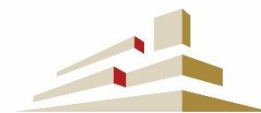


**ELITE COMMERCIAL REIT**

(a real estate investment trust constituted on 7 June 2018  
under the laws of the Republic of Singapore)

**Unaudited Condensed Interim Consolidated Financial Statements and  
Dividend Announcement for the Six Months ended 30 June 2023**



ELITE COMMERCIAL REIT

(a real estate investment trust constituted on 7 June 2018  
under the laws of the Republic of Singapore)

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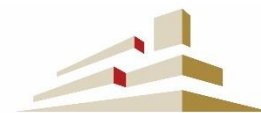
ELITE COMMERCIAL REIT

(a real estate investment trust constituted on 7 June 2018 under the laws of the Republic of Singapore)

## (I) Unaudited Condensed Interim Consolidated Financial Statements

### A. Condensed interim statements of financial position

|   | Note | Group              |                     | Trust               |                     |
|---|------|--------------------|---------------------|---------------------|---------------------|
|   |      | 30/6/2023<br>£'000 | 31/12/2022<br>£'000 | 30/06/2023<br>£'000 | 31/12/2022<br>£'000 |
| <b>Non-current assets</b>                                       |      |                    |                     |                     |                     |
| Investment properties   | 5    | 456,711            | 459,975             | -                   | -                   |
| Investments in subsidiaries                                     |      | -                  | -                   | 29,769              | 36,797              |
| Financial derivatives   |      | 2,017              | 67                  | -                   | -                   |
| Notes receivable  | 6    | -                  | -                   | 201,133             | 201,133             |
|   |      | <b>458,728</b>     | <b>460,042</b>      | <b>230,902</b>      | <b>237,930</b>      |
| <b>Current assets</b>   |      |                    |                     |                     |                     |
| Prepayment for capital expenditure                              | 5    | 10,197             | 7,437               | -                   | -                   |
| Trade and other receivables                                     | 7    | 14,549             | 11,872              | 19,356              | 7,903               |
| Cash and cash equivalents                                       | 8    | 4,472              | 7,444               | 46                  | 2,028               |
|   |      | <b>29,218</b>      | <b>26,753</b>       | <b>19,402</b>       | <b>9,931</b>        |
| Asset held for sale   | 5    | 500                | -                   | -                   | -                   |
|   |      | <b>29,718</b>      | <b>26,753</b>       | <b>19,402</b>       | <b>9,931</b>        |
| <b>Total assets</b>   |      | <b>488,446</b>     | <b>486,795</b>      | <b>250,304</b>      | <b>247,861</b>      |
| <b>Non-current liabilities</b>                                  |      |                    |                     |                     |                     |
| Loans and borrowings  | 9    | 219,336            | 213,070             | 6,957               | -                   |
| Lease liabilities   |      | 1,225              | 1,229               | -                   | -                   |
| Deferred tax liabilities  | 12   | 2,169              | 2,169               | -                   | -                   |
|   |      | <b>222,730</b>     | <b>216,468</b>      | <b>6,957</b>        | <b>-</b>            |
| <b>Current liabilities</b>                                      |      |                    |                     |                     |                     |
| Loans and borrowings  | 9    | 3,200              | 7,200               | -                   | -                   |
| Lease liabilities   |      | 7                  | 7                   | -                   | -                   |
| Trade and other payables  | 10   | 5,736              | 4,819               | 480                 | 265                 |
| Deferred income   | 11   | 8,728              | 8,774               | -                   | -                   |
| Current tax liabilities   |      | 1,545              | 1,626               | -                   | -                   |
|   |      | <b>19,216</b>      | <b>22,426</b>       | <b>454</b>          | <b>265</b>          |
| <b>Total liabilities</b>  |      | <b>241,946</b>     | <b>238,894</b>      | <b>7,437</b>        | <b>265</b>          |
| <b>Net assets</b>   |      | <b>246,500</b>     | <b>247,901</b>      | <b>242,867</b>      | <b>247,596</b>      |
| <b>Represented by:</b>  |      |                    |                     |                     |                     |
| Units in issue and to be issued                                 | 13   | 308,103            | 307,611             | 308,103             | 307,611             |
| Unit issue costs  |      | (5,903)            | (5,903)             | (5,903)             | (5,903)             |
| Accumulated losses  |      | (55,700)           | (53,807)            | (59,333)            | (54,112)            |
| <b>Unitholders' funds</b>                                       |      | <b>246,500</b>     | <b>247,901</b>      | <b>242,867</b>      | <b>247,596</b>      |
| <b>Number of Units in issue and to be issued ('000)</b>         | 13   | <b>482,138</b>     | <b>481,128</b>      | <b>482,138</b>      | <b>481,128</b>      |
| <b>Net asset value per Unit attributable to unitholders (£)</b> | 14   | <b>0.51</b>        | <b>0.52</b>         | <b>0.50</b>         | <b>0.51</b>         |



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**B. Condensed interim consolidated statement of comprehensive income**

|   | Note | 6 months ended<br>30/6/2023<br>£'000 | 6 months ended<br>30/6/2022<br>£'000 |
|---|------|--------------------------------------|--------------------------------------|
| Revenue   | 15   | 19,098                               | 18,474                               |
| Other property income                             |      | 2,242                                | 225                                  |
| Property operating expenses                       |      | (1,343)                              | (597)                                |
| <b>Net property income</b>                        |      | <b>19,997</b>                        | <b>18,102</b>                        |
| Manager's management fee                          |      | (934)                                | (1,224)                              |
| Trustee's fee                                     |      | (55)                                 | (51)                                 |
| Other trust expenses                              |      | (620)                                | (768)                                |
| Finance income                                    |      | 1,950                                | 445                                  |
| Finance costs                                     |      | (5,937)                              | (2,912)                              |
| Net finance costs                                 |      | (3,987)                              | (2,467)                              |
| Net change in fair value of investment properties | 5    | (4,040)                              | 10,212                               |
| <b>Profit before tax</b>                          | 16   | <b>10,361</b>                        | <b>23,804</b>                        |
| Tax expense                                       | 17   | (1,428)                              | (3,748)                              |
| <b>Profit after tax</b>                           |      | <b>8,933</b>                         | <b>20,056</b>                        |
| <b>Earnings per Unit (pence)</b>                  |      |                                      |                                      |
| Basic   | 18   | 1.85                                 | 4.20                                 |
| Diluted   | 18   | 1.85                                 | 4.20                                 |



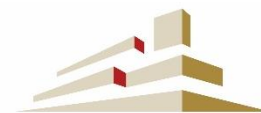
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**C. Condensed interim statement of movements in unitholders' funds**

| Group  | Units in issue<br>and to be<br>issued<br>£'000 | Unit issue costs<br>£'000 | Accumulated<br>losses<br>£'000 | Total<br>£'000  |
|--|--|---------------------------|--------------------------------|-----------------|
| At 1 January 2023  | 307,611  | (5,903)                   | (53,807)                       | 247,901         |
| <b><u>Total comprehensive income for the period<br/>1 January 2023 to 30 June 2023</u></b> |  |                           |                                |                 |
| Profit for the period  | -  | -                         | 8,933                          | 8,933           |
| <b>Total comprehensive income for the period</b>   | -  | -                         | <b>8,933</b>                   | <b>8,933</b>    |
| <b><u>Transactions with unitholders, recognised<br/>directly in unitholders' funds</u></b> |  |                           |                                |                 |
| Units issued under distribution reinvestment plan  | 492  | -                         | -                              | 492             |
| Distribution to unitholders  | -  | -                         | (10,826)                       | (10,826)        |
| <b>Total transactions with unitholders for the<br/>period</b>                              | <b>492</b>                                     | <b>-</b>                  | <b>(10,826)</b>                | <b>(10,334)</b> |
| <b>At 30 June 2023</b>   | <b>308,103</b>                                 | <b>(5,903)</b>            | <b>(55,700)</b>                | <b>246,500</b>  |

