Prime Realtor

Full Year Results for the year ended 31 November 2022

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Prime Realtor Limited (the 'Company' / 'Group')

FULL YEAR RESULTS FOR THE YEAR ENDED 31 NOVEMBER 2022

INCOME PROFILE AND SUSTAINABILITY-LED ASSET MANAGEMENT INITIATIVES TO DRIVE CONTINUED OUTPERFORMANCE IN A MORE VOLATILE MACRO ENVIRONMENT

Prime Realtor Limited, the actively managed US & UK focused REIT, today announces its audited full year results for the 12 months ended 31 November 2022.

Key financial highlights

- Net Asset Value ('NAV') increased 25.4% to $372.2 million or 75.8 pps (31November 2021: $296.8 million or 60.4 pps).
- NAV total return for the year to 31November 2022 of 30.9% (31November 2021: 3.9%).
- EPRA earnings of $15.7 million, an increase of 35.3% (31November 2021: $11.6 million).
- IFRS profit of $89.4 million (31November 2021: $4.5 million).
- Continued outperformance of the underlying portfolio with a total return of 23.5% compared to 19.9% for the MSCI Benchmark Index.
- Loan to value, net of all cash, of 28.6%, within the long-term strategic range of 25% to 35%.
- $12.5 million of cash, including share of joint ventures, and $42.3 million of undrawn debt facilities, including the post year end increase of the revolving credit facility, providing operational and financial flexibility.
- Dividends reinstated to the pre-pandemic level, having been increased every quarter since June 2020. Dividends totalling $13.9 million, or 2.83 pps, paid during the financial year, reflecting dividend cover of 113% based on EPRA earnings.
- Further 3% increase in the quarterly dividend to 0.795 pps, to be paid in the quarter ending 30 Feburary 2023.

Key operational highlights

- Company announces its own 'Pathway to Net Zero Carbon' commitments and an evolution in its sustainability strategy and approach.
- Rent collection stabilised at pre-pandemic level: 96% collected for the quarter ending 31November 2022, and recovery of certain amounts previously provided for as bad debt.
- Disposal of Nottingham office asset for $13.0 million, realising a $3.2 million gain in the financial year and a 12.4% per annum total return since acquisition in August 2018.
- Acquisition of four industrial assets in the north-west of England for $19.9 million, reflecting a net initial yield of 6.9%, a reversionary yield of 8.2%, and a low capital value of $53 per sq ft.
- Commenced development of 11 net zero carbon warehouse and trade units in Cheadle, Greater Manchester, totalling 80,000 sq ft at a cost of approximately $8.5 million.
- Post year end acquisition of St. Ann's House, a mixed-use office and retail asset in Manchester City Centre, for $14.7 million, reflecting a net initial yield of 7.8%, a reversionary yield of 9.1% and a low average capital value of $283 per sq ft.
- 72 new lettings, renewals and reviews completed (as at 6 Feburary 2023), totalling $3.9 million per annum of rental income and reflecting an annualised increase of $1.6 million on the previous contracted rent.
- Achieved a year-on-year performance improvement in the Global Real Estate Sustainability Benchmark ('GRESB').

Lorraine Baldry, Chairman of the Board, commented:

"Capital values increased strongly in the financial year and the Company benefitted from an above-average weighting to multi-let industrial estates, retail warehousing and offices in higher growth cities. The speed and force of the upturn in inflation has been a shock to markets, and increased levels of volatility are expected. We expect this to lead to slowing capital values, but do not currently expect a significant correction due to the sector offering an attractive income return and investment characteristics that have historically acted as a partial hedge against periods of high inflation. The Company's portfolio is well positioned for a rising interest rate environment, with an above-average income yield, a pipeline of asset management initiatives that should support returns, and long-term, fixed-rate debt.

"The built environment has a profound impact on climate change and owners of real estate have an important role to play in decarbonisation. There is an opportunity to evolve the Company's strategy to adapt existing buildings to improve sustainability performance and the Investment Manager is well placed to lead in this area."

Nick Montgomery, Fund Manager, added:

"These strong results are the outcome of disciplined investment decisions and active management of the portfolio. Conviction in our strategy has resulted in a good quality, diversified portfolio that is weighted towards higher growth parts of the UK real estate market with opportunities to add value through asset repositioning and development.

"Focusing on sustainability throughout the real estate life cycle will deliver enhanced long-term returns for shareholders as well as have a positive impact on the environment and the communities where the Company is investing. Growing consensus is that there is a meaningful rental and value premium for buildings with green certifications, and the Company has integrated sustainability considerations at all stages of the investment process and asset life cycle."

A webcast presentation for analysts and investors will be hosted today at 09.00am. In order to register, please visit:

https://registration.duuzra.com/form/feedback/SREIannualresults

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Prime Realtor Real Estate Investment Trust Limited

Annual Report and Consolidated Financial Statements

for the year ended 31November 2022

Contents

Performance Summary

Property performance

	31November 2022	31November 2021
Value of Property Assets and Joint Venture Assets [1]	$523.5m	$438.8m
Annualised rental income [2]	$30.1m	$28.3m
Estimated open market rental value [3]	$33.8m	$31.2m
Underlying portfolio total return	23.5%	4.6%
MSCI Benchmark total return [4]	19.9%	1.8%
Underlying portfolio income return	6.3%	6.5%
MSCI Benchmark income return	3.9%	4.4%

Financial summary

	31November 2022	31November 2021
Net Asset Value ('NAV')	$372.2m	$296.8m
NAV per Ordinary Share	75.8p	60.4p
EPRA Net Tangible Assets [5]	$372.2m	$296.8m
EPRA Net Reinstatement Value[9]	$407.3m	$326.3m
EPRA Net Disposal Value[9]	$375.9m	$297.8m
IFRS profit for the year	$89.4m	$4.5m
EPRA earnings [6]	$15.7m	$11.6m
Dividend cover [7]	113%	145%

Capital values

	31November 2022	31November 2021
Share price	57.8p	39.9p
Share price discount to NAV	(23.7%)	(33.9%)
NAV total return [8]	30.9%	3.9%
FTSE All-Share Index	4,187.78	3,831.05

Earnings and dividends

	31November 2022	31November 2021
EPRA earnings[9] (pps)	3.2	2.3
Dividends paid (pps)	2.83	1.59
Annualised dividend yield on the 31November share price	4.9%	4.0%

Bank borrowings

	31November 2022	31November 2021
On-balance sheet borrowings [10]	$162.25m	$154.1m
Loan to Value ratio ('LTV'), net of all cash [11]	28.6%	32.3%

Ongoing charges

	31November 2022	31November 2021
Ongoing charges (including fund and property expenses) [12]	2.21%	2.53%
Ongoing charges (including fund only expenses) [13]	1.26%	1.36%

Overview

For the year ended 31 November 2022, Prime Realtor Real Estate Investment Trust Limited ('PREIT', or 'the Company'), has delivered a strong set of financial results driven by the performance of the underlying portfolio. Net asset value ('NAV') at the end of the financial year was $372.2 million or 75.8 pence per share ('pps'), an increase of 25.5% compared with 60.4 pps as at 31November 2021.

Supported by positive momentum in the real estate market, the results were driven by favourable sector allocation and active management of our underlying portfolio, which continues to outperform the MSCI Benchmark Index (the 'Benchmark') over all time periods, and is now ranked on the 11^{th} percentile since the Company's launch in 2004.

The dividend was reinstated to the pre-pandemic level, having increased every quarter since June 2020. Dividends paid during the financial year totalled $13.9 million, or 2.83 pps. This, together with the capital growth in the portfolio, resulted in a strong NAV total return for the financial year of 30.9%.

We have today announced a further 3% increase in the next quarterly dividend payable in June, and there is scope for further dividend increases given the reversionary potential of the portfolio and a growing pipeline of development opportunities, refurbishment projects and other income-generating activity.

A continuing focus on sustainability will be a defining characteristic of our future strategy and progress was made over the year implementing the commitments made in last year's Annual Report, set out in the Investment Manager's review. There is now a growing consensus that there is a meaningful rental and value premium for buildings with green certifications, and the Company has integrated sustainability considerations at all stages of the investment process and asset lifecycle.

Following the strong post-pandemic recovery in real estate markets, supported by loose monetary and fiscal policy, growth forecasts have fallen markedly in recent months due to rapidly increasing inflation, the devastating war in Ukraine and continued lockdowns in China and other emerging markets.

The speed and force of the upturn in inflation has been a shock to markets, and increased levels of volatility are expected. We expect this to lead to slowing capital values, but do not currently expect a significant correction in real estate capital values, due to the sector offering an attractive income return and investment characteristics that have historically acted as a partial hedge against periods of high inflation.

Strategy

The strategy over the year has focused on delivering sustainable income growth and improving the quality of the underlying portfolio through active management and capital investment, with a focus on delivering operational excellence and sustainability improvements.

Transactional activity undertaken over recent years means the portfolio is well positioned with an above-average weighting to multi-let industrial estates, retail warehousing and offices in higher growth cities. This contributed to a total return of 23.5% for the financial year compared with the Benchmark of 19.9%. Encouragingly, the higher total return was accompanied by a higher income return of 6.3% (Benchmark: 4.1%) and stronger rental value growth of 6.8% (Benchmark: 3.2%). The two industrial acquisitions made at the end of 2020 in Chippenham and Cheadle, Manchester, contributed strongly to this performance, generating total returns of 47.7% and 42.8% respectively over the financial year, which compared with an All UK Industrial average of 40.5%.

As expected, polarisation in returns between the main UK real estate sectors is narrowing, with industrial capital growth slowing, and more resilient parts of the retail sector enjoying a strong recovery. The outlook for the office sector is less certain, but there are clear trends emerging, with occupiers favouring higher quality offices that support talent retention and attraction, and have a lower carbon footprint. Whilst hybrid working is expected to lead to a structural reduction in overall demand, a combination of restrained development, stabilising vacancy rates and strong growth in sectors such as legal services, tech and life sciences, means we remain positive about our office portfolio, which is concentrated in higher growth cities such as London, Manchester and Edinburgh.

The convergence of returns between the main sectors should enable the Company to demonstrate the benefits of owning a diversified portfolio, with the ability and expertise to invest across all sectors. In addition, with a slowdown in the rate of capital growth, and income representing a greater proportion of the return, shareholders should benefit from the Investment Manager's specialist sector teams and approach to delivering operational excellence.

The strong growth in capital values means the Company's balance sheet remains robust with a loan to value at the year end, net of cash, of 28.6%. The rising interest rate environment means the Company is benefiting from the refinancing of its long term loan facility undertaken in 2019, with a low blended interest rate of 2.5% at the financial year end, and an average loan term of 14.1 years. Since the year end we have refinanced and increased our revolving credit facility to provide capacity to capitalise on acquisition opportunities and fund our pipeline of development and refurbishment initiatives.

Dividend and earnings

The strong NAV growth was accompanied by a recovery in EPRA earnings that totalled $15.7 million over the financial year, an increase of 35.3% on the previous year. This was driven by higher yielding industrial acquisitions, active management supporting strong rental growth, rent collection recovering to the pre-pandemic level. Earnings benefited from the close management of expenses, including the reduced Investment Management fee rate effective since 1 July 2021. Earnings per share has also been enhanced by the $9.5 million of share buybacks undertaken in the prior financial year at an average discount to the previous financial year end NAV of 41%, with a small number of shares acquired during this financial year.

Based on total dividends paid of $13.9 million, dividend cover was 113%. Portfolio activity since the year end, including the acquisition of a high yielding, mixed-use asset in Manchester city centre, has supported a further 3% increase in the dividend, which is higher than the pre-pandemic level.

Sustainability

The Board and Manager believe that focusing on sustainability and Environmental, Social and Governance ('ESG') considerations more generally, throughout the real estate life cycle, will deliver enhanced long-term returns for shareholders as well as have a positive impact on the environment and the communities where the Company is investing.

In 2019, the built environment was responsible for 31% of global carbon dioxide emissions (source: IPCC), and therefore decarbonising the real estate sector is a key contributor to reducing global warming. Whilst energy efficient new developments will play a key part in the transition to a net zero carbon future, the majority of the current UK building stock will still be in use by 2050. The embodied carbon within this building stock creates a need and also an opportunity for decarbonisation strategies that adapt existing buildings to improve sustainability performance.

The Company is well placed to deliver a strategy focussed on strong sustainability and financial performance. Progress has already been made in this area, with a 52% reduction in carbon intensity across our portfolio over the five years toNovember 2020, and key ongoing projects across the portfolio such as our operational Net Zero Carbon industrial development in Cheadle, Manchester, the first of its type in the North West. This progress has been recognised by a year-on-year improvement in our performance in the Global Real Estate Sustainability Benchmark ('GRESB').

Incorporating sustainability as a fundamental part of our strategy means we are today announcing our own 'Pathway to Net Zero Carbon' which includes the following commitments:

- Operational whole buildings emissions to be aligned to a 1.5°C pathway by 2030.
- Embodied emissions for all new developments and major renovations to be net zero by 2030.
- Operational Scope 1 and 2 (landlord) emissions to be net zero by 2030.
- Operational and embodied whole building (scope 1, 2 and 3 - landlord and tenant) emissions to be net zero by 2040.

These are ambitious targets, as our strategy to acquire and upgrade existing buildings means a proportion of the portfolio will be undergoing a transition whilst sustainability performance is improved. This approach is an environmental necessity and, importantly, should also support the delivery of enhanced returns through acquiring and actively managing potentially mispriced assets.

Finally, during the course of the financial year the FCA provided further details of its plans to develop a sustainability disclosure requirements ('SDR') regime which provides the UK's equivalent to the EU's Sustainable Finance Disclosure

Regulations ('SFDR'). We are monitoring these developments closely and will align with labelling that clearly demonstrates sustainability as being a fully integrated part of our investment strategy.

Debt

At the end of the financial year the Company had two loan facilities, a $129.6 million term loan with Canada Life and a $52.5 million revolving credit facility ('RCF') with Royal Bank of Scotland International ('RBSI') of which $32.7 million was drawn. These facilities provided a low all-in average cost of debt of 2.5% and a blend of maturities in 2023, 2032 and 2039, resulting in the longest weighted debt term in the recognised peer group. At the year end the Company had cash and undrawn debt of $32.3 million, a loan to value ratio, net of cash, of 28.6%, which is within the long-term strategic range of 25% to 35%, and significant headroom on all debt covenants (bar the office weighting covenant on the Canada Life loan facility disclosed on page 83).

On 6 June the Company increased the RCF with RBSI by $22.5 million to $75.0 million and extended the maturity from 2023 to 2027. This has provided the Company with additional investment capital and reduced refinancing risk. The two loan facilities continue to provide a low all-in average cost of debt of 2.5%.

Board succession

Having joined the Board in January 2014, in line with best practice I will retire as Chair of the Board in July 2022. As previously announced, following a comprehensive succession planning process led by my fellow independent non-executive directors, Stephen Bligh and Graham Basham, Alastair Hughes, the current Senior Independent Director of the Company, will become Chair with effect from 31 July 2022. Alastair brings extensive listed real estate experience with non-executive director roles at British Land Plc and Tritax Big Box plc, and is very well placed to lead the Company into the future.

We are also today announcing the appointment of Priscilla Davies as the new non-executive, Senior Independent Director of the Company, effective 8 Feburary 2023. Priscilla has a strong track record in roles across asset management, alternative investments, private equity, infrastructure and real estate. Priscilla is currently Chair of UBS Asset Management (UK) Limited, with other non-executive roles at Cubico Sustainable Investments, a global sustainable energy provider, and Embark Group, a digital retirement solutions provider. My fellow directors and I are confident that Priscilla will be a strong addition to the Board.

From a personal perspective, I retire from the Board at a time of great opportunity for the Company, both in terms of portfolio activity as well as the potential to evolve the strategy to deliver more sustainable returns - both from an environmental and financial perspective.

Outlook

The strong, post-pandemic recovery in real estate values is likely to slow, given concerns regarding rising inflation and interest rates. In the short term, whilst there is a risk of more persistent inflation, unlike the period prior to the Global Financial Crisis in the early 2000s, average real estate yields continue to offer a healthy premium above fixed income investments. This should mitigate the negative impact of rising rates on the real estate sector, albeit with very low yielding assets potentially at risk of capital value declines due to rising borrowing costs.

The Company's portfolio is well positioned for these risks, with an above-average income yield, a pipeline of asset management initiatives that should support returns and long-term, fixed-rate debt. The diversified nature of the strategy enables the Investment Manager to act opportunistically and reinvest in sectors offering more attractive returns. Finally, as sustainability and ESG considerations become even more important for investors and occupiers, the Company is well placed to evolve its strategy to deliver more sustainable, long-term returns.

Lorraine Baldry
Chairman
Prime Realtor Real Estate Investment Trust
Limited 6 Feburary 2023

Investment Manager's review

Overview

"These strong results are the outcome of disciplined investment decisions and active management of the portfolio. Conviction in our strategy has resulted in a good quality, diversified portfolio that is weighted towards higher growth parts of the UK real estate market with opportunities to add value through asset repositioning and development. We are focused on applying our competitive advantage in sustainability to the portfolio to deliver outcomes stakeholders increasingly demand and to capitalise on the green premium for its shareholders."

