038988
Telephone No.: (65) 6955 9999

BOARD OF DIRECTORS

*Chairman and Independent
Non-Executive Director*

Mr David Lim Teck Leong

Independent Non-Executive Directors

Mr Tan Huay Lim

Mr Koo Tsai Kee

Mr Nicholas David Ashmore

Mr Yezdi Phiroze Chinoy

*Non-Independent
Non-Executive Directors*

Mr Tan Hai Peng Micheal

Mr Victor Song Chern Chean

Mr Tan Dah Ching

Ms Sarena Cheah Yeap Tih

AUDIT AND RISK COMMITTEE

Chairman

Mr Tan Huay Lim

Members

Mr David Lim Teck Leong

Mr Koo Tsai Kee

NOMINATING AND REMUNERATION COMMITTEE

Chairman

Mr Koo Tsai Kee

Members

Mr David Lim Teck Leong

Mr Tan Hai Peng Micheal

SUSTAINABILITY COMMITTEE

Chairman

Mr David Lim Teck Leong

Members

Ms Sarena Cheah Yeap Tih

Mr Yezdi Phiroze Chinoy

Mr Joshua Liaw

Mr Michael Tong

Mr Jonathan Edmunds

Ms Chai Hung Yin

STRATEGIC PLANNING COMMITTEE

Chairman

Mr Tan Hai Peng Micheal

Members

Mr Victor Song Chern Chean

Ms Sarena Cheah Yeap Tih

Mr Yezdi Phiroze Chinoy

MANAGEMENT TEAM

Chief Executive Officer

Mr Joshua Liaw

Chief Financial Officer

Mr Michael Tong

Chief Investment Officer

Mr Jonathan Edmunds

*Assistant Vice President,
Investor Relations*

Ms Chai Hung Yin

COMPANY SECRETARY

Ms Josephine Toh

AUDITOR

KPMG LLP

12 Marina View
#15-01 Asia Square Tower 2
Singapore 018961
Telephone No.: (65) 6213 3388

Partner-in-charge:

Ms Lo Mun Wai

*(Appointed since the financial period
ended 31 December 2019)*

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Telephone No.: (65) 6536 5355

GLOSSARY

#

°C
Celsius

A

Aggregate Leverage Limit

The leverage limit stipulated by the Code on Collective Investment Schemes governed by the MAS. On or after 1 January 2022, the aggregate leverage limit should not exceed 45% of the fund's deposited property. The aggregate leverage of a property fund may exclude 45% of the fund's deposited property (up to a maximum of 50%) only if the property fund has a minimum adjusted interest coverage ratio of 2.5 times.

AGM

Annual General Meeting

AML/CFT

Anti-Money Laundering and Countering the Financing of Terrorism

AR6

IPCC Assessment Report

ARC

Audit and Risk Committee

ASRA

Asia Sustainability Reporting Awards

B

BCP

Business Continuity Plan

Board

Board of Directors of the REIT Manager

Board Committees

ARC, NRC, SPC and SC

BoE

Bank of England

Break Clause

A break clause in a lease gives one or either party the right to end the lease sooner by giving notice either at any time or between specified dates