| Group   | Units in issue<br>and to be<br>issued<br>£'000 | Unit issue costs<br>£'000 | Accumulated<br>losses<br>£'000 | Total<br>£'000  |
|---|--|---------------------------|--------------------------------|-----------------|
| At 1 January 2022   | 304,794  | (5,903)                   | (9,872)                        | 289,019         |
| <b><u>Total comprehensive income for the period<br/>from 1 January 2022 to 30 June 2022</u></b> |  |                           |                                |                 |
| Profit for the period   | -  | -                         | 20,056                         | 20,056          |
| <b>Total comprehensive income for the period</b>  | -  | -                         | <b>20,056</b>                  | <b>20,056</b>   |
| <b><u>Transactions with unitholders, recognised<br/>directly in unitholders' funds</u></b>      |  |                           |                                |                 |
| Units issued under distribution reinvestment plan   | 1,508  | -                         | -                              | 1,508           |
| Distribution to unitholders   | -  | -                         | (13,342)                       | (13,342)        |
| <b>Total transactions with unitholders for the<br/>period</b>                                   | <b>1,508</b>                                   | <b>-</b>                  | <b>(13,342)</b>                | <b>(11,834)</b> |
| <b>At 30 June 2022</b>  | <b>306,302</b>                                 | <b>(5,903)</b>            | <b>(3,158)</b>                 | <b>297,241</b>  |



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**C. Condensed interim statement of movements in unitholders' funds (cont'd)**

| Trust   | Units in issue and to be issued<br>£'000 | Unit issue costs<br>£'000 | Accumulated losses<br>£'000 | Total<br>£'000  |
|---|--|---------------------------|-----------------------------|-----------------|
| At 1 January 2023   | 307,611                                  | (5,903)                   | (54,112)                    | 247,596         |
| <b><u>Total comprehensive income for the period from 1 January 2023 to 30 June 2023</u></b> |  |                           |                             |                 |
| Profit for the period   | -  | -                         | 5,605                       | 5,605           |
| <b>Total comprehensive income for the period</b>  | -  | -                         | <b>5,605</b>                | <b>5,605</b>    |
| <b><u>Transactions with unitholders, recognised directly in unitholders' funds</u></b>      |  |                           |                             |                 |
| Units issued under distribution reinvestment plan   | 492                                      |                           |                             | 492             |
| Distribution to unitholders   | -  | -                         | (10,826)                    | (10,826)        |
| <b>Total transactions with unitholders for the period</b>                                   | <b>492</b>                               | <b>-</b>                  | <b>(10,826)</b>             | <b>(10,334)</b> |
| <b>At 30 June 2023</b>  | <b>308,103</b>                           | <b>(5,903)</b>            | <b>(59,333)</b>             | <b>242,867</b>  |
| <b><u>Total comprehensive income for the period from 1 January 2022 to 30 June 2022</u></b> |  |                           |                             |                 |
| Profit for the period   | -  | -                         | 19,962                      | 19,962          |
| <b>Total comprehensive income for the period</b>  | -  | -                         | <b>19,962</b>               | <b>19,962</b>   |
| <b><u>Transactions with unitholders, recognised directly in unitholders' funds</u></b>      |  |                           |                             |                 |
| Units issued under distribution reinvestment plan   | 1,508                                    | -                         | -                           | 1,508           |
| Distribution to unitholders   | -  | -                         | (13,342)                    | (13,342)        |
| <b>Total transactions with unitholders for the period</b>                                   | <b>1,508</b>                             | <b>-</b>                  | <b>(13,342)</b>             | <b>(11,834)</b> |
| <b>At 30 June 2022</b>  | <b>306,302</b>                           | <b>(5,903)</b>            | <b>(3,252)</b>              | <b>297,147</b>  |



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**D Condensed interim consolidated statement of cash flows**

| Note   | 6 months ended<br>30/6/2023<br>£'000 | 6 months ended<br>30/6/2022<br>£'000 |
|--|--------------------------------------|--------------------------------------|
| <b>Cash flows from operating activities</b>                                      |                                      |                                      |
| Profit before tax  | 10,361                               | 23,804                               |
| <b>Adjustments for:</b>  |                                      |                                      |
| Effect of recognising rental income on a straight-line basis over the lease term | (368)                                | -                                    |
| Finance income   | (1,950)                              | (445)                                |
| Finance costs  | 5,937                                | 2,912                                |
| Net change in fair value of investment properties                                | 4,040                                | (10,212)                             |
| Unrealised foreign exchange loss   | 1                                    | 3                                    |
| <b>Operating income before working capital changes</b>                           | <b>18,021</b>                        | <b>16,062</b>                        |
| <b>Changes in:</b>   |                                      |                                      |
| Trade and other receivables  | (2,224)                              | 1,191                                |
| Trade and other payables   | 916                                  | (3,512)                              |
| Deferred income  | (46)                                 | (869)                                |
| <b>Cash generated from operating activities</b>                                  | <b>16,667</b>                        | <b>12,872</b>                        |
| Tax paid   | (2,012)                              | (1,374)                              |
| <b>Net cash generated from operating activities</b>                              | <b>14,655</b>                        | <b>11,498</b>                        |
| <b>Cash flows from investing activities</b>                                      |                                      |                                      |
| Prepayment for capital expenditure on investment properties                      | (3,668)                              | (7,337)                              |
| <b>Net cash used in financing activities</b>                                     | <b>(3,668)</b>                       | <b>(7,337)</b>                       |
| <b>Cash flows from financing activities</b>                                      |                                      |                                      |
| Interest paid  | (5,285)                              | (2,342)                              |
| Proceeds from bank loans   | 7,000                                | -                                    |
| Repayment of bank loans  | (5,200)                              | -                                    |
| Distribution to unitholders  | (10,334)                             | (11,834)                             |
| Payment of transaction costs related to loans and borrowings                     | (136)                                | -                                    |
| Payment of lease liabilities   | (4)                                  | (4)                                  |
| Increase in restricted cash  | (1,538)                              | -                                    |
| <b>Net cash used in financing activities</b>                                     | <b>(15,497)</b>                      | <b>(14,180)</b>                      |
| <b>Net decrease in cash and cash equivalents</b>                                 | <b>(4,510)</b>                       | <b>(10,019)</b>                      |
| Cash and cash equivalents at beginning of the period                             | 5,444                                | 18,171                               |
| <b>Cash and cash equivalents at 30 June <sup>(1)</sup></b>                       | <b>8 934</b>                         | <b>8,152</b>                         |

<sup>(1)</sup> Cash and cash equivalents at the end of the period exclude restricted cash balance of £3,538,000 (30 June 2022: £1,308,000)



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### **Significant non-cash transactions**

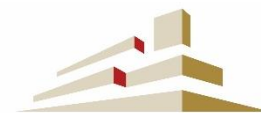
For the period ended 30 June 2023, there were the following significant non-cash transactions:

- (i) approximately 1,010,000 Units, amounting to approximately £492,000, were issued as payment for distributions under the distribution reinvestment plan.

For the period ended 30 June 2022, there were the following significant non-cash transactions:

- (i) approximately 2,417,000 Units, amounting to approximately £1,508,000, were issued as payment for distributions under the distribution reinvestment plan.
- (ii) approximately 950,000 Units, amounting to approximately £631,000 were issued to the Manager as satisfaction of the management fee paid to the Manager.
- (iii) approximately 88,000 Units, amounting to approximately £58,000, were issued to the Manager as satisfaction of the lease management fee paid to the Manager.