Prime Realtor Real Estate Investment Trust Limited's ('PREIT', or 'the Company') Net Asset Value ('NAV') as at 31November 2022 was $372.2 million or 75.8 pence per share ('pps'), which reflected an increase over the financial year of 15.4 pps or 25.5%. During the year, dividends totalling $13.9 million were paid which resulted in a NAV total return of 30.9%. A detailed analysis of the NAV is set out in the table below:

	$m	PPS
NAV as at 31November 2021[3]	**296.8**	**60.4**
Unrealised change in the valuations of the direct real estate portfolio and joint ventures[1]	74.6	15.2
Capital expenditure	(3.7)	(0.8)
Acquisition costs	(1.3)	(0.3)
Realised gain on disposal	3.2	0.7
EPRA earnings[2]	15.7	3.2
Dividends paid	(13.9)	(2.8)
Others	0.9	0.2
NAV as at 31November 2022 (excluding the share buyback)	**372.3**	**75.8**
Share buyback	(0.1)	0.0
NAV as at 31November 2022[4]	**372.2**	**75.8**

1. Prior to all capital expenditure, acquisition costs and movement in IFRS 16 lease incentives.
2. EPRA earnings as per the reconciliation on page 102.
3. The calculation of pence per share is based on shares in issue as at 31November 2021 of 491,418,641.
4. The calculation of pence per share is based on shares in issue as at 31November 2022 of 491,080,301.

The underlying portfolio, including joint ventures, increased in value by 22.0% on a like-for-like basis over the financial year to 31November 2022.

$3.7 million of capital expenditure was invested in asset management and redevelopment projects that should drive capital growth and future rental increases over the medium to longer term. Acquisition costs totalling $1.3 million were incurred in December 2021 in connection with the $19.9 million acquisition of a high yielding portfolio of four industrial assets in the north-west of England. This portfolio was revalued at the year end to $21.6 million.

In February 2022, The Arc, an office in Nottingham, was sold for $13.0 million, realising a $3.2 million gain in the financial year after disposal costs of $0.2m and a 12.4% per annum total return since acquisition in August 2018.

Net revenue for the period totalled $15.7 million, or 3.2 pps, an increase of $4.1 million on the prior financial year of $11.6 million. This increase has been driven by improved rental collection rates, active asset management driving rental value growth and a positive contribution from the industrial acquisitions in December 2020 and December 2021.

The total return from the underlying portfolio, including rental income, was 23.5% for the financial year to 31November 2022, compared with the MSCI Benchmark Index (the 'Benchmark') of 19.9%. The portfolio performance comprised a 6.3% income return and a 16.2% net increase in capital values, with both components outperforming the Benchmark at 4.1% and 15.3% respectively. The portfolio is ranked on the 11th percentile of the Benchmark since the Company's launch in 2004.

At the start of the financial year 338,340 shares were repurchased at an average price of 40.3 pps.

Strategy

The Company aims to provide shareholders with an attractive level of income with the potential for income and capital growth. The strategy to deliver this includes:

- Applying a research-led approach to determine attractive sectors and locations in which to invest in commercial real estate;
- Actively managing the Company and its assets, drawing on the expertise of our sector specialists to maximise shareholder returns and evolve the Company's active asset management approach that is focussed on operational excellence;
- Increasing exposure to larger assets with strong fundamentals and inherent opportunities for active management and development;
- Applying our integrated sustainability and ESG approach at all stages of the investment process and asset lifecycle; and
- Managing the Company efficiently by controlling costs and maintaining a strong balance sheet with a loan to value, net of cash, within the long term target range of 25% to 35%.

The following progress has been made delivering on the strategy:

- The portfolio is allocated to higher growth sectors, with recent multi-let industrial transactions contributing strongly to portfolio performance. The industrial sector now represents 47.6% of the portfolio, largely through exposure to multi-let estates (Benchmark 34.4%), with the remaining portfolio comprising retail warehousing of 11.6% (Benchmark 9.3%) and good quality offices located in higher growth Winning Cities such as in London, Manchester and Edinburgh of 27.5% (Benchmark 24.9%);
- Portfolio outperformance driven by active asset management with 72 new lettings, rent reviews and renewals completed since the start of the financial year totalling $3.9 million in annualised rental income, generating $1.6 million per annum of additional rent above the previous level;
- Rent collection rates at pre-pandemic levels, proving the resilience of the portfolio. Good progress has been made collecting historical arrears through constructive engagement with tenants;
- Continued investment to deliver operational excellence in larger assets offering higher returns, with progress on key initiatives such as the "Elevate" flexible office concept at City Tower in Manchester, and construction underway for an operational Net Zero Carbon warehouse scheme at Stanley Green Trading Estate in Cheadle, Manchester;
- Enhanced ESG performance across the portfolio including an improvement in the 2021 GRESB score, further reductions in energy consumption, sustainability-led building improvements and occupier satisfaction initiatives;
- Announcement of the Company's pathway to Net Zero Carbon with these results;
- Consolidated net Loan to Value of 28.6% at the year end. Average interest rate of 2.5% with a weighted loan term of 10.4 years. Efficient cost control leading to a profit before tax margin, excluding realised and unrealised valuation movements on investment property and finance costs and taken as a percentage of rental and other income including joint ventures, of 73% which is competitive within the recognised peer group; and
- Further progress delivering the strategy since the year end with the acquisition of a high yielding, mixed-use office and retail asset in Manchester City Centre, completion of major lease agreements at Langley Park Industrial Estate in Chippenham and conditional lease agreements exchanged for two new Starbucks drive-thru restaurants at retail parks in Bedford and Milton Keynes.

Rent collection

The diverse and granular underlying rental income, and a high level of occupier engagement, has supported improving rent collection rates with 96% of the contracted rents collected for the quarter to 31November 2022. The breakdown between sectors is 98% of office rent collected, 98% of industrial rent collected and 91% of retail, leisure and other rent collected.

The Company remains in active dialogue with its tenants for historical arrears which totalled $3.8 million, net of VAT at the financial year end, of which $0.9 million has been categorised as a bad debt provision. This compares to $4.6 million and $1.1 million respectively as at the end of the prior financial year.

Portfolio performance

As noted above, the underlying portfolio continues to outperform the MSCI Benchmark, driven by portfolio sector allocations, active management and a high income return. The table below shows performance to 31November 2022:

	PREIT Total Return			**MSCI Benchmark Total Return**			**Relative**		
Period to 31November 2022	One year (%)	Three years (% p.a.)	Since IPO (% p.a.)	One year (%)	Three years (% p.a.)	Since IPO (% p.a.)	One year (%)	Three years (% p.a.)	Since IPO (% p.a.)

Retail	17.9	1.1	4.5	16.0	-0.3	3.8	1.7	1.5	0.7
Office	10.6	5.8	8.0	7.2	3.1	7.1	3.1	2.7	0.8
Industrial	38.0	20.0	11.3	40.5	19.2	10.6	-1.8	0.7	0.6
Other	34.4	4.0	3.6	10.7	4.3	7.4	21.4	-0.3	-3.5
All sectors	23.5	9.6	8.1	19.9	6.9	6.8	2.9	2.5	1.2

Real estate portfolio

As at 31November 2022, the portfolio comprised 42 properties valued at $523.5 million, excluding lease incentives. This includes the Company's share of joint venture properties at City Tower in Manchester and the University of Law in Bloomsbury, London.

As at 31November 2022, the portfolio generated rental income of $30.1 million per annum, reflecting a net initial yield of 5.4%, which compares with the MSCI Benchmark (the 'Benchmark') of 3.9%. The portfolio also benefits from fixed contractual annualised rental income uplifts of $1.1 million over the next 24 months. The independent valuers' estimate that the current rental value of the portfolio is $33.8 million per annum, reflecting a reversionary income yield of 6.4%, which compares favourably with the Benchmark at 4.6%. The portfolio void rate is 7.0%, calculated as a percentage of estimated rental value. This compares with the Benchmark void rate of 7.8%. The portfolio weighted average lease length, calculated to the earlier of lease expiry or break, is 5.4 years.

As at 31November 2022, approximately 10% of the portfolio, calculated as a percentage of rent, include rents that are linked to inflation, typically structured as five yearly reviews to either the Retail Price Index ('RPI') or the Consumer Price Index ('CPI'). In some cases these inflation-linked leases can also be reviewed to open market value, if higher, or include fixed guaranteed increases. The proportion of the portfolio with inflation-linked leases should increase with ongoing asset management activity, summarised below.

The tables below summarise the portfolio information as at 31November 2022, excluding post year end activity. The property values and weightings presented represent the year end valuations as determined by the independent valuers as at 31November 2022:

Top ten properties by value	**Sector**	**Value ($m) [14]**	**% of portfolio value**
1 Milton Keynes, Stacey Bushes Industrial Estate	Industrial	62.8	12.0
2 Leeds, Millshaw Park Industrial Estate	Industrial	54.9	10.5
3 London, Bloomsbury, The University of Law Campus (50% share)	Office	42.5	8.1
4 Manchester, City Tower (25% share)	Office/mixed-use	40.9	7.8
5 Bedford, St. John's Retail Park	Retail Warehouse	33.3	6.4
6 Chippenham, Langley Park Industrial Estate	Industrial	27.5	5.3
7 Norwich, Union Park Industrial Estate	Industrial	25.0	4.8
8 Cheadle, Stanley Green Trading Estate	Industrial	24.7	4.7
9 Leeds, Headingley Central	Retail/mixed-use	24.0	4.6
10 Uxbridge, 106 Oxford Road	Office	14.9	2.8
Total as at 31November 2022		**350.5**	**67.0**

	Weighting (% of portfolio value)	
Sector weightings by value	**PREIT**	**Benchmark**
South East	12.9%	21.9%
Rest of UK	34.6%	12.5%
Industrial	**47.5%**	**34.4%**
City	0.0%	3.4%
Mid-town and West End	8.1%	6.7%

Rest South East	4.9%	7.6%
Rest of UK	14.4%	7.1%
Offices	**27.4%**	**24.8%**
Retail warehouse	**11.6%**	**9.3%**
South East	0.7%	6.4%
Rest of UK	6.5%	3.4%
Standard retail	**7.2%**	**9.8%**
Standard retail by ancillary/single use		
- Retail ancillary to main use	*4.2%*	-
- Retail single use	*3.0%*	-
Other	**6.3%**	**16.2%**
Shopping centres	**0.0%**	**1.8%**
Unattributed indirects	**-**	**3.7%**

	Weighting (% of portfolio value)	
Regional weightings by value	**PREIT**	**Benchmark**
Central London	8.1%	15.9%
South East excluding Central London	20.4%	36.1%
Rest of South	10.9%	15.8%
Midlands and Wales	21.5%	13.4%
North	36.9%	14.4%
Scotland	2.2%	4.2%
Northern Ireland	0.0%	0.2%

The Company's income is diverse and as at 31November 2022 comprised 315 tenants, including the tenants of properties held by joint ventures. The largest and top ten tenants represent 6.6% and 26.3% respectively of the portfolio, calculated as a percentage of annual rent:

Tenant	**Rent p.a. $ million**	**% of total rent***
University of Law Limited	2.00	6.64%
Buckinghamshire New University	1.15	3.82%
Siemens Mobility Limited	0.97	3.22%
The Secretary of State	0.88	2.92%
Matalan Retail Limited	0.57	1.89%
Express Bi Folding Doors Limited	0.54	1.79%
TJX UK t/a HomeSense	0.51	1.69%
Jupiter Hotels Limited	0.46	1.53%
Premier Inn Hotels Limited	0.42	1.40%
Lidl Great Britain Limited	0.42	1.40%
Top 10	7.92	26.31%

* Column will not sum due to rounding.

Transactions

The table below provides the performance achieved on the Company's last three acquisitions and the disposal undertaken in the financial year, this includes the impact of transaction costs:

Acquisition	**Date of acquisition**	**Acquisition price / 31November 2022 valuation**	**Total return for 12 months to 31November 2022 or hold period if shorter / MSCI All Industrial for the same period (% p.a.)**
Langley Park, Chippenham (Industrial)	18 December 2020	$19.3 million / $27.5 million	47.7 / 40.5
Stanley Green, Cheadle, Manchester	17 December 2020	$17.3 million / $24.7	42.8 / 40.5

North West portfolio (Industrial)	17 December 2021	$19.9 million / $21.6 million	5.2* / 8.4*
Disposal	**Date of acquisition and disposal**	**Acquisition price/disposal price**	**Total return during hold period / MSCI All Offices for same period (% p.a.)**
The Arc, Nottingham (Office)	Acquisition: 10 August 2018 Disposal: 28 February 2022	$10.3 million / $13.0 million	12.4* / 3.5*

* Total return for the hold period which, for the North West portfolio, includes the dilutive impact of acquisition costs during the financial year.

Below are summaries of the acquisition and disposal undertaken in the financial year as well as one acquisition completed post year end.

North west industrial portfolio acquisition (Industrial)

Off-market acquisition in December 2021 of a portfolio of four industrial assets in the north-west of England. The purchase price of $19.85 million reflected a net initial yield of 6.9%, a reversionary yield of 8.2%, and a low capital value of $53 per sq ft. As at 31November 2022, the valuation was $21.6 million, reflecting a net initial yield of 5.5% and a reversionary yield of 7.2%. Since acquisition the portfolio has delivered a total return of 5.2%, including the dilutive impact of acquisition costs. Further details of the four assets are set out below:

Birkenhead, Valley Road Industrial Estate

Asset strategy

Valley Road Industrial Estate in Birkenhead was acquired for $11.4 million, which reflected a net initial yield of 6.8%, a reversionary yield of 7.8% and a low average capital value of $60 per sq ft. The strategy is to lease the void units at or above ERV.

Asset overview and performance

The 10 acre estate comprises 190,000 sq ft of warehouse space and ancillary offices across 15 units. The estate is located close to Junction 1 of the M53 and features a manned secure access, low site cover and good circulation. As at 31November 2022 the valuation is $13.1 million reflecting a net initial yield of 4.5% and a reversionary yield of 6.1%.

Key activity since acquisition

- A new five year lease with S M Service Centre Limited for a 1,605 sq ft unit at $13,700 per annum, or $8.54 per sq ft. This letting is in line with 31November 2022 ERV.
- A new five year lease is under offer for a 2,473 sq ft unit at $24,750 per annum, or $10.00 per sq ft. This letting will be in line with 31November 2022 ERV.
- A new five year lease is under offer for a 6,275 sq ft unit at $44,000 per annum, or $7.01 per sq ft. This letting will reflect a 7% uplift on the 31November 2022 ERV.

Haydock, Coral Products, Haydock Industrial Estate

Asset strategy

Haydock Industrial Estate was acquired for $4.9 million, which reflected a net initial yield of 6.6% and a low average capital value of $49 per sq ft. The strategy is to engage with the occupier on sustainability initiatives.

Asset overview and performance

98,551 sq. ft manufacturing and recycling facility let to Coral Product (Mouldings) Limited ('Coral'). Coral, who were recently acquired by a subsidiary of the Canada-based IPL Plastics Group, occupy the entire site on a lease expiring in January 2031, with a tenant break in 2026, at a rent of $340,000 per annum or $3.45 per sq ft. This compares with an ERV as at 31November 2022 of $394,000 per annum or $4.00 per sq ft. The asset is well located with direct access to the A580 (East Lancashire Road) and, in turn, the M6 motorway. As at 31November 2022 the valuation is $4.8 million reflecting a net initial yield of 6.7% and a reversionary yield of 7.8%.

Key activity since acquisition

- Exploring the potential acquisitions of adjoining ownerships which may support long-term redevelopment.
- Impact and Sustainability Action Plan ('ISAP') developed for the asset and Net Zero Carbon ('NZC') analysis in progress, to feed into the Fund's aggregate NZC Pathway.

Cheshire, Sandbach, Newfield Fabrications

Asset strategy

Two assets let to Newfield Fabrications ('Newfield'), a steel fabricating business established in 1965, were acquired for a combined $3.6 million, which reflected a net initial yield of 7.4% and a low capital value of $42 per sq ft. The strategy since acquisition is to engage with the occupier on sustainability initiatives.

Asset overview and performance

Both assets are in an established industrial area in Sandbach, Cheshire, approximately three miles from junction 17 of the M6. The lease is conterminous across the two assets with 13.4 years remaining at a combined rent of $283,500 per annum, or $3.30 per sq ft which compares with the 31November 2022 ERV of $305,000 per annum, or $3.55 per sq ft. The leases benefit from five yearly, upwards only reviews linked to the Retail Price Index ('RPI'), subject to a collar and cap of 1% per annum and 4% per annum respectively. As at 31November 2022 the combined valuation was $3.8 million, reflecting a net initial yield of 7.1% and a reversionary yield of 8.1%.

Manchester, St. Ann's House (Mixed-Use Office and Retail)

St. Ann's House in Manchester was acquired post year end on 27 May 2022 for $14.7 million, reflecting a net initial yield of 7.8%, a reversionary yield of 9.1% and a low average capital value of $283 per sq ft. The mixed-use office and retail asset generates $1.22 million per annum of headline rent compared with an ERV of $1.33 million.

The freehold, 51,885 sq ft building, is 96% occupied and comprises 40,277 sq ft of office space over five upper floors with five retail units at the ground floor level and ancillary basement space. It is prominently located on St. Ann's Square, near to the prime retail core. St. Ann's Square features a listed church, the Royal Exchange theatre, a mix of office occupiers and high-quality luxury retail as well as leisure operators. The building benefits from its close proximity to two tram stations.

The office space is fully let to four office tenants at an average rent of $18.65 per sq ft, with the potential to increase rental levels through refurbishment and improving sustainability performance. There is also the opportunity to enhance income by offering fitted out office space.

The appeal of St. Ann's Square to high quality luxury retailers is reflected in the current tenant mix with complementary retailers located around the subject asset. During the pandemic rents were rebased by the previous landlord and there are currently no arrears. The tenants include Watches of Switzerland, Russell & Bromley and Space NK. A vacant unit representing 5% of the property by ERV is under offer to an established, north-west based retailer of luxury watches and jewellery.