British Pound / Pound sterling (£) / GBP

The official currency of the United Kingdom

C

CDP

Central Depository (Pte) Limited

CEO

Chief Executive Officer

CFO

Chief Financial Officer

CG Report

Corporate Governance report

CIO

Chief Investment Officer

CIS Code

The Code on Collective Investment Schemes

CMS Licence

Capital markets services licence issued by the Monetary Authority of Singapore

CO₂e

Carbon dioxide equivalent

Code

The Code of Corporate Governance 2018

Code of Conduct

Group-wide Code of Conduct and Ethics Policy

Companies Act

Companies Act 1967 of Singapore

Company Secretary

Company secretary of the REIT Manager

COSO

Committee of Sponsoring Organisations of the Treadway Commission

Covid-19

Coronavirus Disease

CPD

Continuing Professional Development

CPI

Consumer Price Index

CSR

Corporate Social Responsibility

D

Directors

The directors of the Manager

DPU

Distribution per Unit

DRP

Dividend Reinvestment Plan

DWP

Department for Work and Pensions

E

ECHL

Elite UK Commercial Holdings Limited

EGM

Extraordinary General Meeting

Eligible Unitholders

Unitholders with Units standing to the credit of their Securities Accounts with the CDP as at the Preferential Offering Record Date and: (a) whose registered addresses with CDP are in Singapore as at the Preferential Offering Record Date; or (b) who have at least three (3) Market Days prior to the Preferential Offering Record Date provided CDP with addresses in Singapore for the service of notices and documents, but exclude, subject to certain exceptions, Unitholders located, resident or with a registered address outside of Singapore

EPC

Elite Partners Capital Pte. Ltd./ Energy Performance Certificate (within the Sustainability Report)

EPH

Elite Partners Holdings Pte. Ltd.

ERM

Enterprise Risk Management

EnvRM

Environmental Risk Management

ESG

Environmental, Social and Governance

Excess Preferential Offering Units

Excess Preferential Offering Units representing the provisional allotments of (i) Eligible Unitholders who decline or do not accept, whether in full or in part, their provisional allotment of the Preferential Offering Units and (ii) Unitholders which are not Eligible Unitholders

Exempted Agreements

The related party transactions for which fees and charges are payable by Elite Commercial REIT as set out in the Trust Deed (including pursuant to the Internal Asset Management Agreement) and the Lease Management Agreement (including the individual lease management agreement(s))

F

FIDRec

Financial Industry Disputes Resolution Centre

Freehold

A property with a freehold title can be held by its owner indefinitely

FRI

Full repairing and insuring

FTSE ST REIT Index

A free-float, market capitalisation-weighted index that measures the performance of stocks operating within the REIT Sector

FY2021

Financial period from 1 January 2021 to 31 December 2021

FY2022

Financial period from 1 January 2022 to 31 December 2022

FY2023

Financial period from 1 January 2023 to 31 December 2023

G

GDP

Gross Domestic Product

GHG

Greenhouse Gas

GRI

Gross rental income/Global Reporting Initiative (within the Sustainability Report)

Group

Refers to Elite Commercial REIT Group

Group-wide

Refers to Elite Partners Group-wide

H

HLGT

Ho Lee Group Trust

I

IBF

The Institute of Banking and Finance Singapore

IDs

Independent directors

IPCC

Intergovernmental Panel on Climate Change

IPO

Initial Public Offering

IPTs

Interested Person Transactions

ICR

Interest Coverage Ratio.

The interest coverage ratio is calculated by dividing the earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties and foreign exchange translation) (EBITDA), by the interest expenses and borrowing-related fees (excluding interest expense on lease liabilities). Interest expense on lease liabilities is excluded as it does not reflect the serviceability of loans and does not have any impact on the Group's debt servicing ability

IFRS

International Financial Reporting Standards

ISO

International Organisation for Standardisation

IT

Information Technology

J**JobCentre Plus**

A UK Government-funded employment agency and social security office

Joint Underwriters

CGS-CIMB Securities (Singapore) Pte. Ltd. and RHB Bank Berhad, through its Singapore Branch, as the joint underwriters in relation to the Preferential Offering

K**Kg**

Kilogram

KMP

Key management personnel

KPI

Key Performance Indicator

kWh

Kilowatt hour

L**Listing Manual**

The Listing Manual issued by SGX

M**Management**

CEO as well as other key management personnel of the Manager

Manager

Elite Commercial REIT Management Pte. Ltd., in its capacity as manager of Elite Commercial REIT

Market Day

A day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading in securities

MAS

Monetary Authority of Singapore

m²

Square metre

MEES

Minimum Energy Efficiency Standards

MOD

Ministry of Defence

MPC

Monetary Policy Committee

N**NAV**

Net Asset Value

NIA

Net internal area

NRC

Nominating and Remuneration Committee

P**PartnerRE Entities**

Partner Reinsurance Asia Pte. Ltd., Partner Reinsurance Company Ltd. and Partner Reinsurance Europe SE