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## **E Notes to the unaudited condensed interim consolidated financial statements**

These notes form an integral part of the unaudited condensed interim consolidated financial statements.

### **1. Entity information**

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 6 February 2020 (the "Listing Date"), the Units in the Trust were listed on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST).

The principal activity of the Trust and its subsidiaries (the "Group") is to invest in a diversified portfolio of income-producing properties located primarily in the United Kingdom ("UK") and used primarily for commercial purposes.

The condensed interim consolidated financial statements relate to the Trust and its subsidiaries.

### **2. Basis of preparation**

The condensed interim financial statements for the 6 months ended 30 June 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2022. The condensed interim financial statements do not include all the information required for complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with International Financial Reporting Standards ("IFRSs"), except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Pound Sterling (£), which is the Trust's functional currency. All financial information presented in Pound Sterling have been rounded to the nearest thousand, unless otherwise stated.

#### **2.1 New and amended standards adopted by the Group**

A number of new and amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

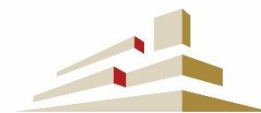
#### **2.2 Use of estimates and judgements**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included 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. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting year during which the change occurred.

### 3. Seasonal operations

The Group's business is not affected significantly by seasonal or cyclical factors during the financial period.

### 4. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Segment information has not been presented as all the Group's investment properties are commercial properties and are located in the United Kingdom.

### 5. Investment properties

|  | Group              |                     |
|--|--------------------|---------------------|
|  | 30/6/2023<br>£'000 | 31/12/2022<br>£'000 |
| As at 1 January  | 459,975            | 501,347             |
| Reclassification to assets held for sale   | (500)              | -                   |
| Capital expenditure <sup>(1)</sup>   | 908                | -                   |
| Effect of recognising rental income on a straight-line basis over the lease term | 368                | -                   |
| Net change in fair value recognised in profit or loss                            | (4,040)            | (41,372)            |
| As at 30 June 2023/ 31 December 2022   | 456,711            | 459,975             |

### 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 techniques used.

|  | Group              |                     |
|--|--------------------|---------------------|
|  | 30/6/2023<br>£'000 | 31/12/2022<br>£'000 |
| Fair value of investment properties (based on valuation reports)                 | 466,175            | 466,175             |
| Less: Prepayment for capital expenditure on investment properties <sup>(2)</sup> | (10,197)           | (7,437)             |
| Less: Asset held for sale <sup>(3)</sup>   | (500)              | -                   |
| Add: Carrying amount of lease liabilities  | 1,233              | 1,237               |
| Carrying amount of investment properties   | 456,711            | 459,975             |



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- (1) As at 30 June 2023, £908,000 out of the total Sustainability Contribution (note <sup>(2)</sup> below) disbursed by the Group in respect of certain properties has been recognised as capital expenditure upon completion of the sustainability work for the respective properties.
- (2) As announced during the financial year ended 31 December 2022, 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. As at 30 June 2023, the Group has prepaid a total sustainability contribution of £11.1 million, of which £908,000 has been incurred as capital expenditure (note <sup>(1)</sup> above). Out of the prepaid amount of £11.1 million, £7.4 million was disbursed by the Group in prior year which has been considered by the valuer in arriving at the valuations of the investment properties as at 31 December 2022. The remaining £3.7 million was disbursed in the current financial period which the Manager has considered it in determining the fair value of the investment properties as at 30 June 2023.
- (3) As at 30 June 2023, the Group has contracted to sell one of its freehold properties known as John Street, Sunderland for £0.5 million. Accordingly, the property, with a carrying amount of £0.5 million, has been reclassified to asset held for sale.

### Measurement of fair value

Investment properties are stated at fair value. The fair values were based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after property marketing wherein the parties had acted knowledgeably, prudently and without compulsion.

The carrying values of the investment properties as at 31 December 2022 were based on independent professional valuations undertaken by Knight Frank UK LLP. The Manager has internally assessed that the fair valuation of the investment properties at 30 June 2023 approximates the fair valuation of the investment properties at 31 December 2022. In order to assess the impact of the performance of the UK property investment market between 31 December 2022 and 30 June 2023, the Manager sought advice from a leading global consultancy in commercial real estate in relation to the performance of the UK Property Market during the first 6 months of 2023 and has reviewed information relating to the prevailing market conditions in the UK, the CBRE Monthly Index<sup>1</sup> and its corresponding yield movements. The Manager has also taken into consideration i) the additional £3.7 million of sustainability amount disbursed to the tenants during the current period; ii) the result of the rent review and loss in rental for the vacant units, coupled with the credit strength of the government tenant; and iii) the expectation of the tenant remaining in a proportion of the portfolio beyond 2028. The Group continues to collect close to 100% of the rent, 136 assets were up for rent review on 1 April 2023 and benefited from 13.1% net annualised rent increase, offsetting the loss in rental from 8 assets that were vacant on 1 April 2023. It is expected that there remains to be reasonable demand for the portfolio of investment properties.

The independent professional valuations as at 31 December 2022 were based on the investment method (also known as income capitalisation method). The valuation method used in determining the fair value involve certain estimates including yield rate. The specific risks inherent in each of the properties are taken into consideration in arriving at the property valuation as 31 December 2022.

(1) <https://www.cbre.co.uk/insights/figures/uk-monthly-index-june-2023>

### Security

As at 30 June 2023, 58 properties with a carrying value of £179.0 million (31 December 2022: £178.3 million) were pledged as security to secure a credit facility (Note 9).

## 6. Notes receivable

Notes receivable relates to loan notes issued by a subsidiary, Elite UK Commercial Holdings Limited ("EUKCH"), subscribed by the Trust.

£111.7 million and £89.4 million of the loan notes will mature on 16 November 2023 and 25 October 2025 respectively. The unsecured notes carry interest at a fixed interest rate of 5% (2022: 5%) per annum.

Under the terms of the £89.4 million loan note, the Trust, as a noteholder, has the right, at its sole discretion, to require the EUKCH to purchase all of its notes on specified put option exercise dates, being 9 March 2024 and 9 March 2025. 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 30 June 2023, settlement of the loans is neither planned nor likely in the foreseeable future.



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## 7. Trade and other receivables

|                              | Group              |                     | Trust              |                     |
|------------------------------|--------------------|---------------------|--------------------|---------------------|
|                              | 30/6/2023<br>£'000 | 31/12/2022<br>£'000 | 30/6/2023<br>£'000 | 31/12/2022<br>£'000 |
| Trade receivables            | 12,774             | 11,039              | -                  | -                   |
| Other receivables            | 126                | 268                 | -                  | -                   |
| Amount due from subsidiaries | -                  | -                   | 18,512             | 7,501               |
|                              | 12,900             | 11,307              | 18,512             | 7,501               |
| VAT & GST receivables        | 166                | 178                 | 165                | 178                 |
| Tax receivable               | 503                | -                   | 503                | -                   |
| Prepayments                  | 980                | 387                 | 176                | 224                 |
|                              | 14,549             | 11,872              | 19,356             | 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.

As at 30 June 2023, amount due from subsidiaries include dividend receivable from its subsidiary of approximately £10.1 million (31 December 2022: £2.8 million) and interest receivable on the notes issued by a subsidiary of approximately £4.1 million (31 December 2022: £4.2 million).