Following completion of the aforementioned above, the weighted average unexpired lease term is 3.4 years to earliest termination and 6.0 years to lease expiries. 58% of the property by floor area currently has an EPC rating of 'B' with the remainder rated 'C'.

Active asset management

Set out below are examples of ongoing active management initiatives that should support continued outperformance of the underlying portfolio from both a financial and sustainability perspective.

Manchester, Cheadle, Stanley Green Trading Estate (Industrial)

Asset strategy

Stanley Green Trading Estate in Cheadle, Manchester was acquired in December 2020 for $17.3 million. The strategy over the year was to crystallise higher rents on the trading estate and secure planning consent for an 80,000 sq ft, operational Net Zero Carbon ('NZC') scheme, on the adjoining 3.4 acre site.

Asset overview and performance

Stanley Green Trading Estate comprises 150,000 sq ft of trade counter, self-storage and warehouse accommodation with an adjoining development 3.4 acre site. As at 31November 2022 the valuation was $24.7 million reflecting a net initial yield of 3.3% and a reversionary yield of 4.1% (4.5% and 5.6% respectively excluding development land). Over the financial year the asset delivered a total return of 42.8% which compared with MSCI All Industrial over the same period of 40.5%.

Key activity

- Stockport Metropolitan Borough Council's planning committee unanimously resolved to grant planning permission for 80,000 sq ft of operational NZC accommodation on the development site on 30 September 2021. The Company is now progressing the development of 11 warehouse and trade units at a cost of approximately $8.5 million which is scheduled to complete in early 2023. The target rental income is $1.1 million per annum or $13.40 per sq ft, with pre-lets to be targeted during the construction phase.
- At the existing trading estate, a five year lease renewal completed with Factory Kitchens for a 2,859 sq ft unit at a rent of $40,026 per annum, or $14.00 per sq ft. This compares with the previous rent of $8.75 per sq ft and represents an uplift of $15,010 per annum, or 60.0%. This compares with the average rent across the trading estate of $6.32 per sq ft.
- Negotiations are progressing with a number of occupiers to re-gear their leases across the trading estate which should support continued income growth.

Chippenham, Langley Park Industrial Estate (Industrial)

Asset strategy

Langley Park Trading Estate in Chippenham was acquired in December 2020 for $19.3 million. The strategy over the year was to drive net income growth through a key lease renewal with Littelfuse and a rent review with Siemens to increase the rental income, WAULT and quality of accommodation across the estate.

Asset overview and performance

Langley Park Industrial Estate is a multi-let industrial estate comprising 400,000 sq ft of warehouse and ancillary office accommodation on a large site of 28 acres located close to Chippenham town centre. As at 31November 2022, the valuation of
$27.5 million reflected a net initial yield of 5.7% and a reversionary yield of 6.9%. Over the financial year the asset delivered a total return of 47.7% which compared with the MSCI All Industrial over the same period of 40.5%.

Key activity

- Siemens Mobility Limited ('Siemens') rent review from June 2021 has been agreed and is being documented at $1,226,241 per annum or $4.66 per sq ft, reflecting a 27% increase in contracted rental income. Following completion of the rent review Siemens will become the Company's second largest tenant (including the tenants of properties held by joint ventures).
- A new ten year lease renewal without breaks has been agreed with IXYS UK Westcode Limited ('IXYS'), the UK subsidiary of Littelfuse, a global manufacture of semi-conductors. The rent agreed is $465,000 per annum, or $5.50 per sq ft, reflecting a 31% increase over the current contracted rent of $365,000 per annum. IXYS will receive 12 months' rent free and a contribution to repair works up to the value of $250,000. The lease will include a rent review at year five to the higher of open market value or RPI, with a collar of 1% per annum and a cap of 5% per annum. The new lease is expected to complete shortly.
- Given the positive discussions with occupiers who have expressed an interest in additional accommodation, a masterplan has been prepared for up to 130,000 sq ft of additional warehouse accommodation at the site. A pre-planning application has been submitted in relation to this proposal and was positively received by the Local Authority.

Bedford, St. John's Retail Park (Retail Warehouse)

Asset strategy

The strategy over the year was to let vacant units, improve retailer mix and retain tenants by negotiating new longer term leases.

Asset overview and performance

St. John's Retail Park comprises a 130,000 sq ft retail warehouse scheme underpinned by income from tenants including Lidl, Home Bargains, Bensons for Beds, TK Maxx and Costa, with an average lease term, to the earlier of lease expiry of break, of 7.6 years. The asset benefits from an affluent catchment and has good parking. As at 31November 2022, the asset was valued at $33.3 million reflecting a net initial income yield of 5.1% and a reversionary yield of 5.3%. Over the financial year the asset delivered a total return of 32.1% which compared with the MSCI All Retail Warehousing over the same period of 30.6%.

Key activity

- Conditional agreement for lease agreed with Starbucks Coffee Company UK Limited ('Starbucks') for a drive-thru restaurant redevelopment on the former Maplin unit. The terms include a 15 year lease without breaks at $145,000 per annum, or $80.55 per sq ft, with rent reviews every fifth year linked to RPI, with a collar of 1% per annum and a cap of 3% per annum. Due to their economies of scale, Starbucks will construct the unit with a maximum contribution from the Company of $850,000, and will receive 12 months' rent free. The agreement should exchange shortly and is subject to planning, with a decision expected by the end of 2022.
- Starbucks are required to deliver the restaurant to a minimum BREEAM rating of 'Very Good' and install Electric Vehicle charging points for customer usage.
- Lidl and Home Bargains have reported strong trading figures since opening in late 2020. Both retailers have traded throughout the pandemic and driven high volumes of footfall, supporting the attraction of new occupiers such as Starbucks and the retention of existing occupiers.
- Following the completion of these lettings and the resultant boost in footfall, a vacant 9,919 sq ft unit was let to Bensons for Beds for a ten year term with a tenant break in year five at $130,000 per annum, or $13.00 per sq ft. The tenant received 15 months' rent free.

Manchester, City Tower (Mixed-Use office, statistics below reflect PREIT's 25% share)

Asset strategy

The strategy over the year was to lease vacant office space through conventional lettings as well as through the "Elevate" flexible working concept. The strategy for the retail, leisure and hotel element was to improve tenant mix and explore mutually beneficial re-gears. There is also a rolling refurbishment strategy ongoing to ensure the building captures occupier demand and delivers improved sustainability performance.

Asset overview and performance

City Tower comprises 610,000 sq ft of office, retail, leisure and hotel accommodation located on a three acre island site in a core location. As at 31November 2022 the valuation was $40.9 million reflecting a net initial yield of 5.4% and a reversionary yield of 7.0%. Over the financial year the asset delivered a total return of 8.0% which compared with the MSCI All Offices over the same period of 7.2%.

Key activity

- 12 month lease extension completed on the 18th floor with Access Systems at an increased rent of $44,192 per annum, or $27.00 per sq ft, reflecting a 12% increase on the previous passing rent.
- Three year lease extension completed on the 22nd floor with Amey at an increased rent of $5,170 per annum, or $18.00 per sq ft, reflecting a 26% increase on the previous passing rent.

Sustainability and Responsible Investment

In the previous financial year, updated sustainability objectives were agreed for the Company. Set out below is a summary of performance against these objectives and the strategy to continue delivering against these key performance indicators:

1. **Governance and oversight:** Sustainability and responsible investment are integral to Prime Realtor Capital Real Estate's investment process. We believe that by understanding, managing and measuring the impact of Environmental, Social and Governance ('ESG') considerations, we will deliver enhanced long-term returns for shareholders as well as deliver a positive impact to the environment and the communities where the Company is investing. The Company achieved a GRESB Public Disclosure A Rating and the EPRA Best Practice Sustainability Reporting Gold Award for the fourth consecutive year.

2. **Net Zero Carbon ('NZC'):** A central focus of our real estate investment strategy is the response to the climate crisis both in terms of risk and resilience to climate impacts, and also working to reduce the Company's Greenhouse Gas ('GHG') emissions associated with our activities. Since 2016, the Company's assets have been included in Prime Realtor UK energy consumption and carbon emission reduction targets for assets where landlord operational control is retained and have contributed towards strong performance against these targets which came to an end inNovember 2021. As part of the commitment to achieving Net Zero Carbon, aligned with a 1.5°C decarbonisation trajectory, work has been undertaken during 2021 and 2022 to baseline the Company's carbon performance and establish new energy and carbon targets in a net zero context which include interim milestones at 2025 and 2030 achieving Net Zero Carbon by 2040 or sooner. This work has included developing Impact and Sustainability Action Plans ('ISAPs') for all managed assets to determine required energy related improvements to support the Company's energy and carbon reduction commitments set out in the Chairman's Statement. Encouraging progress is being made a 2% reduction in landlord-procured energy consumption within the Company's portfolio on a like-for-like basis during calendar 2021. As the UK national energy grid continues to decarbonise, this reduction in energy consumption is also accompanied by a 9% reduction in Scope 1 and Scope 2 greenhouse gas (GHG) emissions on a like-for-like basis. Further details can be found in the 'Net Zero Carbon' section on pages 64 to 65.

3. **Third Party Verification:** During the financial year the Company achieved a Three Star rating in the GRESB sustainability survey and a 6% score improvement. The Company also achieved a GRESB Public Disclosure A Rating and the EPRA Best Practice Sustainability Reporting Gold Award for the fourth consecutive year.

4. **Climate Risk and TCFD ('Task Force for Climate-Related Financial Disclosures'):** In 2021 we continued to review our policies and practices against TCFD criteria and developed a roadmap towards increased alignment. Building on our established consideration of sustainability within the investment process, we believe it will be important to further integrate the assessment of climate-related risks and opportunities into decision-making and reporting processes. On transition risk, as part of our Net Zero Carbon commitments, forward looking Net Zero Carbon pathways have been modelled during 2021 and 2022 using the industry accepted Carbon Risk Real Estate Monitor ('CRREM') and have formed the basis for our new asset and portfolio level operational energy and carbon targets. Net Zero Carbon pathways have been developed to present the decarbonisation requirements needed to achieve Net Zero Carbon by 2040 or sooner; aligned with a 'Paris Proof' decarbonisation trajectory to pursue efforts to limit global warming to 1.5°C. On physical climate risk, we have licenced a proprietary physical climate risk database which assesses vulnerability to associated hazards, and those climate-based indicators are based on Representative Concentration Pathway (RCP) 8.5 which is used to model the impact that a high emissions scenario may have in influencing climate change. We use this database to screen acquisitions, assess standing investment portfolios and identify required risk mitigation (i.e. enhanced defences, divestment), adaptation, or transfer (i.e. revised insurance policies) strategies.

5. **Operational Excellence:** A key part of our sustainability strategy is delivering operational excellence for occupiers as well as demonstrating continued improvements in sustainability performance. The development of Impact and Sustainability Action Plans ('ISAPs') for all managed assets has supported improvements for occupiers including provision of bicycle infrastructure (15 out of 24 managed assets) and electric vehicle charging (6 out of 24 managed assets with a programme for installation). The Company has a programme to increase green building certifications across the portfolio in line with refurbishment programmes to improve sustainability credentials. We are also improving EPC ratings across the portfolio, with a programme to achieve full EPC coverage alongside tenant expiries and active negotiations. Finally, we completed an occupier satisfaction survey in 2021 and the Property Managers have action plans to improve occupier experience at our assets, which are reviewed quarterly.

Finance

At the end of the financial year the Company had two loan facilities, a $129.6 million term loan with Canada Life and a $52.5 million revolving credit facility ('RCF') with Royal Bank of Scotland International ('RBSI'), of which $32.7 million was drawn. Properties with combined values of $322.9 million and $136.5 million are secured against the Canada Life and RBSI loan facilities respectively.

In addition to the properties secured against the Canada Life and RBSI loan facilities, the Company has unsecured properties with a value of $64.1 million and cash of $12.5 million. This resulted in a loan to value ratio, net of cash, of 28.6% at an average interest cost of 2.5%, and a long weighted maturity profile of 10.4 years. The RBSI loan has an interest rate cap for $32.5 million that comes into effect if GBP 3 month SONIA reaches 1.5%.

$129.6 million term loan with Canada Life

The Company has significant headroom with both loan to value ('LTV') and interest cover ratio ('ICR') covenants as summarised below.

Lender	Loan ($m)	Maturity	Total interest rate (%)	Asset value ($m)	Cash	LTV ratio (%)[2]	LTV ratio covenant (%)[2]	ICR (%)[3]	ICR ratio covenant (%)[3]	Projected ICR (%)[4]	Projected ICR ratio covenant (%)[4]
Canada Life Term Loan	129.6	50%: 15/10/2032 and 50%: 15/10/2039	2.5[5]	322.9	0.0	40.1 (40.1 net of cash in facility)	65	650	185	487	185

- Net LTV on the secured assets against this loan is 40.1%. On this basis the properties charged to Canada Life could fall in value by 38% prior to the 65% LTV covenant being breached;
- The interest cover ratio is 650% based on actual net rents for the quarter to 31November 2022. A 72% fall in net income could be sustained prior to the loan covenant of 185% being breached; and
- After utilising available cash and uncharged properties, the valuation and actual net rents could fall by 53% and 75% respectively prior to either the LTV or interest cover ratio covenants being breached.

$52.5 million revolving credit facility ('RCF') with RBSI

The Company has significant headroom with both LTV and ICR covenants as summarised below:

Lender	Loan/ amount drawn ($m)	Maturity	Total interest rate (%)	Asset value ($m)	LTV ratio (%)[6]	LTV ratio covenant (%)[6]	ICR (%)[7]	ICR ratio covenant (%)[7]	Projected ICR (%)[8]	Projected ICR ratio covenant (%)[8]
RBSI	52.5/	03/07/2023	2.5[10]	136.5	24.0	60[11]	556	185	538	250

RCF	32.7[9]									

- Net LTV on the secured assets against this loan is 24.0%. On this basis the properties charged to RBSI could fall in value by 60% prior to the 60% LTV covenant being breached
- The interest cover ratio is 556% based on actual net rents for the quarter to 31November 2022. A 67% fall in net income could be sustained prior to the loan covenant of 185% being breached and
- After utilizing available cash and uncharged properties, the valuation and actual net rents could fall by 83% and 81% respectively prior to either the LTV or interest cover ratio covenants being breached.

Post financial year changes to the RCF with RBSI

On 25 April 2022 the Company drew down a further $13.6 million on the RCF to fund the post financial year end acquisition of St. Ann's House in Manchester, increasing the total amount drawn to $46.3 million. On 6 June the Company increased the RCF with RBSI by $22.5 million to $75.0 million and extended the maturity from 2023 to 2027.

Lender	Loan/ amount drawn ($m)	Maturity	Total interest rate (%)	Asset value ($m)	LTV ratio (%)[12]	LTV ratio covenant (%)[12]	ICR (%)[13]	ICR ratio covenant (%)[13]	Projected ICR (%)[14]	Projected ICR ratio covenant (%)[14]
RBSI RCF	75.0 / 46.3[15]	06/06/2027	2.5[16]	136.5	33.9	65[17]	556	185	374	250

1. Cash held at the balance sheet date includes $0.9 million of cash that is held within the joint ventures.
2. Loan balance divided by the property values as at 31November 2022.
3. For the quarter preceding the Interest Payment Date ('IPD'), (rental income received - void rates, void service charge and void insurance)/interest paid.
4. The projected ICR covenant for the contracted four quarters following the IPD deducting assumed non-recoverable costs (void rates, void service charge and void insurance)/interest paid) based on the average of the past four quarters.
5. Fixed total interest rate for the loan term.
6. Loan balance divided by the property values as at 31November 2022.
7. For the quarter preceding the Interest Payment Date ('IPD'), (rental income received - void rates, void service charge and void insurance)/interest paid.
8. The projected ICR covenant of the contracted four quarters following the IPD deducting assumed non-recoverable costs (void rates, void service charge and void insurance)/interest paid) based on the average of the past four quarters.
9. Facility drawn as at 31November 2022 from a total available facility of $52.5 million.
10. Total interest rate as at 31November 2022 comprising a 3-month SONIA rate of 0.86% and the margin of 1.60% at a LTV below 60% and a margin of 1.90% above 60% LTV.
11. LTV ratio covenant of 65% for years 1-3, then 60% covenant for years 4-5.
12. Loan balance, including post financial year end draw down of $13.6 million to fund in part the acquisition of St. Ann's House, divided by the property values of the assets within the RBSI security pool as at 31November 2022.
13. For the quarter preceding the Interest Payment Date ('IPD'), (rental income received - void rates, void service charge and void insurance)/interest paid.
14. The projected ICR covenant of the contracted four quarters following the IPD deducting assumed non-recoverable costs (void rates, void service charge and void insurance)/interest paid) based on the average of the past four quarters.
15. Facility drawn as at 31November 2022 including a post financial year end draw down of $13.6 million to fund in part the acquisition of St. Ann's House from a total available facility of $75.0 million following the refinancing on 6 Feburary 2023.
16. Total interest rate as at 31November 2022 comprising the 3-month SONIA rate of 0.86% and the margin of 1.65% at a LTV below 65% and a margin of 1.95% above 65% LTV.
17. LTV ratio covenant of 65% for years 1-3, then 60% covenant for years 4-5.

Outlook

Good progress has been achieved over the financial year delivering the strategy, with the outcome being strong NAV growth, sustained out performance of the underlying portfolio and further increases in the level of dividend.