PDPA

Personal Data Protection Act 2012 of Singapore

Preferential Offering

The fully underwritten, non-renounceable preferential offering of 103,354,690 new units in Elite Commercial REIT at an issue price of £0.27 at a ratio of 214 Preferential offering units for every 1,000 existing units held on Preferential offering Record Date to Eligible Unitholders

Preferential Offering Issue Price

£0.27 per Preferential Offering Unit

Preferential Offering Units

The new Units issued under the Preferential Offering

Primary Occupier

UK Government's Department for Work and Pensions

Property Funds Appendix

Appendix 6 of the CIS Code

Portfolio

The REIT's portfolio comprising 150 properties (As at 31 December 2022 : 155)

PV

Photovoltaic

R**RCPs**

Representative Concentration Pathways

RCSA

Risk and Control Self-Assessment

REIT

Elite Commercial REIT

REITAS

REIT Association of Singapore

REIT Manager

Elite Commercial REIT Management Pte. Ltd., as the Manager of Elite Commercial REIT

RICS

Royal Institution of Chartered Surveyors

ROFR

Right of First Refusal

S**S\$**

Singapore Dollars

SASB

Sustainability Accounting Standards Board

SC

Sustainability Committee

Securities Account

Securities account maintained by a depositor, but does not include a securities sub-account maintained with a depository agent (as defined in Section 81SF of the SFA with CDP

SFA

Securities and Futures Act 2001 of Singapore

SGX-ST

Singapore Exchange Securities Trading Limited

SID

Singapore Institute of Directors

SONIA

Sterling Overnight Index Average

SPC

Strategic Planning Committee

Sponsors

Elite Partners Holdings Pte. Ltd.; Ho Lee Group Pte. Ltd.; and Sunway RE Capital Pte. Ltd.

Sq ft

Square feet

S-REIT

Singapore REIT

Straits Times Index

A market capitalisation weighted index that tracks the performance of the top 30 companies listed on SGX

Substantial Unitholder

Any Unitholder with an interest in such number of Units constituting not less than 5.0% of all Units in issue

SWT

Sustainability Working Team

T**TCFD**

Task Force on Climate-related Financial Disclosures

TISE

The International Stock Exchange, a regulated stock exchange in Europe

Trustee

Perpetual (Asia) Limited, in its capacity as trustee of Elite Commercial REIT

Trust Deed

The trust deed dated 7 June 2018 constituting Elite Commercial REIT (as amended)

U**UK**

United Kingdom

UKCP18

UK Climate Projections 2018

UN SDGs

United Nations Sustainable Development Goals

Undertaking Unitholders

Elite Partners Holdings Pte. Ltd., Sunway RE Capital Pte. Ltd., Ho Lee Group Trust, and the PartnerRE Entities

Unit(s)

An undivided interest in Elite Commercial REIT as provided for in the Trust Deed

Unitholder(s)

A depositor whose Securities Account with CDP is credited with Unit(s) or the registered holder for the time being of Units

Unit Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.

UOB

United Overseas Bank Limited

V**VWAP**

Volume weighted average price

W**WALB**

Weighted Average Lease Break. The weighted average lease break by headline rent based on the earlier of the next permissible break date(s) at the tenants election or the expiry of the lease

WALE

Weighted Average Lease Expiry. The weighted average lease expiry by headline rent based on the final termination date of the agreement

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IMPORTANT NOTICE

This Annual Report is for information only and does not constitute or form part of an offer, invitation, or solicitation of any offer, to purchase or subscribe for units in Elite Commercial REIT ("Units") in Singapore or any other jurisdiction, nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by Elite Commercial REIT, the Manager or any of their respective affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. The Unitholders have no right to request the Manager to redeem or purchase their Units. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.



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