Included in prepayments as at the reporting date are approximately £170,000 transaction costs incurred by the Trust on its multicurrency debt issuance programme set up in 2022 (Note 9) and property expenses of £582,000 (31 December 2022: £1,000) prepaid by the Group that were previously borne by the tenant when the properties were leased out.

## 8. Cash and cash equivalents

|  | Group              |                     | Trust              |                     |
|--|--------------------|---------------------|--------------------|---------------------|
|  | 30/6/2023<br>£'000 | 31/12/2022<br>£'000 | 30/6/2023<br>£'000 | 31/12/2022<br>£'000 |
| Cash at banks  | 4,472              | 7,444               | 46                 | 2,028               |
| Restricted cash  | (3,538)            | (2,000)             | -                  | -                   |
| Cash and cash equivalents in the statement of cash flows | 934                | 5,444               | 46                 | 2,028               |

The restricted cash relates to the reserve funds required to be maintained with banks in accordance with the terms of the secured bank loans.

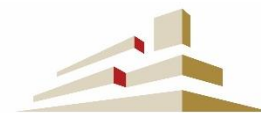
## 9. Loans and borrowings

|                                      | Group              |                     | Trust              |                     |
|--------------------------------------|--------------------|---------------------|--------------------|---------------------|
|                                      | 30/6/2023<br>£'000 | 31/12/2022<br>£'000 | 30/6/2023<br>£'000 | 31/12/2022<br>£'000 |
| Secured bank loans                   | 224,000            | 222,200             | 7,000              | -                   |
| Less: Unamortised transaction costs  | (1,464)            | (1,930)             | (43)               | -                   |
| As at 30 June 2023/ 31 December 2022 | 222,536            | 220,270             | 6,957              | -                   |
| Current                              | 3,200              | 7,200               | -                  | -                   |
| Non-current                          | 219,336            | 213,070             | 6,957              | -                   |
| Total                                | 222,536            | 220,270             | 6,957              | -                   |

The Group has the following loan facilities:

### £140.0 million term loan and bridge loan facilities

- A £125.0 million (31 December 2022: £125.0 million) secured term loan facility. At the reporting date, £125.0 million (31 December 2022: £125.0 million) was drawn down and is due for repayment in November 2024.



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- A £15.0 million (31 December 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 drawn down date, and five years after the first drawn down date (where the amount is drawn down in multiple tranches). At the reporting date, £3.2 million (31 December 2022: £3.2 million) was drawn down. As at 30 June 2023, the bridge loan is repayable in March 2024 (31 December 2022: March 2023). During 2023, the bridge loan was rolled over and the repayment date was extended to March 2024.
- The shares of a subsidiary, Elite Gemstones Properties Limited, which holds 97 properties with carrying values amounting to £281.4 million as at 30 June 2023 (31 December 2022: £281.6 million), were pledged to secure the facilities.

#### £94.0 million term loan and revolving credit facilities

- A £76.0 million (31 December 2022: £76.0 million) secured term loan facility. At the reporting date, £76.0 million (31 December 2022: £76.0 million) was drawn down and is due for repayment in January 2025.
- A £18.0 million (31 December 2022: £18.0 million) revolving credit facility. At the reporting date, £12.8 million (31 December 2022: £18.0 million) was drawn down and is due for repayment in January 2025.
- The shares of Elite Amphora Limited and Elite Cask Limited and the 58 properties held by these entities with carrying values amounting to £179.0 million as 30 June 2023 (31 December 2022: £178.3 million), were pledged to secure the facilities (Note 5).

#### £15.0 million revolving credit facilities

- A £15.0 million green revolving credit facility was obtained in November 2022. At the reporting date, £7.0 million (31 December 2022: £NIL) was drawn down and is due for repayment in May 2026.

#### S\$300.0 million multicurrency debt issuance programme

- The Trust has in place a S\$300.0 million multicurrency debt issuance programme (the 'Programme'), which was set up in October 2022 for the issuance of notes and/or perpetual securities. At the reporting date, there were no issuances made under the Programme.

## 10. Trade and other payables

|                            | Group              |                     | Trust              |                     |
|----------------------------|--------------------|---------------------|--------------------|---------------------|
|                            | 30/6/2023<br>£'000 | 31/12/2022<br>£'000 | 30/6/2023<br>£'000 | 31/12/2022<br>£'000 |
| Trade payables             | 1,010              | 27                  | 213                | 4                   |
| Bank interest payable      | 1,394              | 1,276               | 6                  | -                   |
| Accrued operating expenses | 1,301              | 1,804               | 261                | 261                 |
| Other payables             | 2,031              | 1,712               | -                  | -                   |
|                            | <u>5,736</u>       | <u>4,819</u>        | <u>480</u>         | <u>265</u>          |

Trade payables as at 30 June 2023 comprise mainly property expenses on the vacant units during the year.

Other payables comprise mainly Value Added Tax ("VAT") payable to HM Revenue and Customs ("HMRC") for the following quarter, predominantly on the Group's rental receipts.

## 11. Deferred income

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



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## 12. Deferred tax liabilities

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

| Group                           | At<br>1/1/2022<br>£'000 | Recognised<br>in profit<br>or loss<br>£'000 | At<br>31/12/2022<br>£'000 | Recognised<br>in profit<br>or loss<br>(Note 16)<br>£'000 | At<br>30/6/2023<br>£'000 |
|---------------------------------|-------------------------|---|---------------------------|--|--------------------------|
| <b>Deferred tax liabilities</b> |                         |   |                           |  |                          |
| Investment properties           | (3,612)                 | 1,628                                       | (1,984)                   | (1)  | (1,985)                  |
| Lease liabilities               | (187)                   | 2   | (185)                     | 1  | (184)                    |
|                                 | <u>(3,799)</u>          | <u>1,630</u>                                | <u>(2,169)</u>            | <u>-</u>   | <u>(2,169)</u>           |

## 13. Units in issue and to be issued

|   | 30/6/2023                  |                | 31/12/2022                 |                |
|---|----------------------------|----------------|----------------------------|----------------|
|   | Number<br>of Units<br>'000 | £'000          | Number<br>of Units<br>'000 | £'000          |
| <b>Group and Trust<br/>Units issued</b>                                 |                            |                |                            |                |
| At beginning of the year  | 481,128                    | 307,611        | 475,468                    | 304,105        |
| - Manager's management fees paid in<br>Units                            | -                          | -              | 950                        | 631            |
| - Lease management fees paid in Units                                   | -                          | -              | 88                         | 58             |
| - Distribution reinvestment plan  | 1,010                      | 492            | 4,622                      | 2,817          |
| Total issued Units  | <u>482,138</u>             | <u>308,103</u> | <u>481,128</u>             | <u>307,611</u> |
| Total issued and issuable Units as at<br>30 June 2023/ 31 December 2022 | <u>482,138</u>             | <u>308,103</u> | <u>481,128</u>             | <u>307,611</u> |

The Group and the Trust do not hold any treasury units as at 30 June 2023 and 31 December 2022.

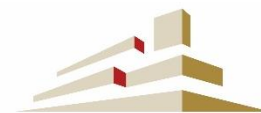
## 14. Net asset value per Unit

|  | Group              |                     | Trust              |                     |
|--|--------------------|---------------------|--------------------|---------------------|
|  | 30/6/2023<br>£'000 | 31/12/2022<br>£'000 | 30/6/2023<br>£'000 | 31/12/2022<br>£'000 |
| Net asset value per Unit is based on:  |                    |                     |                    |                     |
| Net assets attributable to unitholders   | <u>246,500</u>     | <u>247,901</u>      | <u>242,867</u>     | <u>247,596</u>      |
| Total issued and to be issued Units as<br>at 30 June 2023/ 31 December 2022<br>( '000) (Note 12) | <u>482,138</u>     | <u>481,128</u>      | <u>482,138</u>     | <u>481,128</u>      |
| Net asset value per Unit (£)   | <u>0.51</u>        | <u>0.52</u>         | <u>0.50</u>        | <u>0.51</u>         |

## 15. Revenue

Revenue relates to rental income derived from the Group's investment properties and the effect of recognising rental income on a straight-line basis over the lease term.