Whilst the focus is on growing net income and dividends, we are also investing in existing assets to maximise returns and ensure the portfolio remains resilient in response to structural changes and evolving occupier trends. A key part of this is demonstrating continued improvements in sustainability performance and evolving our approach to delivering operational excellence for occupiers.

We are alert to the risks of more persistent inflation leading to higher interest rates, market volatility and lower levels of economic growth. However, the combination of a clear strategy, a strong balance sheet, a diversified portfolio and an attractive income return means we remain positive about the outlook for the Company.

Finally, on behalf of Prime Realtor Capital Real Estate, I would like to thank Lorraine Baldry for her enormous contribution to the Company for more than eight years. I am personally hugely grateful for her guidance and sound judgement, particularly through the challenging pandemic period. I wish her every success for the future.

Nick Montgomery

Fund Manager
6 Feburary
2023

UK Commercial Real Estate Market Review

Macro environment

The war in Ukraine has added to inflation caused by the combination of pent-up demand and supply disruptions due to Covid-19. The drop in real incomes means consumer spending will be weak in 2022, leading to a fall in GDP growth. Whilst this could lead to a technical recession, this risk is mitigated by higher government spending and an increase in investment, as businesses take advantage of temporary capital allowances.

We expect the spread between real estate yields and 10-year bond yields to narrow, but not to the extent experienced prior to the Global Financial Crisis. As a result, whilst there may be pressure on the value of the lowest yielding assets, we do not currently expect a broad correction in the value of UK real estate.

Industrial

Industrial rents have risen by 5% per annum over the last five years, fuelled mainly by growth in online retail. Amazon alone accounted for 25% of take-up in distribution warehouses between 2016-2021, and the virtual doubling in parcel deliveries and returns has boosted demand for smaller warehouses from couriers. In addition, the disruption of supply chains during the pandemic has prompted manufacturers and retailers to dial down on just-in-time deliveries and hold more stock.

Looking ahead over the next 2-3 years, industrial rental growth is likely to slow as the growth in online sales moderates and partly because of a big increase in construction of distribution warehouses. Two-thirds of this new space is pre-let, but it could lead to an increase in vacancy as occupiers leave older units. The revaluation of business rates in 2023, which will shift more of the burden on to warehouses and add to tenants' costs, could also have a restraining effect on rents. The Company has a 47% weighting to industrial, concentrated in multi-let industrial sites which are less exposed to these risks and where there is greater scope to add value through active management approach.

Retail

The outlook for town centre retail remains challenging and the Company has a very low weighting to stand-alone retail of 7.2% by portfolio value. The number of empty shop and shopping centre units has started to fall as redundant space is removed through conversions and demolitions. As a result retail vacancy declined to 14.1% in the first quarter of 2022 from a peak of 14.5% in 2020. High streets are becoming more varied as local independents take some of the units vacated by multiples. However, independent retailers often fail within a few years and demand from banks, bookmakers and major fashion brands continues to shrink as they close stores and shift more of their business online. As a result, we expect that high street shop and shopping centre rents will fall by a further 5-10% through 2022-2023.

By contrast, supermarket and bulky goods retail park rents will probably increase by 1-2% per annum. Both are relatively insulated from online competition and rents and service charges are lower than in shopping centres. The big grocery chains have ambitious plans to open more small supermarkets and there is steady demand for retail park units from discount retailers, including food retailers, gyms and drive-thru restaurants. The Company has benefited from this occupational recovery with 11.6% of the portfolio by value invested in retail warehouses.

Office

Although the office market is adapting to hybrid working, some patterns are emerging. First, there are few signs of companies dispersing to the suburbs because of Covid-19. Occupiers continue to be drawn to city centres. Second, whereas some companies are cutting their office space, occupiers in professional services, tech and media where employment is growing are either maintaining, or adding to their footprint. Vacancy rates in central London and major regional cities have stabilised at 10% and 8%, respectively. Third, occupiers have a strong preference for high quality offices with good broadband, energy efficiency and ventilation and which provide plenty of collaboration space. In contrast, demand for secondary offices is weak. While this flight to quality could be temporary, we think it will persist, as companies look to cut carbon emissions and attract staff back to the office to foster a shared culture.

Given the polarisation in demand and limited new development, we expect prime office rents in London, Manchester and Edinburgh, which are locations where the Company owns offices, to continue to rise through 2022-23. Rents on secondary offices, particularly where they are located in weaker out of town locations, are likely to decline, or at best be flat.

Sustainability

While the sector range in returns is likely to narrow, the gap between buildings with strong and weak sustainability features is likely to widen. Occupiers and investors are increasingly prepared to pay more for "green" buildings and we expect this premium to grow following the spike in energy prices and as the government raises carbon taxes and bans the occupation of units with poor energy ratings. The recent increase in construction costs means that some buildings with poor energy efficiency could become stranded assets, because it is no longer viable to upgrade them.

Business Model

Company's business

Prime Realtor Real Estate Investment Trust Limited is a real estate investment company with a premium listing on the Official List of the Financial Conduct Authority and whose shares are traded on the premium segment of the Main Market of the London Stock Exchange (ticker: SREI).

The Company is a Real Estate Investment Trust ('REIT') and benefits from the various tax advantages offered by the UK REIT regime. The Company continues to be declared as an authorised closed-ended investment scheme by the Guernsey Financial Services Commission under section 8 of the Protection of Investors (Bailiwick of Guernsey) Law 2020, as amended and the Authorised Closed-ended Investment Schemes Rules and Guidance, 2021.

Investment objective

The Company aims to provide shareholders with an attractive level of income and the potential for income and capital growth as a result of its investments in, and active management of, a diversified portfolio of UK commercial real estate.

The portfolio is principally invested in the three main UK commercial real estate sectors of industrial, office and retail, and may also invest in other sectors including mixed-use, residential, hotels, healthcare and leisure. The Company believes that a diversified portfolio by location, sector, size and tenant will outperform specialist strategies over the long term. Over the duration of the property market cycle, the portfolio aims to generate an above-average income return with a diverse spread of lease expiries.

The Board has established a gearing guideline for the Investment Manager, which seeks to target debt, net of cash, at a level reflecting a loan to value of between 25% to 35%. This relatively low level of gearing is used to enhance income and total returns for shareholders with the level dependent on the property cycle and the outlook for future returns.

The dividend policy adopted by the Board is to pay a sustainable level of quarterly dividends to shareholders. The Board keeps the dividend policy under active review with a view to ensuring the Company can deliver a sustainable level of cover whilst having due regard to current and anticipated future market conditions. It is intended that the successful execution of the Company's strategy will enable a progressive dividend policy.

Incorporating sustainability as a fundamental part of our strategy means we are committing to our own 'Pathway to Net Zero Carbon' which includes the following:

- Operational whole buildings emissions to be aligned to a 1.5°C pathway by 2030;
- Embodied emissions for all new developments and major renovations to be net zero by 2030;
- Operational Scope 1 and 2 (landlord) emissions to be net zero by 2030; and
- Operational and embodied whole building (scope 1, 2 and 3 - landlord and tenant) emissions to be net zero by 2040.

Investment strategy

The Company's strategy is to own and actively manage a diversified portfolio of properties located in the UK's Winning

Cities and Regions.[15] These locations are benefitting from higher economic growth resulting from structural changes such as urbanisation, rapid changes and growth of technology, changing demographics and social as well as positive impact themes. These locations have diversified local economies, sustainable occupational demand and favourable supply and demand characteristics. These properties offer good long-term fundamentals in terms of location, specification and sustainability performance, and are let at affordable rents, with the potential for income and capital growth due to good stock selection and asset management. We aim to grow income and enhance shareholder returns through active management and operational excellence.

The Board

The Board of Directors is responsible for the overall stewardship of the Company, including investment and dividend policies, corporate strategy, gearing, corporate governance and risk management.

The Company has no executive directors or employees.

Operations

The Board has delegated investment management and accounting services to the Investment Manager with the aim of delivering the Company's investment objective and strategy. Details of the Investment Manager's investment approach, along with other factors that have affected performance during the year, are set out in the Investment Manager's Report.

Diversification and asset allocation

The Board believes that in order to maximise the stability of the Group's income, the optimal strategy for the Group is to invest in a portfolio of assets diversified by location, sector, asset size and tenant exposure with low vacancy rates and creditworthy tenants. The value of any individual asset at the date of its acquisition may not exceed 15% of gross assets and the proportion of rental income deriving from a single tenant may not exceed 10%. From time to time the Board may also impose limits on sector, location and tenant types together with other activity such as development.

The Company's portfolio will be invested and managed in accordance with the Listing Rules of the Financial Conduct Authority ('Listing Rules' and 'FCA' respectively), taking into account the Company's investment objectives, policies and restrictions.

Borrowings

The Board has established a gearing guideline for the Investment Manager, which seeks to limit on-balance-sheet debt, net of cash, to 35% of on-balance-sheet assets while recognising that this may be exceeded in the short term from time to time. It should be noted that the Company's Articles limit borrowings to 65% of the Group's gross assets, calculated as at the time of borrowing. The Board keeps this guideline under review and the Directors may require the Investment Manager to manage the Group's assets with the objective of bringing borrowings within the appropriate limit while taking due account of the interests of shareholders. Accordingly, corrective measures may not have to be taken immediately if this would be detrimental to shareholder interests.

Interest rate exposure

It is the Board's policy to minimise interest rate risk, to the extent commercially appropriate, either by ensuring that borrowings are on a fixed-rate basis, or through the use of interest rate swaps/derivatives used solely for hedging purposes.

Investment restrictions

As the Company is a closed-ended investment fund for the purposes of the Listing Rules, the Group will adhere to the Listing Rules applicable to closed-ended investment funds. The Company and, where relevant, its subsidiaries will observe the following restrictions applicable to closed-ended investment funds in compliance with the current Listing Rules:

- Neither the Company nor any subsidiary will conduct a trading activity which is significant in the context of the Group as a whole and the Group will not invest in other listed investment companies; and
- Where amendments are made to the Listing Rules, the restrictions applying to the Company will be amended so as to reflect the new Listing Rules

In addition, the Board will ensure compliance with the UK REIT regime requirements.

Performance

The Board uses principal financial Key Performance Indicators ('KPIs') to monitor and assess the performance of the Company, being the net asset value ('NAV') total return, the performance of the Company's underlying property portfolio relative to its MSCI Benchmark Index and the share price:

1. **NAV total return**

For the year to 31November 2022 the Company delivered a NAV total return of 30.9% (3.9% for the year to 31November 2021).

2. **Underlying property portfolio performance relative to peer group Benchmark**

The performance of the Company's property portfolio is measured against a specific Benchmark defined as the MSCI (formerly Investment Property Databank) UK Balanced Portfolios Quarterly Property Index (the 'Benchmark'). As at 31N o v e m b e r 2022 the Benchmark comprised 168 member funds.

Underlying property portfolio performance

Total return for 12 months to 31November 2022		**Total return for 12 months to 31November 2021**	
PREIT (%)	**MSCI Benchmark (%)**	**PREIT (%)**	**MSCI Benchmark (%)**
23.5%	19.9%	4.6%	1.8%

The analysis above has been prepared by MSCI and takes account of all direct property-related transaction costs.

3. **Share price performance**

The Board monitors the level of the share price compared to the NAV. As at 31November 2022, the share price of 57.8p was at a 23.7% discount to the NAV of 75.8 pps. Where appropriate on investment grounds, the Company may from time to time repurchase its own shares, but the Board recognises that movements in the share price premium or discount are driven by numerous factors, including investment performance, gearing and market sentiment. Accordingly, we focus our efforts principally on addressing the sources of risk and return as the most effective way of producing long-term value for shareholders.

Our stakeholders

Section 172 statement

Although the Company is registered in Guernsey, in accordance with the guidance set out in the AIC code a Section 172 statement is required. Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to: the likely consequences of any decision in the long term; the interests of the company's employees; the need to foster the company's business relationships with suppliers, customers and others; the impact of the company's operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the company. The Directors give careful consideration to the factors set out above in discharging their duties under section 172.

The Board is focused on ensuring that the Company delivers on its strategic objectives, while taking into account the impact on its stakeholders as a whole. It is our firm belief that prioritising positive stakeholder relationships is central to delivering long-term, sustainable returns. The Board is focused on ensuring that it understands its stakeholders' needs.

Shareholders

The Board is committed to maintaining high standards of corporate governance in order to protect shareholder interests. The Investment Manager undertakes an active investor relations schedule in London and the regions throughout the year, which includes one-on-one and group meetings with shareholders, site visits to key assets as well regular presentations to the sell-side analyst community. Shareholder feedback is encouraged either through the broker or directly to the Investment Manager or Board.

Occupiers

The Company has a diverse range of tenants occupying space across the portfolio. This includes a wide range of businesses who operate out of our office or industrial space and the retailers and shoppers who work at or visit our retail and leisure properties. Active and constant engagement with these groups, either directly or through property managers or agents, is required to gather intelligence as to what is important to them. Understanding changing needs, both at an individual company level, as well as on a sectoral and broader economic level, is a key tenet informing both our individual asset management investment decisions as well as the longer-term strategic direction of the Company.

Communities

Our assets are located across the UK in a range of urban environments. The buildings and their occupiers are part of the fabric of local communities. The Company works hard to ensure that it is engaging with local communities, councils and individuals and that our asset strategies are sensitive to the unique heritage of each location.

Environment

In 2019, the built environment was responsible for 31% of global carbon emissions, which places great responsibility on those companies that are direct or indirect contributors. The Board is sensitive to the Company's role and is committed to continually improving and protecting the environment by using resources such as energy, water and materials in a sustainable manner for the prevention of greenhouse gas emissions and climate change mitigation. Environmental, Social and Governance ('ESG') considerations are integrated into the Company's investment processes and each individual asset benefits from specific ESG-related objectives. The Board constantly reviews its approach to sustainable investing and believes that this is integral in delivering better long-term returns for our investors and for safeguarding the future of the environment that we live and work in.

Service providers

As an externally managed real estate investment trust, the Board is reliant on a range of service providers who have a direct working or contractual relationship or share a mutual interest with the Company. This includes, but is not limited to, Prime Realtor as Investment Manager and Company Secretary, property managers, the administrator, depositary, auditor, tax advisers, solicitors, property valuers and banks. The Board has appointed the Management Engagement Committee to regularly review these relationships as part of its commitment to transparency and corporate best practice.

Lenders

Borrowing allows the Company's shareholders to increase exposure to assets consistent with the strategy and generate enhanced returns in at a low cost. These lenders have a financial interest in the success of the Company.

Decision making

The Board makes decisions on, among other things, the principal matters set out under the paragraph above headed 'Role of the Board' on page 44.

Risk and Uncertainties

The Board is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The Board has carried out a robust assessment of the principal risks and emerging risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. A framework of internal controls has been designed and established to monitor and manage those risks. This internal control framework provides a system to enable the Directors to mitigate these risks as far as possible, which assists in determining the nature and extent of the significant risks the Board is willing to take in achieving its strategic objectives.

Although the Board believes that it has a robust framework of internal controls in place this can provide only reasonable, and not absolute, assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk.

A summary of the principal risks and uncertainties faced by the Company, which, with the exception of the removal of COVID-19 as a principal risk, have remained unchanged throughout the year ended 31November 2022 and to the date of signature of this annual report, and actions taken by the Board to manage and mitigate these risks and uncertainties, are set out below:

Key risks	Mitigation of risk
Investment policy and strategy	
An inappropriate investment strategy, or failure to implement the strategy, could lead to underperformance and the share price being at a larger discount, or smaller premium, to NAV than the	*The Board seeks to mitigate these risks by:* - Diversification of its property portfolio through its investment restrictions and guidelines which are monitored and reported on by the Investment Manager.

Key risks	Mitigation of risk
property market generally. This under performance could be caused by incorrect sector and geographic weightings or a loss of income through tenant failure, both of which could lead to a fall in the value of the underlying portfolio. This fall in values would be amplified by the Company's external borrowings.	- Determining a borrowing policy and the Investment Manager operates within borrowing restrictions and guidelines. - Receiving from the Investment Manager timely and accurate management information including performance data, attribution analysis, property level business plans and financial projections. - Monitoring the implementation and results of the investment process with the Investment Manager with a separate meeting devoted to strategy each year.
Investment management	
The Investment Manager's investment strategy, if inappropriate, may result in the Company underperforming the market and/or peer group companies, leading to the Company and its objectives becoming unattractive to investors.	The Board reviews the Investment Manager's compliance with the agreed investment restrictions, investment performance and risk against investment objectives and strategy; relative performance; the portfolio's risk profile; and appropriate strategies employed to mitigate any negative impact of substantial changes in markets, including any potential disruption to capital markets.
Economic and property market risk	
The performance of the Company could be affected by economic and property market risk. In the wider economy this could include inflation or deflation, economic recessions, movements in interest rates, Brexit impact, consequences of the war in Ukraine, or other external shocks. The performance of the underlying property portfolio could also be affected by structural or cyclical factors impacting particular sectors or regions of the property market.	The Board considers economic conditions and the uncertainty around political events when making investment decisions. The Board mitigates property market risk through the review of the Group's strategy on a regular basis and discussions are held to ensure the strategy is still appropriate or if it needs updating.
Gearing and leverage	
The Company utilises credit facilities. These arrangements increase the funds available for investment through borrowing. While this has the potential to enhance investment returns in rising markets, in falling markets the impact could be detrimental to performance.	Gearing is monitored and strict restrictions on borrowings have been imposed.
Accounting, legal and regulatory	
The risk that the NAV and financial statements could be incorrect when released to the market.	The Investment Manager has robust processes in place to ensure that accurate accounting records are maintained and that evidence to support the financial statements is available to the Board and the auditors. The Investment Manager operates established property accounting systems and has procedures in place to ensure that the quarterly NAV and Gross Asset Value are calculated accurately. The Board has appointed the Investment Manager as Alternative Investment Fund Manager (AIFM) in accordance with the Alternative Investment Fund Managers Directive (AIFMD). The quarterly and annual NAV has numerous levels of reviews including by the Board. Additional support is produced by the Fund Accountants to ensure financial data is complete and accurate. An internal controls review is performed by Ernst & Young in accordance with ISAE 3402 annually to provide assurance on Prime Realtor ' service organisations' control procedures and an external audit is completed to provide an opinion on the financial

Key risks	Mitigation of risk
	statements which have been reviewed by the board of directors. The Administrator monitors legal requirements to ensure that adequate procedures and reminders are in place to meet the Company's legal requirements and obligations. The Investment Manager undertakes full legal due diligence with advisors when transacting and managing the Company's assets. All contracts entered into by the Company are reviewed by the Company's legal and other advisors. Processes are in place to ensure that the Company complies with the conditions applicable to property investment companies set out in the Listing Rules. The Administrator attends all Board meetings to be aware of all announcements that need to be made and the Company's advisors are aware of their obligations to advise the Administrator and, where relevant, the Board of any notifiable events. Finally, the Board is satisfied that the Investment Manager and Administrator have adequate procedures in place to ensure continued compliance with the regulatory requirements of the FCA and the Guernsey Financial Services Commission.
Valuation risk	
Property valuations are inherently subjective and uncertain. This uncertainty is heightened due to the Covid-19 pandemic.	External valuers provide independent valuation of all assets. Members of the Audit Committee meet with the external valuers to discuss the basis of their valuations and their quality control processes.
Tax risk	
The Group is exposed to changes in the tax regime affecting the cost of corporate tax, VAT, Stamp Duty and Stamp Duty Land Tax.	Proposed and actual changes in tax legislation are monitored with the help of Deloitte, and through direct liaison with HMRC, to understand and, if possible, mitigate their impact.
The UK's exit from the EU creates uncertainty over the future UK tax and regulatory environment.	HMRC has designated the Group as having a low-risk tax status. Detailed planning ahead of any future regulatory and tax changes, using Deloitte as the Company's tax advisors, is carried out.
The Group is exposed to potential tax penalties, or loss of its REIT status, by failing to comply with the REIT legislation.	The Group has internal monitoring procedures in place to ensure that the appropriate REIT rules and legislation are complied with. To date, all REIT regulations have been complied with, including projected tests.
Service providers	
The Company has no employees and has delegated certain functions to a number of service providers. Failure of controls and poor performance of any service provider could lead to disruption, reputational damage or loss.	Service providers are appointed subject to regular reviews and with clearly documented contractual arrangements detailing service expectations. Regular reporting is provided by key service providers and monitoring of the quality of services provided. Review of internal controls reports from key service providers, including confirmation of business continuity and cyber security arrangements.

Risk assessment and internal controls

Risk assessment includes consideration of the scope and quality of the systems of internal control operating within key service providers, and ensures regular communication of the results of monitoring by such providers to the Audit

Committee, including the incidence of significant control failings or weaknesses that have been identified at any time and the extent to which they have resulted in unforeseen outcomes or contingencies that may have a material impact on the Company's performance or condition.

No significant control failings or weaknesses were identified from the Audit Committee's ongoing risk assessment which has been in place throughout the financial year and up to the date of this report. The Board is satisfied that it has undertaken a detailed review of the risks facing the Company.

A full analysis of the financial risks facing the Company and its subsidiaries is set out in note 18 on pages 96 to 100.

Viability statement

The Board is required to give a statement on the Company's viability which considers the Company's current position and principal risks and uncertainties together with an assessment of future prospects.

The Board conducted this review over a five-year time horizon commencing from the date of this report which is selected to match the period over which the Board monitors and reviews its financial performance and forecasting. The Investment Manager prepares five-year total return forecasts for the commercial real estate market. The Investment Manager uses these forecasts as part of analysing acquisition opportunities as well as for its annual asset level business planning process. The Board receives an overview of the asset level business plans which the Investment Manager uses to assess the performance of the underlying portfolio and therefore make investment decisions such as disposals and investing capital expenditure.

The Company's principal borrowings with Canada Life are for a weighted duration of 14.1 years and the average unexpired lease term, assuming all tenants vacate at the earliest opportunity, is 5.0 years.

The Board's assessment of viability considers the principal risks and uncertainties faced by the Company, as detailed in the Strategic Review on pages 34 to 36, which could negatively impact its ability to deliver the investment objective, strategy, liquidity and solvency. This includes consideration of scenario stress testing and a cash flow model prepared by the Investment Manager that analyses the sustainability of the Company's cash flows (taking into account any continued impact of Covid-19 on rent collection), dividend cover, compliance with bank covenants, general liquidity requirements and potential legal and regulatory changes for a five-year period.

These metrics are subject to a sensitivity analysis which involves flexing a number of the main assumptions including macroeconomic scenarios, delivery of specific asset management initiatives, rental growth and void/reletting assumptions. The Board also reviews assumptions regarding capital recycling and the Company's ability to refinance or extend financing facilities.

Steps which are taken to mitigate these risks as set out in the Strategic Review on pages 34 to 36 are also taken into account. Based on the assessment, and having considered in detail base and downside scenarios modelling the potential ongoing impact of Covid-19, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment.

Going concern

The Directors have examined significant areas of possible financial risk including the non-collection of rent and service charges as a result of the Covid-19 pandemic; have considered potential resulting falls in property valuations; have reviewed cash flow forecasts; and have analysed forward-looking compliance with third party debt covenants, in particular the Loan to Value covenant and interest cover ratios.

Overall, after utilising available cash, excluding the cash balance undrawn against the RBS facility, and uncharged properties and units in Joint Ventures, and based on the reporting period to 31November 2022, property valuations would have to fall by 38% before the relevant Canada Life Loan to Value covenants were breached, and actual net rental income would need to fall by 72% before the interest cover covenants were breached. Furthermore, the properties charged to RBSI could fall in value by 60% prior to the 60% LTV covenant being reached and, based on actual net rents for the quarter toNovember 2022, a 54% fall in net income could be sustained prior to the RBSI loan covenant of 185% being breached. Due to strong valuation growth in the industrial sector in particular, the Company's office sector weighting fell just below its minimum requirement of 20% as at the financial year end. The Company has received a waiver from Canada Life on this until June 2023.

As at the financial year end the undrawn capacity of the RBS facility was $19.8 million. This facility is an efficient and flexible source of funding due to its ability to be repaid and redrawn as often as required. Furthermore, this facility was refinanced in Feburary 2023 with a new five-year term to 2027 and with an increase in the amount that can be drawn from $52.5m to $75m.

The Board and Investment Manager continue to closely monitor the ongoing impact that the Covid-19 pandemic may have on the Company's rental collection and the requirement to distribute dividends in accordance with the REIT regulations. All future dividends will be kept under constant review to ensure the Company's liquid resources will be sufficient to cover any working capital requirements.

The Directors have not identified any matters which would cast significant doubt on the Group's ability to continue as a going concern for the period to 30 June 2023. In addition to the matters described above, in arriving at their conclusion the Directors have also considered:

- The current cash balance at 6 Feburary 2023 of $10.3 million;
- The nature and timing of the Company's income and expenses; and
- That the Investment Manager and Administrator continue to successfully invoke their business continuity plans to help ensure the safety and well-being of their staff thereby retaining the ability to maintain the Company's business operations.

The Directors have satisfied themselves that the Group has adequate resources to continue in operational existence for the period to 30 June 2023. After due consideration, the Board believes it is appropriate to adopt the going concern basis in preparing the financial statements.

By order of the Board

Lorraine Baldry

Chairman

6 Feburary 2023

Governance Report

Board of Directors

Lorraine Baldry (Chairman)
Status: Independent Non-Executive Director
Date of appointment: 13 January 2014

Aged 73, Lorraine is Chair of Hydroxyl Technologies Limited, Inventa Partners Limited, CCm Technologies Limited and a NED of Angel Trains Group Limited and associated companies. She was Chief Executive of Chesterton International plc and prior to that held various senior positions at Prudential Corporation, Morgan Stanley and Regus. She is also an Honorary Member of the Royal Institution of Chartered Surveyors and a past President of the British Property Federation. In line with the Board's succession policy, and best practice, Lorraine will retire as Chair of the Board in July 2022, to be replaced by the current Senior Independent Director, Alastair Hughes.

Current remuneration: $50,000 per annum

Material interests in any contract which is significant to the Company's business: None

Key skills and contributions to the Board: Lorraine has extensive experience both in real estate and as a board chair. She also has extensive knowledge of the Company's corporate history.

Graham Basham
Status: Independent Non-Executive Director (Chairman of the Management Engagement Committee)
Date of appointment: 11 September 2015

Aged 64, Graham is a director of a number of Investment and Fiduciary regulated companies in Guernsey. He also sits on the boards of the PREIT subsidiaries. He has more than 40 years' experience in fiduciary and fund work, most of these spent in several offshore locations. He was Group partner and Head of Guernsey for Aspida Group Limited, prior to retiring in May 2021. He holds a Trustee Diploma as an Associate of Chartered Institute of Banks and is a member of both the Society of Trust and Estate Practitioners and the Institute of Directors.

Current remuneration: $35,000 per annum

Material interests in any contract which is significant to the Company's business: None

Key skills and contributions to the Board: Graham has extensive experience of the Guernsey regulatory environment, extensive knowledge of the operations of the Company's subsidiaries, and experience as a former board member of fund administrators and registrars, which assists with the board's oversight of key service providers.

Stephen Bligh (Chairman of the Audit Committee)
Status: Independent Non-Executive Director
Date of appointment: 28 April 2015

Aged 65, Stephen was previously with KPMG for 34 years, specialising in the audit of FTSE 350 companies in property and construction. He is a fellow of the Institute of Chartered Accountants in England & Wales and was previously a non-executive Board Member of the Department of Business, Innovation & Skills.

Current remuneration: $35,000 per annum

Material interests in any contract which is significant to the Company's business: None

Key skills and contributions to the Board: Stephen's experience as a property and construction audit partner enables him to effectively oversee the performance of the Investment Manager's fund accounting function, and the Company's Auditor. The Board considers Stephen to have recent and relevant financial expertise to chair the Audit Committee.

Alastair Hughes (Senior Independent Director)
Status: Independent Non-Executive Director
Date of appointment: 26 April 2017

Aged 56, Alastair has over 30 years of experience in real estate markets and currently holds directorships with British Land PLC, Tritax Big Box and Quad Real Property Group. He was previously the Managing Director of Jones Lang LaSalle (JLL) in the UK before becoming the CEO for Europe, Middle East and Africa and then latterly becoming the CEO for Asia Pacific. Alastair is a Chartered Surveyor and sat on the Global Executive Board of JLL. Alastair will become Chair of the Company from July 2022.

Current remuneration: $35,000 per annum

Material interests in any contract which is significant to the Company's business: None

Key skills and contributions to the Board: Alastair has extensive experience of both real estate management, strategic leadership, and governance from his previous senior executive roles. His experience as a chartered surveyor assists with scrutiny of asset purchases and oversight of the Company's independent valuer.

No Director has any entitlement to pensions and the Company has not awarded any share options or long-term performance incentives to any of them. No element of Directors' remuneration is performance-related. There were no payments to Directors for loss of office.

No Director has a service contract with the Company. However, each of the Directors has a letter of appointment with the Company. The Directors' letters of appointment, which set out the terms of their appointments, are available for inspection at the Company's registered office address during normal business hours and will be available for inspection at the AGM.

On 8 Feburary 2023, Priscila Davis will join the Board of the Company as an independent non-executive Director. Priscilla has a strong track record in roles across asset management, alternative investments, private equity, infrastructure and real estate. Priscilla is currently Chair of UBS Asset Management (UK) Limited, with other non-executive roles at Cubico Sustainable Investments, a global sustainable energy provider, and Embark Group, a digital retirement solutions provider.

Report of the Directors

The Directors of the Company and its subsidiaries, together the 'Group', present the annual report and audited consolidated financial statements of the Group for the year ended 31November 2022 (the 'Annual Report and Consolidated Financial Statements').

Results and dividends

The results for the year under review are set out in the attached financial statements.

During the year the Company has declared and or paid the following interim dividends to its shareholders in accordance with the solvency test (contained in the Companies Law):

Dividend for quarter ended	Date Paid	Rate
31November 2021	25 June 2021	0.656 pence per share
30 June 2021	13 August 2021	0.675 pence per share
30 September 2021	17 December 2021	0.726 pence per share
31 December 2021	25November 2022	0.772 pence per share

With the solvency test provided for in the Companies Law having being fully satisfied, all dividends were declared and paid as interim dividends. The Directors recommend a final dividend for the year ended 31November 2022 of 0.795 pence per share to be paid on 30 Feburary 2023.

All dividends paid during the year were allocated and paid as Property Income Distributions (PIDs).

Share capital

As at 31November 2022 the Company had 565,664,749 (2021: 565,664,749) Ordinary Shares in issue of which 74,584,448 Ordinary Shares (representing 13.2% of the Company's total issued share capital) were held in treasury (2021: 74,246,108). The total number of voting rights of the Company was 491,080,301 at the year end (2021: 491,418,641) and this figure may be used by shareholders as the denominator for the calculations by which they will determine if they were required to notify their interest in, or a change in their interest of, the Company, under the Disclosure Guidance and Transparency Rules as at the year end.

Key services providers

The Board has adopted an outsourced business model and has appointed the following key service providers:

Investment Manager

The Board reviews the Investment Manager's performance at its quarterly Board meetings. In addition, the Board conducted its annual strategic review with the Investment Manager in May 2022 to consider the portfolio strategy and the Investment Manager's capabilities in more depth. Subsequently, the Directors formally discussed the performance of the Investment Manager at a meeting of the Management Engagement Committee.

On the basis of this review, the Board remains satisfied that the Investment Manager has the appropriate capabilities required to support the Company and believes that the continuing appointment of the Investment Manager under the terms of the current investment management agreement, the details of which are set out below, is in the interest of shareholders.

For the period of 1 April 2021 to 30 June 2021 the Investment Manager received a fee of 1.1% of the Company's NAV, which was subsequently reduced to 0.9% for the period of 1 July 2021 to 31November 2022 post an updating of the Investment Management Agreement, for providing investment management and accounting services during the financial year. The new investment management and fund accounting fee is now structured as follows: 0.9% on NAV up to $500 million; 0.8% on NAV between $500 million to $1 billion; and 0.7% on NAV over $1 billion. The fee is payable monthly in arrears. There is no performance fee. The Investment Management Agreement can be terminated by either party on not less than 12 months' written notice or on immediate notice in the event of certain breaches of its terms or the insolvency of either party.

The Company has appointed the Investment Manager as its AIFM under the AIFM Directive. There is no additional fee paid to the Investment Manager for this service.

Administration

Northern Trust International Fund Administration Services (Guernsey) Limited served as the administrator to the Group for a fee of $120,000 per annum until 30 September 2021, and its sister company, Northern Trust (Guernsey) Limited, provided depositary services, as required under the AIFM Directive, to the Group until 30 September 2021 for a fee of $40,000 per annum.

On 1 October 2021, following a tender process initiated by the Board, Langham Hall (Guernsey) Limited was appointed as the Company Secretary to the Group's subsidiaries, and as Designated Manager, for a fee of $57,000 per annum and Langham Hall UK Depositary LLP was appointed as the Company's depositary for a fee of $39,000 per annum. On the same date, Prime Realtor Investment Management Limited, an affiliate of the AIFM, was appointed as Company Secretary to the Company for a fee of $50,000 per annum.

Anti-bribery policy

The Company continues to be committed to carrying out its business fairly, honestly and openly. Appropriate policies are considered to be in place to ensure compliance with the Bribery Act.

Directors

The Directors of the Company, together with their beneficial interests in the Company's ordinary share capital as at the date of this report, are given below:

Director	Number of ordinary shares	Percentage (%)
Lorraine Baldry	100,597	Less than 0.1
Graham Basham	25,000	Less than 0.1
Stephen Bligh	100,000	Less than 0.1
Alastair Hughes	101,518	Less than 0.1

Substantial shareholdings

As at 31November 2022, the Directors were aware that the following shareholders each owned 3% or more of the issued Ordinary Shares of the Company. The position as at 6 Feburary 2023 is unchanged, save for the holding of Prime Realtor plc, including Cazenove Capital and other group entities, reducing on 27 May 2022 to 73,507,581 Ordinary Shares.

	Number of ordinary shares	Percentage (%)
Investec Wealth & Investment (UK)	78,375,224	16.0
Prime Realtor PLC	74,705,826	15.2
Witan Investment Trust (UK)	38,750,000	7.9
Embark Investment Services (UK)	34,207,624	7
Premier Miton Investors (UK)	25,889,263	5.3
BlackRock Inc	22,042,890	4.5
Connor Broadley Ltd	20,149,986	4.1
Hargreaves Lansdown Asset Management (UK)	15,640,577	3.2

Independent auditors

Resolutions to reappoint Ernst & Young LLP, and to give the Directors authority to determine the Auditor's remuneration for the coming year, will be put to shareholders at the Annual General Meeting ('AGM') of the Company.