Over 99% (30 June 2022: 99%) of the contracted rental income under the current leases is derived from the UK Government via various government departments and agencies including The Secretary of State for Levelling Up, Housing and Communities.



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## 16. Profit before tax

The following items have been included in arriving at profit before tax for the period:

|  | 6 months ended<br>30/6/2023<br>£'000 | 6 months ended<br>30/6/2022<br>£'000 |
|--|--------------------------------------|--------------------------------------|
| Finance income:-   |                                      |                                      |
| - Fair value gain on financial derivative                            | 1,950                                | 445                                  |
| Finance costs:-  |                                      |                                      |
| - Interest expense on loans and borrowings                           | 5,384                                | 2,368                                |
| - Amortisation of transaction costs relating to loans and borrowings | 520                                  | 522                                  |
| - Interest expense on lease liabilities                              | 19                                   | 22                                   |
| - Commitment fee   | 14                                   | -                                    |
|  | 5,937                                | 2,912                                |

## 17. Tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

|  | 6 months ended<br>30/6/2023<br>£'000 | 6 months ended<br>30/6/2022<br>£'000 |
|--|--------------------------------------|--------------------------------------|
| Withholding tax expense  | 1,428                                | 1,475                                |
| Deferred tax expense relating to origination and reversal of temporary differences | -                                    | 2,273                                |
|  | 1,428                                | 3,748                                |

## 18. Earnings per Unit

### Basic earnings per Unit

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

|   | 6 months ended<br>30/6/2023<br>£'000 | 6 months ended<br>30/6/2022<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Profit for the period attributable to unitholders             | 8,933                                | 20,056                               |
|   | '000                                 | '000                                 |
| 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 | 519                                  | 1,229                                |
| Weighted average number of Units                              | 481,647                              | 477,735                              |

### Diluted earnings per Unit

For 6 months ended 30 June 2023 and 30 June 2022, the diluted earnings per Unit is the same as the basic earnings per Unit as there is no outstanding dilutive Units at the end of the reporting periods.



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**19. Amount available for distribution**

|  | <b>6 months ended<br/>30/6/2023<br/>£'000</b> | <b>6 months ended<br/>30/6/2022<br/>£'000</b> |
|--|---|---|
| Amount available for distribution at beginning of the period                                   | 10,857  | 13,363  |
| Profit for the period  | 8,933   | 20,056  |
| Distribution adjustments (Note A)  | 407   | (7,812)                                       |
|  | 9,340   | 12,244  |
| Less: Amount retained for general corporate and working capital                                | (934)   | -   |
| Amount available for distribution to unitholders   | 19,263  | 25,607  |
| Distributions to unitholders:  |   |   |
| Distribution of GBP 2.80 pence for the period from 1 July 2021 to 31 December 2021             | -   | (13,342)                                      |
| Distribution of GBP 2.25 pence for the period from 1 July 2022 to 31 December 2022             | (10,826)                                      | -   |
|  | (10,826)                                      | (13,342)                                      |
| <b>Amount available for distribution to unitholders (after retention) at end of the period</b> | <b>8,437</b>                                  | <b>12,265</b>                                 |
| <b>Distribution per Unit (before retention) (pence)</b>  | <b>1.94</b>                                   | <b>2.56</b>                                   |
| <b>Distribution per Unit (after retention) (pence)</b>   | <b>1.74</b>                                   | <b>2.56</b>                                   |

**Note A**

Distribution adjustments relate to the following items:

|  |            |                |
|--|------------|----------------|
| Amortisation of transaction costs relating to loans and borrowings               | 520        | 522            |
| Deferred tax expenses  | -          | 2,273          |
| Dilapidation settlements   | (1,884)    | -              |
| Fair value gain on financial derivative  | (1,950)    | (445)          |
| Net change in fair value of investment properties                                | 4,040      | (10,212)       |
| Effect of recognising rental income on a straight-line basis over the lease term | (368)      | -              |
| Trustee's fee  | 55         | 51             |
| Others   | (6)        | (1)            |
| <b>Distribution adjustments</b>  | <b>407</b> | <b>(7,812)</b> |

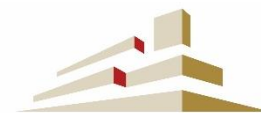
**20. Related party transactions**

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.

|  | <b>6 months ended<br/>30/6/2023<br/>£'000</b> | <b>6 months ended<br/>30/6/2022<br/>£'000</b> |
|--|---|---|
| Property management fee paid/payable to a related corporation of the Manager | 128   | 142   |
| Lease management fee paid/payable to the Manager                             | 120   | 115   |
| Lease commission fee paid/payable to the Manager                             | 23  | -   |
| Lease commission fee paid/payable to a related corporation of the Manager    | 48  | -   |





**21. Financial assets and financial liabilities**

*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.

|   | <b>Carrying amount</b>                              |   |  |  | <b>Fair value</b>        |                          |                          |                        |
|---|---|---|--|--|--------------------------|--------------------------|--------------------------|------------------------|
|   | <b>Financial assets at amortised cost<br/>£'000</b> | <b>At fair value through profit or loss ("FVTPL")<br/>£'000</b> | <b>Other financial liabilities<br/>£'000</b> | <b>Total carrying amount<br/>£'000</b> | <b>Level 1<br/>£'000</b> | <b>Level 2<br/>£'000</b> | <b>Level 3<br/>£'000</b> | <b>Total<br/>£'000</b> |
| <b>Group</b>  |   |   |  |  |                          |                          |                          |                        |
| <b>30 June 2023</b>                                     |   |   |  |  |                          |                          |                          |                        |
| <b>Financial asset measured at fair value</b>           |   |   |  |  |                          |                          |                          |                        |
| Financial derivatives                                   | -   | 2,017   | -  | 2,017                                  | -                        | 2,017                    | -                        | 2,017                  |
| <b>Financial assets not measured at fair value</b>      |   |   |  |  |                          |                          |                          |                        |
| Trade and other receivables*                            | 12,900  | -   | -  | 12,900                                 |                          |                          |                          |                        |
| Cash and cash equivalents                               | 4,472   | -   | -  | 4,472                                  |                          |                          |                          |                        |
|   | <u>17,372</u>                                       | <u>-</u>  | <u>-</u>                                     | <u>17,372</u>                          |                          |                          |                          |                        |
| <b>Financial liabilities not measured at fair value</b> |   |   |  |  |                          |                          |                          |                        |
| Trade and other payables^                               | -   | -   | (4,242)                                      | (4,242)                                |                          |                          |                          |                        |
| Loans and borrowings                                    | -   | -   | (222,536)                                    | (222,536)                              | -                        | (207,895)                | -                        | (207,895)              |
|   | <u>-</u>  | <u>-</u>  | <u>(226,778)</u>                             | <u>(226,778)</u>                       |                          |                          |                          |                        |