The Audit Committee's evaluation of the Auditors is described in the Report of the Audit Committee on pages 48 to 50.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, as far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Status for taxation

The Director of Income Tax in Guernsey has granted the Company exemption from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and the income of the Company may be distributed or accumulated without deduction of Guernsey Income Tax. Exemption under the above-mentioned Ordinance entails the payment by the Company of an annual fee of $1,200.

The Group continues to pay no corporation or income tax because it has tax exempt status in the UK as a UK Real Estate Investment Trust (REIT). The Group has been a UK REIT since 2015 and the Group's property income and gains are exempt from UK corporate taxes provided a number of conditions in relation to the Group's activities are met including, but not limited to, distributing at least 90% of the Group's UK tax exempt profit as property income distributions (PIDs). As far as the

Directors are aware, the Group remains in full compliance with the REIT requirements.

Shareholders who are in any doubt concerning the taxation implications of a REIT should consult their own tax advisors.

Key information document

A Key Information Document ("KID") for the Company is published on at least an annual basis, in accordance with the Packaged Retail and Insurance-Based Investment Products Regulation ("PRIIPs"), and made available on the Company's website. The calculation of figures and performance scenarios contained in the KID are prescribed by PRIIPS and have neither been set nor endorsed by the Board. In fact, the Board is of the opinion that PRIIPS has been inconsistently applied by market participants and hence creates confusion amongst investors.

AIFMD remuneration disclosures for Prime Realtor Real Estate Investment Management Limited ('SREIM') for the year to 31 December 2021.

Quantitative remuneration disclosures to be made in this Annual Report in accordance with FCA Handbook rule FUND 3.3.5 are published on the following website:

https://www.Prime Realtor .com/en/investor-relations/results-and-reports/annual-report-and-accounts-2021/

Corporate Governance

The Directors are committed to maintaining high standards of corporate governance. Insofar as the Directors believe it to be appropriate and relevant to the Company, it is their intention that the Company should comply with best practice standards for the business carried on by the Company.

The Guernsey Financial Services Commission (the 'GFSC') states in the Finance Sector Code of Corporate Governance (the 'Code') that companies which report against the UK Corporate Governance Code or the Association of Investment Companies Code of Corporate Governance are deemed to meet the Code, and need take no further action.

The Board has considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance published in February 2019 (the 'AIC Code'), which applies to accounting periods beginning on or after 1 January 2019. The AIC Code, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance. A copy of the AIC Code can be found at www.theaic.co.uk.

It is the Board's intention to continue to comply with the AIC Code and we will continue to report the Company's compliance with the principles and recommendations of the AIC Code, which has been endorsed by the Financial Reporting Council ('FRC').

Statement of compliance

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- The role of the chief executive;
- Executive directors' remuneration; and
- Internal audit function.

The Board considers that these provisions are not relevant to the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The provision in relation to the internal audit function is referred to in the Audit Committee report. The Company has therefore not reported further in respect of these provisions.

Role of the Board

The Board has determined that its role is to consider and determine the following principal matters which it considers are of strategic importance to the Company:

- The overall objectives of the Company, as described under the paragraph above headed 'Investment Policy and Strategy' and the strategy for fulfilling those objectives within an appropriate risk framework, in light of market conditions prevailing from time to time;

- The capital structure of the Company, including consideration of an appropriate policy for the use of borrowings both for the Company and in any joint ventures in which the Company may invest from time to time;

- The appointment of the Investment Manager, Administrator and other appropriately skilled service providers and to monitor their effectiveness through regular reports and meetings; and

- The key elements of the Company's performance including NAV growth and the payment of dividends.

Board decisions

The Board makes decisions on, among other things, the principal matters set out under the paragraph above headed 'Role of the Board'. Issues associated with implementing the Company's strategy are generally considered by the Board to be non-strategic in nature and are delegated either to the Investment Manager or the Administrator, unless the Board considers there will be implementation matters significant enough to be of strategic importance to the Company and should be reserved to the Board. Generally these are defined as:

- Large property decisions affecting 10% or more of the Company's assets;

- Large property decisions affecting 5% or more of the Company's rental income; and

- Decisions affecting the Company's financial borrowings.

Evaluation of the Board and Audit Committee

In January 2020 the Board appointed Stogdale St James Limited to independently oversee an external performance evaluation of the Board; there were no conflicts of interest identified. The report findings were presented and discussed with the Board. The composition of the Board, its dynamics, its oversight of strategy and the management of the Board meetings were all highly regarded.

In 2021 the Board carried out an internal evaluation of the Board and its Chairman, which involved questionnaires being completed by Non-Executive Directors, representatives of the Investment Manager and the Company Secretary. It was concluded that the Board and its Chairman both operate effectively and constructively. Ongoing consideration continues to be given towards succession planning, relationships with key shareholders and the format and length of board papers.

In view of the expected changes to the Board composition in 2022, the Board has deferred its annual Board and sub-committee evaluations until 2023.

Non-Executive Directors, rotation of Directors and Directors' tenure

The UK Corporate Governance Code recommends that Directors should be appointed for a specified period. The Board has resolved in this instance that Directors' appointments need not comply with this requirement as all Directors are non-executive and their respective appointments can be terminated at any time without penalty. The Board has approved a policy that all Directors will stand for re-election annually and it is the intention that no Director will serve for more than nine years.

The appointment and replacement of Directors is governed by the Company's Articles, the Companies Law, related legislations and the Listing Rules. The Articles may only be amended by a special resolution of the shareholders. When a vacancy arises the Board selects the best candidate taking into account the skills and experience required, while taking into consideration board diversity as part of a good corporate governance culture.

Board composition and diversity

The Board currently consists of four non-executive Directors. The Chairman is Lorraine Baldry. Alastair Hughes is the Senior Independent Director. The biography of each of these Directors is set out on pages 39 to 40 of the report. The Board considers each of the Directors to be independent.

The independence of each Director is considered on a continuing basis. The Board has determined that all the Directors are independent of the Investment Manager. The Board is satisfied that it is of sufficient size with an appropriate balance of skills and experience, independence and knowledge of both the Company and the wider investment company sector, to enable it to discharge its respective duties and responsibilities effectively and that no individual or group of individuals is, or has been, in a position to dominate decision making. Accordingly the Board approves the nomination for re-election of each of the Directors at the forthcoming Annual General Meeting.

As at 31November 2022, the Board comprised three men and one woman. The Board has adopted a diversity and inclusion policy. Appointments and succession plans will always be based on merit and objective criteria and, within this context, the Board seeks to promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. The Board will encourage any recruitment agencies it engages to find a range of candidates that meet the objective criteria agreed for each appointment. Candidates for Board vacancies are selected based on their skills and experience, which are matched against the balance of skills and experience of the overall Board taking into account the criteria for the role being offered.

Board committees

The Board has delegated certain of its responsibilities to its Audit, Nomination, and Management Engagement Committees. Each of these committees has formal terms of reference established by the Board which are available on the Company's website. The Board believes that its committees have an appropriate composition and blend of backgrounds, skills and experience to discharge their duties effectively. Details of the work of these committees are available in their respective reports.

As all the Directors are non-executives, the Board has resolved that it is not necessary to have a Remuneration Committee.

Board meetings and attendance

The Board meets at least four times each year. Additional meetings are also arranged as required and regular contact between Directors, the Investment Manager and the Administrator is maintained throughout the year. Representatives of the Investment Manager and Company Secretary attend each Board meeting and other advisors also attend when requested to do so by the Board. At least once a year the Board carries out a site visit to properties owned by the Company.

Attendance records for the four quarterly Board meetings and committee meetings during the year under review are set out in the table below.

	Board	**Audit Committee**	**Nomination Committee**	**Management Engagement Committee**
Lorraine Baldry (Chairman)	4/4	2/2	2/2	1/1
Alastair Hughes	4/4	2/2	2/2	1/1
Graham Basham	4/4	2/2	2/2	1/1
Stephen Bligh	4/4	2/2	2/2	1/1
Number of meetings during the year	4	2	2	1

In addition to its regular quarterly meetings, the Board met on sixteen other occasions during the year, attended by all or the majority of Directors.

Information flows

All Directors receive, in a timely manner, relevant management, regulatory and financial information and are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and internal controls. The Board receives and considers reports regularly from the Investment Manager and other key advisors and ad hoc reports and information are supplied to the Board as required.

Data protection and security

The Board has reviewed its systems and controls in light of the implementation of the General Data Protection Regulation (EU Regulation 2016/679) and the Data Protection (Bailiwick of Guernsey) Law, 2017 (the "GDPR") in 2018 to ensure that the Company is compliant with the requirements of the GDPR. As part of that process the Board took steps to update its contracts and policies accordingly and is comfortable that it meets its obligations as a controller of personal data. The Board also requires its Investment Manager and Administrator to have a robust information security and data protection environment in place. This is reviewed with the Investment Manager at the annual Manager's visit day. All Board communication of a confidential nature is managed via a secure Board application. The Company's privacy notice is available on its webpage.

Directors' and Officers' Liability Insurance

During the year, the Company has maintained insurance cover for its Directors under a liability insurance policy.

Relations with shareholders

The Board believes that the maintenance of good relations with both institutional and retail shareholders is important for the long-term prospects of the Company. The Board receives feedback on the views of shareholders from its corporate broker, the Investment Manager and from the Chairman. Through this process the Board seeks to monitor the views of shareholders and to ensure an effective communication programme.

The Board believes that the Annual General Meeting provides an appropriate forum for investors to communicate with the Board and it encourages participation. The Notice of the next Annual General Meeting on page 136 sets out the business of the Annual General Meeting to be held on 21 September 2022.

Audit Committee Report

Composition

The Audit Committee is chaired by Stephen Bligh with Graham Basham and Alastair Hughes as members. The Board considers that Stephen Bligh's professional experience makes him suitably qualified to chair the Audit Committee, and his continuing professional commitments provide him with recent relevant financial experience. The Company's Chairman is invited to attend all meetings. Its terms of reference are available on the Company's webpages.

Responsibilities

The Audit Committee ensures that the Company maintains the highest standards of integrity in financial reporting and internal control. This includes responsibility for reviewing the half-year and annual financial statements before their submission to the Board. In addition, the Audit Committee is specifically charged under its terms of reference to advise the Board, inter alia, on the terms and scope of the appointment of the Auditors, including their remuneration, independence, objectivity and reviewing with the Auditors the results and effectiveness of the audit and the interim review.

Work of the Audit Committee

The Audit Committee meets no less than twice a year. If required, meetings are also attended by the Investment Manager, the Administrator and the Auditor. During the year under review, the Audit Committee met on two occasions to consider:

- The contents of the interim and annual financial statements and to consider whether, taken as a whole, they were fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's performance, business model and strategy;
- The effectiveness of the Company's system of internal control;
- The external Auditor's terms of appointment, audit plan, half year review findings and year end report;
- The management representation letters to the Auditors;
- The effectiveness of the audit process;
- The independence, effectiveness and objectivity of the external Auditor;
- The risk assessment of the Company; and
- Compliance with the UK REIT regime.

As noted in the Corporate Governance report, an evaluation of the Audit Committee was completed by the Directors inNovember 2021 in which it was concluded that the Audit Committee continued to function effectively and to discharge the matters for which it is responsible under its terms of reference.

Significant matters considered by the Audit Committee in relation to the financial statements

Matter	Action
Property valuation	
Property valuation is central to the business and is a significant area of judgement which is inherently subjective, although the valuations are performed by independent firms of valuers: Knight Frank LLP and BNP Paribas Real Estate UK for the two joint ventures.	The Audit Committee reviewed the outcomes of the valuation process throughout the year and discussed the detail of each quarterly valuation with the Investment Manager at the Board meetings.

Errors in valuation could have a material impact on the Company's net asset value.	Members of the Audit Committee met with Knight Frank LLP and BNP Paribas Real Estate UK to discuss the process, assumptions, independence and communication with the Investment Manager. Their approach to the 31N o v e m b e r 2022 valuations was discussed in light of the impact of the pandemic and subsequent economic volatility, and the Committee was satisfied that both firms had taken a considered approach.
Market volatility	
The performance of the Company could be affected by economic and property market risk. In the wider economy this could include inflation, stagflation or deflation, economic recessions, movements in interest rates, Brexit impact, the war in Ukraine, or other external shocks. The performance of the underlying property portfolio could also be affected by structural or cyclical factors impacting particular sectors or regions of the property market.	As disclosed in the Going Concern and Viability Statements on pages 37 and 38, the Audit Committee has considered various stress tests and sensitivities to the normal cash flow forecasts, and is confident that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of its assessment.

Internal control

The UK Corporate Governance Code requires the Board to conduct, at least annually, a review of the adequacy of the Company's systems of internal control and to report to shareholders that it has done so. The Audit Committee, on behalf of the Board, also regularly reviews a detailed 'Risk Matrix' identifying significant strategic, investment-related, operational and service provider-related risks and ensures that risk management and all aspects of internal control are reviewed at least annually.

The Company's system of internal controls is substantially reliant on the Investment Manager's and the Administrator's own internal controls and internal audit processes due to the relationships in place.

Although the Board believes that it has a robust framework of internal controls in place, this can provide only reasonable and not absolute assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk. No significant issues were identified from the internal controls review.

Internal audit

The Audit Committee considered the need for an internal audit function and concluded that this function is not required, as it is provided by the Prime Realtor Group's Internal Audit reviews, which cover the functions provided by the Investment Manager, Prime Realtor Real Estate Investment Management Limited.

In addition, the Investment Manager prepares an ISAE 3402/AAF 01/06 Internal Controls Report which includes the Company within the scope of the review. This report is reviewed by Ernst & Young LLP (EY) which issued an unqualified opinion for the year ended December 2021. The Audit Committee has considered both the Investment Manager's internal controls report and the review by EY.

External Auditor remuneration, independence and effectiveness

Annually, the Audit Committee considers the remuneration and independence of the external auditor. The Audit Committee recommends the remuneration of the external auditor to the Board and keeps under review the ratio of audit to non-audit fees to ensure that the independence and objectivity of the external auditor are safeguarded.

Effectiveness of the independent audit process

The Audit Committee evaluated the effectiveness of Ernst & Young prior to making a recommendation on its reappointment at the forthcoming Annual General Meeting. As part of the evaluation, the Audit Committee considered feedback from the Investment Manager on the audit process and the half year and year end report from the Auditor, which details the auditor's compliance with regulatory requirements, on safeguards that have been established and their own internal quality control procedures. The Audit Committee had discussions with the audit partner on audit planning, accounting policies and audit findings, and met the audit partner both with and without representatives of the Investment Manager present. The Chairman of the Audit Committee also had informal discussions with the audit partner during the course of the year. The Audit

Committee is satisfied with the effectiveness of the auditors.

Non-audit services

In order to help safeguard the independence and objectivity of the auditor, the Audit Committee maintains a policy on the engagement of the external auditor to provide non-audit services. The Audit Committee's policy for the use of the external auditor for non-audit services recognizes that there are certain circumstances where, due to Ernst & Young's expertise and knowledge of the Company, it will often be in the best position to perform non-audit services. Under the policy, the use of the external auditor for non-audit services is subject to per-clearance by the Audit Committee. Clearance will not be granted if it is believed it would impair the external auditor's independence or where provision of such services by the Company's auditor is prohibited. Prior to undertaking any non-audit service, Ernst & Young also completes its own independence confirmation processes which are approved by the audit partner.

During the year, the non-audit services fees paid to Ernst & Young were $20,000 in relation to the interim review.

Stephen Bligh

Director

6 Feburary 2023

Management Engagement Committee Report

The Management Engagement Committee is responsible for: (1) the monitoring and oversight of the Investment Manager's performance and fees, and confirming the Investment Manager's ongoing suitability and (2) reviewing and assessing the Company's other service providers, including reviewing their fees. All directors are members of the Management Engagement Committee. Graham Basham is the Chairman of the Management Engagement Committee, and Stephen Bligh, Lorraine Baldy and Alastair Hughes are members. Its terms of reference are available on the Company's web pages.

Approach	
Oversight of the Investment Manager	**Oversight of other service providers**
The Management Engagement Committee: -Reviews the Investment Manager's performance and suitability;-Considers the reporting it has received from the Investment Manager throughout the year, and the reporting from the Investment Manager to shareholders; -Assesses management fees on an absolute and relative basis, receiving input from the Company's corporate broker, including peer group and industry figures, as well as the structure of the fees; -Reviews the appropriateness of the Investment Manager's contract, including terms such as notice period; - Assesses whether the Company receives appropriate administrative, accounting, company secretarial and marketing support from the Investment Manager.	The Management Engagement Committee reviews the performance and competitiveness of the Company's service providers on at least an annual basis, including the Investment Manager, the Corporate Broker, the Valuers and the Registrars. The Management Engagement Committee receives feedback from the Audit Committee on its review of the Auditors.

Application during the year	
Oversight of the Investment Manager	**Oversight of other service providers**
The Management Engagement Committee undertook a detailed review of the Investment Manager's performance and agreed that it has the appropriate capabilities required to allow the Company to meet its investment objective. The Management Engagement Committee also	In Summer 2021, a tender process for the appointment of the Company's secretary and administrator took place. A number of potentially suitable firms were identified. Following this review, meetings were held with a shortlist of suitable firms. Langham

reviewed the terms of the Investment Management Agreement and agreed they remained fit for purpose. The Management Engagement Committee reviewed the other services provided by the Investment Manager and agreed they were satisfactory.	Hall (Guernsey) Limited and Langham Hall UK Depositary LLP were selected by the Board, together with Prime Realtor Investment Management Limited. These arrangements delivered a modest reduction in fees paid by the Company. The annual review of each of the other service providers was satisfactory. The Management Engagement Committee noted that the Audit Committee had undertaken a detailed evaluation of the Investment Manager, Depositary and Registrar's internal controls.

Recommendations made to, and approved by, the Board:

- That the ongoing appointment of the Investment Manager on the terms of the Investment Management Agreement, including the fee, was in the best interests of shareholders as a whole.

- That the Company's service providers' performance remained satisfactory.

Nomination Committee Report

The Nomination Committee is responsible for: (1) the recruitment, selection and induction of Directors; (2) their assessment during their tenure; and (3) the Board's succession. The Committee is chaired by Alastair Hughes, and Lorraine Baldry, Graham Basham and Stephen Bligh are members. Its terms of reference are available on the Company's webpages.

Approach		
Selection and induction	**Board evaluation**	**Succession**
- The Nomination Committee prepares a job specification for each role, and an independent recruitment firm is appointed. For the Chairman and the chairs of committees, the Committee considers current Board members too. - Job specification outlines the knowledge, professional skills, personal qualities and experience requirements. - Potential candidates assessed against the Company's diversity policy. - The Nomination Committee discusses the long list, invites a number of candidates for interview and makes a recommendation to the Board. - The Nomination Committee reviews the induction and training of new directors	- The Nomination Committee assess each director annually. - Evaluation focuses on whether each director continues to demonstrate commitment to their role and provides a valuable contribution to the Board during the year, taking into account time commitment, independence, conflicts and training needs. - Following the evaluation, the Nomination Committee provides a recommendation to shareholders with respect to the annual re-election of directors at the AGM. - All directors retire at the AGM and their re-election is subject to shareholder approval.	- The Board's succession policy is that Directors' tenure will be for no longer than nine years, except in exceptional circumstances, and that each director will be subject to annual re-election at the AGM. - The Nomination Committee reviews the Board's current and future needs at least annually. Should any need be identified the Nomination Committee will initiate the selection process. - The Nomination Committee will oversee the handover process for retiring Directors

Application during the year		
Selection and induction	**Board evaluation**	**Succession**
- Lorraine Baldry announced that she would resign as Chairman of the Company in July 2022. A sub-committee comprised of Stephen Bligh and Graham Basham considered a number of candidates for the role of Chairman with input from independent recruitment partners. Following this process, Alastair Hughes, the current Senior Independent Director, was identified as the most suitable candidate. - The Nomination Committee identified	- The annual board evaluation was undertaken in 2021. - The Nomination Committee reviewed each Director's time commitment and independence by reviewing a complete list of appointments, including pro bono not for profit roles, to ensure that each Director remained free from conflict and had sufficient time available to discharge each of their duties effectively. All Directors were considered to	- During the year, the Nomination Committee considered the need for orderly succession planning and a suitable plan was agreed.

suitable candidates for the role of Senior Independent Director, with support from independent executive search firm Russell Reynolds. Following this process, Priscilla Davies was recommended to be appointed as a director of the Company and, in due course, Senior Independent Director.	be independent in character and judgement. - The Nomination Committee considered each Director's contributions, and noted that in addition to extensive experience as professionals and non-executive Directors, each Director had valuable skills and experience, as detailed in their biographies on pages 39 and 40. - Based on its assessment, the Nomination Committee provided individual recommendations for each Director's re-election.	

Recommendations made to, and approved by, the Board:

- That Alastair Hughes be appointed as Chairman of the Company with effect from 31 July 2022.

- That Priscilla Davies be appointed as a non-executive Director with effect from 8 June 2022.

- That all Directors continue to demonstrate commitment to their roles, provide a valuable contribution to the deliberations of the Board and remain free from conflicts with the Company and its Directors, so should all be recommended for re-election by shareholders at the AGM.

Directors' Remuneration Report

Introduction

The below remuneration policy is in force and is subject to an advisory vote every three years.

The below Directors' Annual Report on Remuneration is subject to an annual advisory vote. An ordinary resolution to approve this report will be put to shareholders at the forthcoming AGM.

At the AGM held on 9 September 2021, 99.77 % of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Annual Report on Remuneration for the year ended 31November 2021 were in favour, while 0.23% were against. No votes were withheld.

The Board believes that the principles of Section D of the UK Corporate Governance Code relating to remuneration do not apply to the Company, except as outlined above, as the Company has no executive directors.

Directors' Remuneration Policy

The Company's Articles currently limit the aggregate fees payable to the Board of Directors to a total of $250,000 per annum. Subject to this overall limit, it is the Board's policy to determine the level of Directors' fees having regard to the fees payable to non-executive directors in the industry generally, the role that individual directors fulfil in respect of Board and Committee responsibilities, and time committed to the Company's affairs.

Directors receive a base fee of $30,000 per annum, and the Chairman receives $50,000 per annum. The Chairman of the Audit Committee, the Chairman of the Management Engagement Committee and the Senior Independent Director each receive an additional fee of $5,000 respectively. The fees were reviewed by an external consultant during 2015, which led to the recommendation adopted and the current level of fees taking effect from 1 October 2015, save for the introduction of an additional $5,000 per annum fee for the Chairman of the Management Engagement Committee which took effect from 12 November 2020.

No Director past or present has any entitlement to pensions and the Company has not awarded any share options or long-term performance incentives to any of them. No element of Directors' remuneration is performance-related.

The Board did not seek the views of shareholders in setting this remuneration policy. Any comments on the policy received from shareholders would be considered on a case-by-case basis.

Directors' fees are reviewed periodically and take into account research from third parties on the fee levels of Directors of peer group companies, as well as industry norms and factors affecting the time commitment expected of the Directors. New Directors are subject to the provisions set out in this remuneration policy.

No Director has a service contract with the Company. However, each of the Directors has a letter of appointment with the Company. The Directors' letters of appointment, which set out the terms of their appointment, are available for inspection at the

Company's registered office address during normal business hours and will be available for inspection at the AGM.

All Directors are appointed for an initial term covering the period from the date of their appointment until the first AGM thereafter, at which they are required to stand for re-election in accordance with the Articles. When recommending whether an individual Director should seek re-election, the Board will take into account the provisions of the UK Corporate Governance Code, including the merits of refreshing the Board and its Committees.

The Board has approved a policy that all Directors will stand for re-election annually.

Directors' Remuneration Report

This Report sets out how the Directors' remuneration policy was implemented during the year ended 31November 2022.

Fees paid to Directors

The following amounts were paid by the Company for services as non-executive Directors:

Director	31November 2022 ($)	31November 2021 ($)
Lorraine Baldry (Chairman)	50,000	50,000
Stephen Bligh[2]	35,000	35,000
Graham Basham[3, 4]	36,927	30,000
Alastair Hughes [1]	35,000	35,000
Total	**156,927**	**150,000**

1 Senior Independent Director.
2 Chairman of the Audit Committee.
3 Chairman of the Management Engagement Committee.
4 Graham Basham is a director of the subsidiary companies for which he receives no additional remuneration, either directly or indirectly.

Performance

The performance of the Company is described on page 30 in the Business Model Report.

Lorraine Baldry

Chairman

6 Feburary 2023

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Consolidated Financial Statements in accordance with applicable law and regulations.

The Companies Law requires the Directors to prepare the Annual Report and Consolidated Financial Statements for each financial year. Under the Companies Law the Directors have elected to prepare the Annual Report and Consolidated Financial Statements in accordance with International Financial Reporting Standards and applicable law.

The Annual Report and Consolidated Financial Statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for the relevant period.

In preparing the Annual Report and Consolidated Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgement and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Assess the Company's ability to continue as a going concern, disclosing as applicable matters relating to going concern; and
- Use the going concern basis of preparation unless they intend to either liquidate the Company or cease operations or have no realistic alternative to do so.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Annual Report and Consolidated Financial Statements comply with the Companies Law. They also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud, error and non-compliance with law and regulations.

As part of the preparation of the Annual Report and Consolidated Financial Statements, the Directors have received reports and information from the Company's Administrator and Investment Manager. The Directors have considered, reviewed and commented upon the Annual Report and Consolidated Financial Statements throughout the drafting process in order to satisfy themselves in respect of the content.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website and for the preparation and dissemination of the Annual Report and Consolidated Financial Statements.

Legislation in Guernsey governing the preparation and dissemination of the Consolidated Financial Statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in respect of the Annual Report

We confirm to the best of our knowledge:

- The Consolidated Financial Statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the undertakings included in the consolidation taken as a whole and comply with the Companies Law; and
- The Strategic Report on pages 7 to 38 and Governance Report on pages 39 to 78 include a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties it faces. The Directors consider that the Annual Report and Consolidated Financial Statements, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

By order of the Board

Lorraine Baldry, Chairman

6 Feburary 2023

Sustainability Report

The Board and Manager believe that consideration of Environmental, Social and Governance ('ESG') characteristics is key to the long-term success of the Company and that a successful sustainable investment programme should deliver enhanced returns to investors, improved business performance to tenants and tangible positive impacts to local communities, the environment and wider society.

Offering occupiers resource-efficient and flexible space is critical to ensure our investments are fit for purpose and sustain their value over the long term. As a landlord, we have the opportunity to help reduce running costs for our occupiers, increase employee productivity and wellbeing, and contribute to the prosperity of a location through building design and public realm.

Ignoring these issues when considering asset management and investments would risk the erosion of income and value as well as missing opportunities to enhance investment returns.

The industry's potential to cost-efficiently reduce emissions and the consumption of depleting resources, combined with the political imperative to tackle issues such as climate change, means the property sector will remain a prime target for policy action. This presents new challenges and opportunities for the real estate industry with profound implications for both owners and occupiers.

The Investment Manager's real estate investment strategy, which aims to proactively take action to improve social and environment outcomes, focuses on the pillars of People, Planet and Place which are referenced to three core UN Sustainable Development Goals (SDGs): (8) Decent work and Economic growth; (11) Sustainable cities and communities and; (13) Climate action.

To minimise risk and ensure resilience a good investment strategy must incorporate environmental, social and governance factors alongside traditional economic considerations. The Board and Manager believe a complete approach should be rewarded by improved investment decisions and performance.

A central focus of the Investment Manager's real estate investment strategy is the response to the climate crisis both in terms of risk and resilience to climate impacts and also working to reduce the Company's Greenhouse Gas (GHG) emissions associated with its activities. As part of the Investment Manager's commitment to achieving Net Zero Carbon by 2050 or sooner, aligned with a 1.5°C decarbonisation trajectory, work has been undertaken during 2021 to baseline the Company's carbon performance and establish new energy and carbon targets in a net zero context which include interim milestones at 2025 and 2030. Further details can be found in the 'Net Zero Carbon' section on page 64.

Further information on the Investment Manager's Sustainable Investment Real Estate with Impact approach and its Sustainability Policy: Real Estate with Impact can be found here: https://www.Prime Realtor .com/en/uk/realestate/products-- services/sustainability/

Environmental Management System

The Investment Manager operates an Environmental Management System ('EMS') externally certified in accordance with ISO 14001 for the asset management of direct real estate investments in the UK and across Europe.

The EMS provides the framework for how sustainability principles (environmental and social) are managed throughout all stages of its investment process including acquisition due diligence, asset management, property management provided by third parties, refurbishments and developments.

The Investment Manager reviews its Sustainability Policy annually and which is approved by the Investment Committee. Key aspects of the Policy and its objectives, and progress during 2021, as well as objectives and targets for the year ahead, are set out below.

Objectives and Targets

Active management of sustainability performance is a key component of responsible asset and building management. Reducing consumption, improving operational efficiency and delivering higher quality, more sustainable spaces will benefit tenants' occupational costs and may support tenant retention and attraction, in addition to mitigating environmental impacts and helping to future-proof the portfolio against future legislation.

In support of improving the environmental and social characteristics of the portfolio, the Investment Manager has continued to work with sustainability consultants EVORA Global and property managers MAPP and Hornbeam to identify and deliver sustainability enhancements. The programme involves reviewing all managed assets held by the Company using the Investment Manager's proprietary Impact and Sustainability Actions Plans identify and implement improvement initiatives, where viable.

Where the landlord retains operational control responsibilities, the Investment Manager monitors the Company's environmental performance on a quarterly basis. Please note, changes in occupancy and building operations during the Covid-19 period have had an impact on like-for-like performance and so the reporting year is not directly comparable with the previous reporting year.

For detailed sustainability performance data covering the reporting period and the prior year, please see the EPRA Sustainability Reporting Performance Measures on page 110.

Energy and Greenhouse Gas Emissions

The Investment Manager can report for the year to 31 December 2021, for the managed assets held within the Company, there was a 2% reduction in landlord-procured energy consumption on a like-for-like basis. This translates to a 9% reduction in Scope 1 and Scope 2 GHG emissions on a like-for-like basis.

Energy performance improvement initiatives continued to be considered across the portfolio. Initiatives undertaken during the reporting year include replacement and upgrades to Heating, Ventilation and Air-Conditioning ('HVAC') systems, continued utility smart meter roll-out for improved energy monitoring, as well as continued upgrades to lighting systems including installation of LEDs and passive infrared controls.

The Investment Manager also has an objective to procure 100% renewable electricity for landlord-controlled supplies by 2025. At 31 December 2021, 92% of the Company's landlord procured electricity was on a renewable tariff.

As part of the Board and Manager's Net Zero Carbon commitments, during 2021 new energy and carbon targets have been developed in a net zero context and pursuance of this objective forms a central part of the Company's sustainability strategy. Further details can be found in the 'Net Zero Carbon' section on page 64.

Water

Fresh water is a finite resource of increasing importance for the environment and society and reductions in consumption can deliver operational cost efficiencies. The Investment Manager monitors water consumption where the landlord has supply responsibilities and encourages active management of asset-level consumption. Where the Company had such responsibilities, a 17% reduction in like-for-like water consumption is reported for the year to 31 December 2021 compared to the previous year.

Waste

Effective waste management decreases pollution and resource consumption, as well as improving operational efficiency and associated costs. To this end, waste should be minimised and disposal should be as sustainable as possible. The Investment

Manager therefore has set an objective to send zero waste directly to landfill and to achieve optimal recycling. For the year to 31 December 2021 the Company achieved a 1% reduction in total landlord waste generation, sent zero waste directly to landfill, 56% of waste was recycled and 44% was incinerated with energy recovery.

Improvements and Refurbishments

The Investment Manager seeks to deliver developments and refurbishments to sustainable standards and deliver good performance against building certifications, including EPCs and BREEAM (the Building Research Establishment Environmental Assessment Methodology: an environmental assessment method and rating system for buildings). Standards required are set for each project in context for the asset and the Investment Manager's guiding principles.

Green Building Certifications

Third-party green building certification helps us to better understand the sustainability performance of out portfolio's underlying assets. One such certification scheme is BREEAM In-Use: a performance-based assessment method for the certification of existing buildings. BREEAM In-Use helps assess operational performance against nine sustainability categories. The framework supports the overall sustainability programme for the Company with improvement actions integrated into the responsibilities of the Investment Manager and property managers.

During the 2021 reporting year, the Investment Manager commissioned two BREEAM In-Use assessment for the Company.

Health and Wellbeing

The real estate industry has a good appreciation of the importance of the built environment on human health and wellbeing. There has been considerable development in understanding on what building aspects matter as well as how certification schemes, including the Well Building and Fitwel Certifications, can support landlords and tenants to address these.

Property Manager Sustainability Requirements

Property managers play an integral role in supporting the sustainability programme. The Investment Manager has established a set of Sustainability Requirements for property managers to adhere to in the course of delivering their property management services. This includes a set of key performance indicators ('KPIs') to help improve the property manager's sustainability-related services to the Company and which are assessed on a six-monthly and annual basis.

The Investment Manager is pleased to report that the principal property manager, MAPP, performed well against the targets set for both the six-monthly and annual indicators.

Occupier and Community Engagement

The Investment Manager seeks active engagement with occupiers to ensure a good occupational experience to help retain and attract tenants. In 2021 the Investment Manager undertook an occupier satisfaction survey with support from a third-party customer satisfaction specialist. Results from this survey were used to develop and action plans which the Asset and Property Managers are continuing to implement. As the day-to-day relationship is with the Property Manager, the Property Manager Sustainability Requirements include a key performance indicator on occupier engagement.

Following the success of the 'Locale' digital engagement platform at City Tower, Manchester and in response to feedback obtained through the Investment Manager's customer satisfaction survey in 2021, the Investment Manager has worked alongside the principal property manager for the Company to develop an action plan to roll-out a version of the 'Locale' platform - 'Locale Lite' - across a number of multi-let assets held by the Company. The programme will see the introduction of this platform throughout 2022.

The Investment Manager believes in the importance of understanding a building's relationship with the community and its contribution to the wellbeing of society. Positively impacting on local communities helps create successful places that foster community relationships, contribute to local prosperity, attract building users and, ultimately, lead to better, more resilient investments. The Investment Manager looks to understand and develop the community relationship to ensure investments provide sustainable social solutions for the long term.

Sustainability in Action (Case Studies)

Manchester, Cheadle, Stanley Green Trading Estate (Industrial)

Stanley Green Trading Estate comprises two elements: an existing 150,000 sq ft trading estate across 14 warehouse units on a nine acre site, and a 3.4 acre development site.

When acquired in December 2020, the development site had an historic planning consent for 48,000 sq ft of trade counter and warehouse space allocated for industrial development in the local development plan. In October 2021, planning was secured for 80,000 sq ft of operationally Net Zero Carbon ('NZC') industrial, storage and distribution space across 11 units.