\* Excluding VAT & GST receivables, and prepayments

^ Excluding VAT payables



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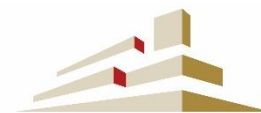
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20. Financial assets and financial liabilities (cont'd)

|   | Carrying amount                             |   |                                      |                                | Fair value       |                  |                  |                |
|---|---|---|--------------------------------------|--------------------------------|------------------|------------------|------------------|----------------|
|   | Financial assets at amortised cost<br>£'000 | At fair value through profit or loss ("FVTPL")<br>£'000 | Other financial liabilities<br>£'000 | Total carrying amount<br>£'000 | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
| <b>Group</b>  |   |   |                                      |                                |                  |                  |                  |                |
| <b>31 December 2022</b>                                 |   |   |                                      |                                |                  |                  |                  |                |
| <b>Financial asset measured at fair value</b>           |   |   |                                      |                                |                  |                  |                  |                |
| Financial derivatives                                   | -   | 67  | -                                    | 67                             | -                | 67               | -                | 67             |
| <b>Financial assets not measured at fair value</b>      |   |   |                                      |                                |                  |                  |                  |                |
| Trade and other receivables*                            | 11,307                                      | -   | -                                    | 11,307                         |                  |                  |                  |                |
| Cash and cash equivalents                               | 7,444                                       | -   | -                                    | 7,444                          |                  |                  |                  |                |
|   | <u>18,751</u>                               | <u>-</u>  | <u>-</u>                             | <u>18,751</u>                  |                  |                  |                  |                |
| <b>Financial liabilities not measured at fair value</b> |   |   |                                      |                                |                  |                  |                  |                |
| Trade and other payables^                               | -   | -   | (3,111)                              | (3,111)                        |                  |                  |                  |                |
| Loans and borrowings                                    | -   | -   | (220,270)                            | (220,270)                      | -                | (208,429)        | -                | (208,429)      |
|   | <u>-</u>                                    | <u>-</u>  | <u>(223,381)</u>                     | <u>(223,381)</u>               |                  |                  |                  |                |
| <b>Trust</b>  |   |   |                                      |                                |                  |                  |                  |                |
| <b>30 June 2023</b>                                     |   |   |                                      |                                |                  |                  |                  |                |
| <b>Financial assets not measured at fair value</b>      |   |   |                                      |                                |                  |                  |                  |                |
| Notes receivable  | 201,133                                     | -   | -                                    | 201,133                        | -                | 190,215          | -                | 190,215        |
| Trade and other receivables*                            | 18,512                                      | -   | -                                    | 18,512                         |                  |                  |                  |                |
| Cash and cash equivalents                               | 46  | -   | -                                    | 46                             |                  |                  |                  |                |
|   | <u>219,691</u>                              | <u>-</u>  | <u>-</u>                             | <u>219,691</u>                 |                  |                  |                  |                |
| <b>Financial liabilities not measured at fair value</b> |   |   |                                      |                                |                  |                  |                  |                |
| Trade and other payables                                | -   | -   | (480)                                | (480)                          |                  |                  |                  |                |
| Loans and borrowings                                    | -   | -   | (6,957)                              | (6,957)                        |                  |                  |                  |                |
|   | <u>-</u>                                    | <u>-</u>  | <u>(7,437)</u>                       | <u>(7,437)</u>                 |                  |                  |                  |                |
| <b>31 December 2022</b>                                 |   |   |                                      |                                |                  |                  |                  |                |
| <b>Financial assets not measured at fair value</b>      |   |   |                                      |                                |                  |                  |                  |                |
| Notes receivable  | 201,133                                     | -   | -                                    | 201,133                        | -                | 182,230          | -                | 182,230        |
| 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>                 |                  |                  |                  |                |
| <b>Financial liabilities not measured at fair value</b> |   |   |                                      |                                |                  |                  |                  |                |
| Trade and other payables                                | -   | -   | (265)                                | (265)                          |                  |                  |                  |                |

\* Excluding VAT & GST receivables and prepayments

^ Excluding VAT payables

**Measurement of fair value**

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

| Type  | Valuation technique  |
|---|--|
| Loans and borrowings, and Notes receivable  | Discounted cash flows: The fair value is based on the present value of future payments, discounted at the market rate of interest at the measurement date.                                     |
| Financial derivatives – interest rate swaps | Market comparison technique: The fair values are based on bank quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. |

**22. Financial ratios**

|                                 | Group              |                     |
|---------------------------------|--------------------|---------------------|
|                                 | 30/6/2023<br>£'000 | 31/12/2022<br>£'000 |
| Leverage ratio (%)              | 46.0%              | 45.8%               |
| Interest coverage ratio (times) | 3.4                | 4.6                 |

The interest coverage ratio is computed based on the financial information for the period ended 30 June 2023 and year ended 31 December 2022, 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.

**23. Commitments**

At the reporting date, the Group had the following commitment:

|  | Group              |                     |
|--|--------------------|---------------------|
|  | 30/6/2023<br>£'000 | 31/12/2022<br>£'000 |
| Capital expenditure on investment properties | 3,669              | 7,337               |



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## (II) Other Information Required By Listing Rule Appendix 7.2

### 1. Overview

The condensed interim consolidated financial statements comprise the condensed interim statement of financial position of Elite Commercial REIT and its subsidiaries (“the Group”) and statement of financial position of Elite Commercial REIT (“the Trust”) as at 30 June 2023 and the related condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of movements in unitholders’ funds and condensed consolidated interim statement of cash flows for the year then ended and certain explanatory notes.

The condensed interim consolidated financial statements have not been audited or reviewed by the auditors.

Elite Commercial REIT Management Pte. Ltd. is the manager of Elite Commercial REIT (the “Manager”) and Perpetual (Asia) Limited is the trustee of Elite Commercial REIT (the “Trustee”).

The REIT commenced trading on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 6 February 2020 (“Listing Date”) with an initial portfolio of 97 commercial buildings located across the UK (the “Initial Portfolio”). On 9 March 2021, the Group completed its acquisition of 58 properties located across the United Kingdom (the “New Properties”).

As at 30 June 2023, the Group’s portfolio comprised of a total of 155 commercial buildings located across the UK, of which 145 of them are currently occupied, with over 99.0% of the Group’s revenue derived from the current leases with the UK Government via Secretary of State for Levelling Up, Housing and Communities and other government departments.



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## 2. Review of performance of the Group

### 2.1 Period ended 30 June 2023 ("1H2023") vs Period ended 30 June 2022 ("1H2022")

|  | Note | 6 months ended<br>30/6/2023<br>£'000 | 6 months ended<br>30/6/2022<br>£'000 | Variance<br>Favourable/<br>(Unfavourable)<br>% |
|--|------|--------------------------------------|--------------------------------------|--|
| Revenue  | (a)  | 19,098                               | 18,474                               | 3.4  |
| Other income   | (b)  | 2,242                                | 225                                  | 896.4  |
| Property operating expenses  | (c)  | (1,343)                              | (597)                                | (125.0)  |
| <b>Net property income</b>   |      | <b>19,997</b>                        | <b>18,102</b>                        | <b>10.5</b>                                    |
| Manager's management fee   | (d)  | (934)                                | (1,224)                              | 23.7   |
| Trustee's fee  |      | (55)                                 | (51)                                 | (7.8)  |
| Other trust expenses   | (e)  | (620)                                | (768)                                | 19.3   |
| Finance income   |      | 1,950                                | 445                                  | 338.2  |
| Finance costs  |      | (5,937)                              | (2,912)                              | (103.9)  |
| Net finance costs  | (f)  | (3,987)                              | (2,467)                              | (61.6)   |
| Net change in fair value of investment properties  | (g)  | (4,040)                              | 10,212                               | (139.6)  |
| <b>Profit before tax</b>   |      | <b>10,361</b>                        | <b>23,804</b>                        | <b>(56.5)</b>                                  |
| Tax expense  | (h)  | (1,428)                              | (3,748)                              | 61.9   |
| <b>Profit after tax</b>  |      | <b>8,933</b>                         | <b>20,056</b>                        | <b>(55.5)</b>                                  |
| <b>Amount available for distribution to unitholders (after retention) at end of the period</b> |      | <b>8,437</b>                         | <b>12,265</b>                        | <b>(31.2)</b>                                  |
| <b>Distribution per Unit (after retention) (pence)</b>   |      | <b>1.74</b>                          | <b>2.56</b>                          | <b>(31.9)</b>                                  |

#### (a) Revenue

Revenue is contracted rental income from leasing of the office spaces of the Initial Portfolio and New Properties and the effect of recognising rental income on a straight-line basis over the lease term of £0.4 million.

#### (b) Other income

Included in 1H2023 other income were £1.9 million of dilapidation settlements and £0.4 million of lease surrender premium.

**(c) Property operating expenses**

Property operating expenses includes the following items:

|                             | 6 months<br>ended<br>30/6/2023<br>£'000 | 6 months<br>ended<br>30/6/2022<br>£'000 | Variance<br>Favourable/<br>(Unfavourable)<br>% |
|-----------------------------|---|---|--|
| Property management fee     | 359                                     | 346                                     | (3.8)  |
| Lease management fee        | 120                                     | 115                                     | (4.3)  |
| Property insurance expenses | 122                                     | 116                                     | (5.2)  |
| Other property expenses     | 742                                     | 20                                      | n.m.   |
|                             | <b>1,343</b>                            | <b>597</b>                              | <b>(125.0)</b>                                 |

*n.m. denotes not meaningful*

Property operating expenses for 1H2023 increased by £0.7 million when compared to 1H2022. This was mainly attributed to the increase in property expenses incurred by the Group which were previously borne by the tenants when the properties were leased out.

Property management fee is the fee payable to the Property Manager of the Group. The property manager of the Initial Portfolio is Jones Lang LaSalle Limited while the New Properties are currently managed by Elite Real Estate Services UK Limited ("ERESUK"), a related corporation of the Manager.

Property management fee incurred by the Initial Portfolio's properties includes the following:

- a property management fee to be paid either directly (by the Trustee) or indirectly (by the entity which is held by the Trust) out of the Deposited Assets (as defined in the Trust Deed).

Property management fee incurred by the New Properties includes the following:

- a property management fee of 2.0% per annum of the gross revenue income of the New Properties
- a lease management fee of 1.0% per annum of the gross revenue income of the New Properties
- market services commissions for procuring or renewing leases, which range from 0.5 to 2.0 months' gross revenue income of the New Properties if there is no third party agent involvement; and
- a property management services fee for the development or redevelopment of the New Properties, which ranges from 1.5% to 3.0% of the construction cost.

**(d) Manager's management fee**

Manager's management fee relates to the base fee which is calculated based on 10% of the income available for distribution. The decrease in manager's management fee was in line with the decreased income available for distribution to unitholders.

**(e) Other trust expenses**

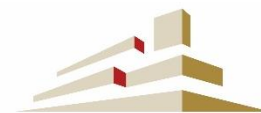
Other trust expenses consist mainly statutory fees such as audit fees, tax agent fees and corporate secretarial fees, valuation expenses and other trust related expenses. Savings in 1H2023 mainly relates to mid-year valuation performed for 1H2022, partially offset by professional fees incurred for dilapidation assessment for vacating assets in 1H2023.

**(f) Net finance costs**

Net finance costs consist of amortisation of transaction costs relating to loans and borrowings, commitment fee, net change in fair value of financial derivative, interest expense on lease liabilities, and interest expense on borrowings. Increased 1H2023 net finance costs was in line with the rising interest costs on borrowings.

**(g) Net change in fair value of investment properties**

Fair value gain on investment properties for 6 months ended 30 June 2022 of £10.2 million arose from the valuation conducted for the Group's investment properties at 30 June 2022.



The Manager has assessed the fair valuation of the investment properties at 30 June 2023 approximates the fair valuation of the investment properties at 31 December 2022. Included in fair value loss on investment properties for 6 months ended 30 June 2023 of £3.7 million was sustainability contribution disbursed in this financial period which the Manager has considered it in determining the fair value of the investment properties as at 30 June 2023.

**(h) Tax expense**

Included in tax expenses are (i) deferred tax expenses provided on fair value gains for certain properties, and (ii) withholding tax expenses on its distributions to Singapore.

**2.2 Review of statement of financial position**

Investment properties for the Group decreased £456.7 million from £460.0 million as at 31 December 2022. The decrease of £3.3 million relates to £3.7 million sustainability contribution disbursed in this financial period and recognized as fair value loss on investment properties and reclassification of an asset held for sale of £0.5 million, partially offset by the recognition of capital expenditure amounting £0.9 million from prepayment upon completion of sustainability works for certain properties.

Included in trade and other receivables as at 30 June 2023 of £14.5 million (31 December 2022: £11.9 million) are mainly i) rental collected in advance by property manager on behalf of the Group of £12.8 million (31 December 2022: £11.0 million) which have been subsequently received by the Group, ii) total transaction costs of approximately £0.2 million incurred by the Trust for setting up a green revolving credit facility and multicurrency debt issuance programme during the financial year, which have been included as prepayments, iii) prepaid property expenses to the relevant UK authority which were previously borne by the tenants when the properties were leased out and iv) 5% withholding tax paid for 2H2022 distribution to be recovered from the tax authority.

During 1H2023, the Group partially repaid £5.2 million of its revolving credit facilities and drew down £7.0 million from its new revolving credit facility set up by the Trust in 2022. As a result, loan and borrowings as at 30 June 2023 amounted to £222.5 million (31 December 2022: £220.3 million).

Included in trade and other payables of £5.7 million as at 30 June 2023 (31 December 2022: £4.8 million) are mainly i) bank interest payable amounting £1.4 million (31 December 2022: £1.3 million), ii) accrued operating expenses of £1.2 million (31 December 2021: £1.8 million) and iii) other payables of £2.0 million (31 December 2022: £1.7 million), which mainly consist of VAT payable to HMRC.

Deferred tax liabilities are mainly due to deferred tax provision on the fair value gains on certain properties valued as at 31 December 2022.

**2.3 Review of statement of cashflows**

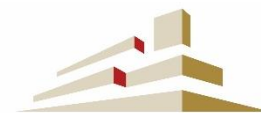
Net cash generated from operating activities for 1H2023 amounted to £14.6 million, being £3.1 million higher when compared to £11.5 million for 1H2022. This was driven partly by £1.9 million dilapidation settlements and £0.4 million lease surrender premium.

Net cash used in investing activities for 1H2022 of £7.4 million was mainly from partial disbursement of the total agreed Sustainability Contribution to the DWP and the MOD as announced in 2022. The Group paid another 25% of the total agreed Sustainability Contribution to DWP amounting £3.7 million in 1H2023.

Included in net cash used in financing activities of £15.5 million were (i) a total of £10.3 million distribution to unitholders for 2H2022, which were paid in 1H2023, (ii) partial repayment of its revolving credit facilities amounting £5.2 million, (iii) drawdown of £7.0 million from the new revolving credit facility that was set up by the Trust in 2H2022, and (iv) payment of bank loans interest of £5.3 million.

**2.4 Variance between actual results and projection statement**

There was no forecast or prospect statement previously disclosed to unitholders for the financial period ended 30 June 2023.



### 3. Commentary on the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

As at 30 June 2023, 92.1% the portfolio is occupied, with a majority of the leases signed directly with the UK Government's Secretary of State<sup>1</sup>, thus providing credit stability and income certainty. The Group collected 99.9% of the rent in advance for the three-month period of July 2023 to September 2023, within seven days of the due date.

On 1 April 2023, a total of 136 out of 155 assets were up for rent escalation review. Out of this, 134 assets have their rent escalation pegged to the UK Consumer Price Index ("CPI"). 11 of 134 assets have agreed rent reductions<sup>2</sup> alongside the rental escalation pegged to CPI. The remaining two have rents based on open market rent. The table below summarises the rent position of the 136 assets:

| Rent Escalation Basis  | Number of assets | Rent p.a. as at 31 March 2023 (£'000) | Revised Rent p.a. effective as at 1 April 2023 (£'000) |
|--|------------------|---------------------------------------|--|
| Rent escalation of 21.07%                                    | 7                | 2,640                                 | 3,196  |
| Rent escalation of 15.28%                                    | 116              | 27,083                                | 31,222   |
| Rent escalation of 15.28%, subject to rent reduction         | 11               | 1,976                                 | 1,456 <sup>2</sup>                                     |
| Rent escalation based on upward only open market rent review | 2                | 132                                   | 132 <sup>3</sup>                                       |
| <b>Total<sup>4</sup></b>                                     | <b>136</b>       | <b>31,832</b>                         | <b>36,006</b>  |

The Manager also announced the proposed disposal of the following assets:

| Property Name                   | Status   | Valuation (As of 31 July 2023) | Agreed Disposal Price |
|---------------------------------|----------|--------------------------------|-----------------------|
| John St Sunderland              | Exchange | £500,000                       | £500,000              |
| Openshaw Job Centre, Manchester | Exchange | £475,000                       | £615,000              |

The proceeds from disposal will be used to pare down debts and lower aggregate leverage ratio. These would also reduce holding costs in relation to vacant properties as well as lower borrowing costs following repayment of loans.

As part of its asset management strategy, the Manager is focused on tenant retention, expanding its sustainability collaboration with the DWP and other occupiers, as well as diversifying its portfolio lease expiries and income profile.

Taking into consideration the current macroeconomic volatility, the Manager remains open to realising opportunities for growth via acquisition of assets made available to the REIT through its Sponsors' right of first refusal ("ROFR") pipeline or from the open market through a stringent evaluation process.

<sup>1</sup> 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.

<sup>2</sup> The rent reductions could range between 25% and 50% depending on the respective negotiated outcome and is applied simultaneously with the rent escalation.

<sup>3</sup> Minimum rent expected, given that rent review is upward only. Revised rent to be finalised.

<sup>4</sup> Discrepancies between the listed figures and totals thereof are due to rounding.





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## **Macro Environment**

UK's gross domestic product ("**GDP**") is estimated to have fallen slightly by 0.1% in May 2023 on a month-on-month basis, after a growth of 0.2% in April 2023<sup>5</sup>. Production output fell by 0.6% in May 2023 and was the main contributor to the decline in monthly GDP figures. Monthly GDP is now estimated to be 0.2% above its pre-pandemic levels in February 2020.

According to the UK's Office for National Statistics, the most recent June headline and core consumer price index ("**CPI**") rose at seasonally adjusted month-to-month annualised rates of 1.3% and 3.4% respectively, down from averages of 7.5% and 8.4% in the first five months of this year. Consequently, the headline rate of CPI inflation dropped to 7.9%, down from 8.7% in the prior month<sup>6</sup>. Falling prices for motor fuel led to the largest downward contribution to the monthly change in UK's CPI annual rate<sup>6</sup>.

Recently, the Bank of England ("**BoE**") noted that recent data suggests that the UK's elevated inflation remains persistent on the back of a tight labour market and continued resilience in demand. In a bid to meet its 2% inflation target, the BoE has raised the Bank Rate to 5.25%<sup>7</sup>.

The unemployment rate for March to May 2023 increased by 0.2 percentage points on the quarter to 4.0%<sup>8</sup>. Meanwhile, job vacancies across April to June 2023 fell by 85,000 quarter-on-quarter to roughly 1.03 million, the 12th consecutive fall on the quarter<sup>9</sup>.

Claimant count for people claiming unemployment-related benefits from DWP in June 2023 stood at 1.55 million, a slight decline of 0.2% year-on-year<sup>10</sup>. Despite the decline over the past year, the DWP's services remain essential and integral in supporting UK's social fabric.

Elite Commercial REIT expects to continue delivering sustainable value for Unitholders through its multi-pronged business strategy to maximise value while managing gearing.

<sup>5</sup> Office for National Statistics, *GDP monthly estimate, UK: June 2023*, 19 July 2023.

<sup>6</sup> Office for National Statistics, *Consumer price inflation, UK: May 2023*, 21 June 2023.

<sup>7</sup> Bank of England, *Monetary Policy Summary, August 2023*, 3 August 2023.

<sup>8</sup> Office for National Statistics, *Labour market overview, UK: July 2023*, 11 July 2023.

<sup>9</sup> Office for National Statistics, *Vacancies and jobs in the UK: July 2023*, 11 July 2023.

<sup>10</sup> Office for National Statistics, *Claimant Count, UK: June 2023*, 11 July 2023.



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**4. Distribution information**

**4(a) Current financial period**

Any distribution declared for the current period? Yes.

Name of distribution: Interim distribution for the period from 1 January 2023 to 30 June 2023

Distribution type: Tax-exempt income

Distribution rate: 1.74 pence per Unit  
(being 90.0% of the total amount available for distribution to unitholders at end of the period)

Tax Rate: Tax exempt income distribution  
Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders. No tax will be deducted from such distribution.

**4(b) Corresponding period of the immediately preceding financial year**

Any distributions declared for the corresponding period of the immediately preceding financial year? Yes

**4(c) Notice of Record Date:** 16 August 2023

**4(d) Date Payable:** 21 September 2023

**5. If the Group has obtained a general mandate from Unitholders for IPTs, the aggregate value of each transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No general mandate had been obtained from Unitholders for Interested Person Transactions.

**6. Confirmation pursuant to Rule 720(1) of the Listing Manual**

Tan Hai Peng Micheal and Victor Song Chern Chean, Non-Independent Non-Executive Directors, on behalf of the board of directors of the Manager, confirm that the Manager has procured undertakings from all its directors and executive officers in the form as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**7. Negative confirmation pursuant to Rule 705(5) of the Listing Manual**

Tan Hai Peng Micheal and Victor Song Chern Chean, Non-Independent Non-Executive Directors, on behalf of the board of directors of the Manager confirmed that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Manager which may render the unaudited financial results of Elite Commercial REIT for the period from 1 January 2023 to 30 June 2023 to be false or misleading in any material aspect.

**8. Confirmation pursuant to Rule 704(13) of the Listing Manual**

Pursuant to Rule 704(13) of the Listing Manual of Singapore Exchange Securities Trading Limited, the REIT Manager confirm that there is no person occupying managerial position in the REIT Manager who is a relative of a director, chief executive officer, substantial shareholder of the Company or substantial Unitholder of Elite Commercial REIT.



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Certain statements in this release constitute “forward-looking statements”. This release also contains forward-looking financial information. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding the Manager’s present and future business strategies and the environment in which the Group will operate in the future. Because these statements and financial information reflect the current views of the Manager concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information. You should not place any reliance on these forward-looking statements and financial information.

**By Order of the Board**

Liaw Liang Huat Joshua  
Chief Executive Officer

**Elite Commercial REIT Management Pte. Ltd.**  
**(Company Registration Number: 201925309R)**  
**As Manager of Elite Commercial REIT**

7 August 2023