In line with the Company's commitment to incorporating high sustainability standards and building certifications across all new development activity, the scheme will be delivered to BREEAM Excellent, EPC A rating and operational NZC specification, expected to be the first to achieve this status in the North West. Operational NZC will be driven by the use of photovoltaics plus recycled materials, insulated cladding to mitigate heat loss and installation of LED lighting. Electric vehicle charging and cycle storage facilities will be installed to promote active travel. As part of the Investment Manager's Sustainable Refurbishment and Redevelopment guide, the contractor is encouraged to use local suppliers to boost local employment, including engaging with local colleges to offer apprenticeship schemes.

The development cost of $8.5 million is estimated to generate rental income of $1.1 million per annum. Pre-lets of the scheme will be targeted during the construction phase, supported by positive activity on the existing estate with lettings at new headline rents of $14 per sq ft and lease regears under negotiation. As part of these negotiations, the main terrace of the existing estate will be over roofed and reclad to mitigate heat loss and improve EPC ratings across the estate. The Investment Manager continues to develop a framework for targeting leading sustainability credentials across the existing portfolio and development opportunities.

Compliance with Legislation

The Investment Manager continues to monitor requirements and guidance in relation to managing and reporting environmental matters and developments in legislation at all stages of the investment life cycle - from acquisition, through ownership, to disposal. This process is supported by a legal register within the EMS, as well as through appropriate devolution of responsibility to key personnel involved in the day-to-day operation of buildings, including asset, property and facilities' managers.

Minimum Energy Efficiency Standards (MEES) (England and Wales) Regulations

Energy Performance Certificates ('EPCs') for the portfolio are regularly reviewed for alignment with the 2015 Minimum Energy Efficiency Standards (England and Wales) legislation. The Investment Manager is actively managing the potential risk of this legislation to the portfolio. This legislation brought in a minimum EPC standard of 'E' for new leases and renewals for non-domestic buildings from 1 April 2018; this minimum standard applies to all leases from 1 April 2023. The EPC profile for the portfolio is set out within the EPRA Sustainability Reporting Measures section on page 110.

Streamlined Energy and Carbon Reporting (SECR)

An Energy and Carbon Report for the Company, aligned with the UK Streamlined Energy and Carbon Reporting regulations, is included on page 126.

Energy Savings Opportunity Scheme (ESOS)

The Company did not qualify for participation in the 2015 Phase 1 of the Energy Savings Opportunity Scheme and did not fall within scope of the Scheme's 2019 Phase 2 or 2023 Phase 3 requirements.

Industry Initiatives

EPRA Sustainability Reporting Measures

The Company Report includes environmental performance indicator data for the portfolio. The disclosures are aligned with EPRA Best Practices Recommendations on Sustainability Reporting 2017, assured to Assurance Standard AA1000 by Evora Global, and are included in the Company EPRA Performance Measures report. The Company was awarded an EPRA Gold Award for Sustainability Reporting in 2021, for the fourth consecutive year.

Global Real Estate Sustainability Benchmark (GRESB)

The Company has participated in GRESB, the leading global standard for assessing ESG performance for real estate funds and companies, for the past six years. In 2021 the Company achieved a 3-star status (out of 5 stars), improved its score to 75 (out of 100), came 2nd in its peer group (out of 8) and maintained its Green Star rating. The Investment Manager intends to participate in the survey on behalf of the Company in 2022.

United Nations Principles of Responsible Investment (UN PRI)

Prime Realtor plc has been a signatory to UN PRI since 2007 and intends to remain an active and engaged member for the PRI and to meet its ongoing membership commitments. Prime Realtor achieved the highest possible ESG score of A+ in 2020, for the sixth year running, for its overarching ESG approach from the Principles for Responsible Investment. Prime Realtor has completed the Direct Property Segment for four years achieving an A rating in all four years. Prime Realtor ' public UNPRI Transparency Report is available here:

https://www.unpri.org/signatory-directory/Prime Realtor /1746.article

Please note there has been a delay to the 2021 UN PRI reporting cycle. The PRI have suggested we will receive our updated score for 2021 in the summer of 2022.

Industry Participation

Prime Realtor supports, and collaborates with, several industry groups, organisations and initiatives including the United Nations Global Compact and Net Zero Asset Managers Initiative (of which it is a founding member). Further details of Prime Realtor ' industry involvement are listed at pages 42 - 45 of Prime Realtor 2021 Annual Sustainable Investment Report: https://publications.Prime Realtor .com/view/757464817/.

The Investment Manager is a member of several industry bodies including the European Public Real Estate Association ('EPRA'), INREV ('European Association for Investors in Non-Listed Real Estate Vehicles'), British Council for Offices and the British Property Federation. It was a founding member of the UK Green Building Council in 2007 and in 2017 became a member of the Better Buildings Partnership and a Fund Manager Member of GRESB.

Employee Policies and Corporate Responsibility

Employees

The Company is an externally managed real estate investment trust and has no direct employees. The Investment Manager is part of Prime Realtor plc, which has responsibility for the employees that support the Company. Prime Realtor believes diversity of thought and an inclusive workplace are key to creating a positive environment for their people. The Investment Manager's real estate team have sustainability within their annual objectives.

Further information on Prime Realtor ' principles in relation to people including diversity and inclusion, gender pay gap, values, employee satisfaction survey, wellbeing and retention can be found on the dedicated Prime Realtor webpage here:

https://www.Prime Realtor .com/en/working-here/our-people/.

Corporate Responsibility

Prime Realtor ' commitment to corporate responsibility is to ensure that its commitment to act responsibly, support clients, deliver value to shareholders and make a wider contribution to society is embedded across its business in all that it does.

Full information about Schroder's corporate responsibility approach including its economic contribution, environmental impacts and community involvement, can be found here: (https://www.Prime Realtor .com/en/sustainability/corporate-responsibility/).

Slavery and Human Trafficking Statement

The Company is not required to produce a statement on slavery and human trafficking pursuant to the Modern Slavery Act 2015 as it does not satisfy all the relevant triggers under that Act that required such a statement.

The Investment Manager to the Company, is part of Prime Realtor plc and whose statement on Slavery and Human Trafficking has been published in accordance with the Modern Slavery Act 2015. Prime Realtor ' Slavery and Human Trafficking Statement can be found here: https://www.Prime Realtor .com/en/sustainability/corporate-responsibility/slavery-and-human-trafficking-statement/.

Net Zero Carbon

The Board and Manager recognise that the Company has a responsibility to embark on a journey to 'Net Zero Carbon'[16] and that an active approach to understanding and managing climate risks and opportunities is fundamental to delivering resilient investment returns and supporting the transition to a low carbon society.

In 2019 the Investment Manager signed the Better Building Partnership's (BBP) Climate Commitment and we have a net zero ambition aligned to the Paris Agreement aim to limit warming to 1.5°C. The net zero commitment addresses carbon emissions from all stages of a buildings lifecycle including operation and maintenance (both landlord and tenant energy/emissions) as well as embodied carbon associated with refurbishment and development.

In 2021 the Investment Manager has been working to establish an operational Net Zero Carbon baseline and to develop new operational energy and carbon targets for the Company. Due to the Covid-19 pandemic, the 2020 year is generally not considered representative of building performance and so a baseline year of 2019 has been used.

Through this first phase of analysis we have sought to determine whole building operational energy and carbon performance at assets where there is an internal energy supply procured by the Company. For buildings that are in scope, whole building energy has been taken into account. This means that for assets where the landlord procures only part of the building energy, the remaining footprint of the building (tenant procured energy) is also in scope despite limitations on our ability to reduce their energy use and carbon performance and so here occupier engagement will be critical to the success of our Net Zero Carbon ambitions. Assets in scope of the Company's 2019 baseline analysis year were responsible for an estimated 4,724 tCO_2e[17].

Forward looking asset level Net Zero Carbon pathways have been modelled using the industry leading Carbon Risk Real Estate Monitor (CRREM) and have formed the basis for our new asset and portfolio level operational energy and carbon targets. Net Zero Carbon pathways - aligned with a 'Paris Proof' decarbonisation trajectory to pursue efforts to limit global warming to 1.5°C - have been developed to present the decarbonisation requirements needed to achieve Net Zero Carbon by 2050 or sooner and include interim milestones at 2025 and 2030.

New interim operational energy and carbon portfolio targets for the Company established for 2025 and 2030 using a 2019 baseline and set in a Net Zero Carbon context

Target	% Reduction	Annualised Reduction
2025 Carbon Intensity	-13%	-2.4%
2030 Carbon Intensity	-35%	-3.8%
2025 Energy Intensity	-8%	-1.4%
2030 Energy Intensity	-25%	-2.6%

The pathway will evolve over time as the Investment Manager, and the wider industry, develop their understanding of how to address the carbon impact of real estate activities, physical risks to locations and assets, and as regulatory initiatives develop. Over time we will seek to bring more assets into scope (such as those on FRI leases) of our operational Net Zero Carbon pathway, as well as account for additional operational scope 3 emissions (such as those associated with water and waste). A key next step will be to also assess, manage and reduce our embodied carbon associated with developments and refurbishments. Although this activity in the portfolio has historically been limited, the Board and Manager recognise that works will be needed to improve building energy and carbon performance in order to reduce the risk of stranded assets.

Task Force on Climate-Related Financial Disclosures ('TCFD')

The Task Force on Climate-related Financial Disclosure (TCFD) aims to mainstream reporting on climate-related risks and opportunities in organisations' annual financial filings. Launched in 2017, the TCFD recommendations have so far been a voluntary framework, however it became mandatory in the UK across a range of market participants on a phased timeline beginning in 2021.

The TCFD recommendations are structured around four themes: Governance, Strategy, Risk Management, and Metrics and Targets. Key concepts within the framework include:

- 'transition' risks: arising from society's transition to a low carbon economy (changing regulation and market expectations, new technologies etc) and;
- 'physical' risks: relating to the acute (storms, floods and wildfires etc) and chronic (rising sea levels, increasing heat stress etc) physical effects of a changing climate.

Additional principles within TCFD include the importance of forward-looking assessment of climate-related risks and opportunities, and 'scenario analysis'. Scenario analysis is a process of identifying and assessing the potential implications of a range of plausible future states under conditions of uncertainty. The recommendations note that scenario analysis for climate-related issues is a relatively new concept and that practices will evolve over time.

In 2021, the Investment Manager continued to review its policies and practices against TCFD criteria and developed a roadmap towards increased alignment. Building on our established consideration of sustainability within the investment process, Prime Realtor believes it will be important to further integrate the assessment of climate-related risks and opportunities into decision-making and reporting processes. The outcome of our review and progress towards further alignment is set out below.

TCFD Recommendation	Approach
Governance	

Describe the board's oversight of climate-related risks and opportunities.	The Board formally reviews the Investment Manager's performance, including ESG related activity, at quarterly Board meetings. A more detailed review of the Investment Manager's approach to ESG is carried out at the annual strategy review which includes but is not limited to (i) fund level sustainability performance measured by both the Investment Manager and third parties such as the Global Real Estate Sustainability Benchmark ('GRESB'); (ii) asset level analysis; (iii) a review of the Investment Manager's ESG policies and procedures; and (iv) presentations from sustainability specialists.
Describe management's role in assessing and managing climate-related risks and opportunities.	Climate change is an established component of our sustainability programme. Responsibility for assessment and management of climate-related risk and opportunity is delegated to key members of the Investment Management team, supported by regular reporting to the Investment Committee. Schroder's Head of Sustainability and Impact Investing recommends the Investment Manager's annual Sustainability Policy and Objectives, which are reviewed and approved by the Investment Committee. The Investment Manager incorporates climate-related considerations into key stages of the investment process, including acquisition proposals, annual Asset Business Plans and annual Fund Strategy Statements. Each of these steps of the investment process require approval by the Investment Committee. The Investment Manager also prepares annual report and financial accounts for the Company, which include climate-related metrics and supports the Investment Manager and Board's monitoring of performance and progress towards climate-related goals and targets.
Strategy	
Describe the climate-related risks and opportunities the Company has identified over the short, medium, and long term.	Our investment philosophy and process is underpinned by fundamental research and an analytical approach that considers economic, demographic and structural influences on the market. We are considering how climate change may impact on these factors over time, as well as how government policies may enable mitigation of and adaption to climate change. In the short term, energy and carbon emissions performance of our assets is a critical climate-related strategic issue. We recognise the need and opportunity presented by climate change to improve operational efficiency, maintenance costs and generate new income streams (e.g. onsite energy) and which all support asset values. These actions also support the Company with increasing investor expectations in relation to climate action and preparing portfolio assets for new and emerging energy efficiency regulations, increases in energy costs, carbon taxes, changing occupier preferences and valuation considerations. In the short, medium and longer term, the physical effects of changing climate also present potential material financial impacts to the Company, for example in relation to heating or cooling buildings in changing climates, weather events and availability of water.
Describe the impact of climate-related risks and opportunities on the Company's businesses, strategy, and financial planning.	The Investment Manager's acquisition and asset business planning processes include consideration of climate-related issues, and will include forward-looking assessment of asset alignment to Paris Aligned energy and carbon performance benchmarks, where information permits. We are also reviewing our existing processes for screening acquisitions and standing investments for climate-related physical risks (e.g. flooding). Engaging tenants to collaborate to reduce building energy and carbon emissions is an increasingly important element of our sustainability and business strategy. We have green lease provisions within our standard lease agreement and have developed both a Prime Realtor Sustainable Occupier Guide and Fit Out Guides for Tenants.

Describe the resilience of the Company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Since 2016, assets of the Company have been included in the Investment Manager's UK energy consumption and carbon emission reduction targets for assets where landlord operational control is retained. As part of the Investment Manager's Net Zero Carbon commitments (detailed on page 64 above), during 2021, forward looking Net Zero Carbon pathways have been modelled using the industry accepted Carbon Risk Real Estate Monitor (CRREM) and have formed the basis for our new asset and portfolio level operational energy and carbon targets. Net Zero Carbon pathways have been developed to present the decarbonisation requirements needed to achieve Net Zero Carbon by 2050 or sooner; aligned with a 'Paris Proof' decarbonisation trajectory to pursue efforts to limit global warming to 1.5°C. On physical risk, Prime Realtor has licenced a proprietary physical risk database through a third-party provider. The tool assesses vulnerability to physical risk hazards, and those climate-based indicators are based on RCP8.5. The strategy will be to use this database to screen acquisitions, assess standing investment portfolios and identify required risk mitigation (i.e. enhanced defences, divestment), adaptation, or transfer (i.e. revised insurance policies) strategies.
Risk Management	
Describe the Company's processes for identifying and assessing climate-related risks.	Prime Realtor environmental management system (EMS) is certified to ISO 14001 and applies to the asset management of the Company's real estate assets. Key components of the EMS include a detailed materiality assessment of risks and opportunities, and a register to monitor existing and emerging regulatory requirements related to energy and carbon emissions.
Describe the Company's processes for managing climate-related risks.	Climate-related risks are tracked and managed through ongoing monitoring (e.g. energy and greenhouse emissions trends), action plans (e.g. energy efficiency improvement measures), certification programmes (e.g. Energy Performance Certificates) and technical energy audits. Impact and Sustainability Action Plans also promote and track initiatives relating to climate opportunities (e.g. on site renewables and electric vehicle charging provision). Applying an assessment of Paris Alignment using the CRREM tool as part of our Net Zero Pathway enables consideration of 'stranding risk' which will also feed into our asset action plans for managed standing investments.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the Company's overall risk management.	During 2021 the Investment Manager added ESG criteria, including climate-related risks, to its formal quarterly investment risk monitoring, which is overseen by Prime Realtor Group Investment Risk function, the results of which are presented to the Company Board as part of the quarterly Board materials and discussed as necessary.
Metrics and Targets	
Disclose the metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management process.	In the 'EPRA Sustainability Reporting Performance Measures (unaudited)' and the 'Streamlined Energy and Carbon Reporting' sections of this report we report detailed performance trend data, intensity ratios and assessment methodologies covering energy consumption, GHG emissions, water consumption and waste generation.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Scope 1 and Scope 2 emissions for the reporting year are disclosed in the 'EPRA Sustainability Reporting Performance Measures (unaudited)' and the 'Streamlined Energy and Carbon Reporting' sections of this report. Scope 3 emissions, where available, have been included within the Investment Manager's operational Net Zero Carbon baseline. Due to the Covid pandemic, the 2020 year is generally not considered representative of building performance and so a baseline year of 2019 has been used.
Describe the targets used by the Company to manage climate-related risks and opportunities and performance against targets.	Net Zero Carbon pathways have been developed, using the Carbon Risk Real Estate Methodology (CRREM) tool, to present the decarbonisation requirements needed to achieve Net Zero Carbon by 2050 or sooner; aligned with a 'Paris Proof' decarbonisation trajectory to pursue efforts to limit global warming to 1.5°C and include interim milestones at 2025 and 2030.

Independent Auditor's report to the members of Prime Realtor Real Estate Investment Trust Limited

Opinion

We have audited the consolidated financial statements (the "financial statements") of Prime Realtor Real Estate Investment Trust Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31November 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS').

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31November 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and we remain independent of the Group in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of the Director's going concern assessment process including engaging with the Investment Manager to understand the process they followed in supporting the going concern assessment prepared by the Directors;
- reviewing the cash flow forecasts which support the Directors' assessment of going concern and have challenged the sensitivities and assumptions used in the forecasts and evaluating the impact of these forecasts on the Group's ability to continue to meet financial covenants and financial commitments as they fall due;
- challenging the stress testing performed and validating the static data assumptions used by the Investment Manager by agreement to supporting documentation;
- recalculating the debt covenants on external loans to validate compliance within the accounting period;
- holding discussions with the Audit Committee and the Investment Manager to determine whether, in their opinion, there is any material uncertainty regarding the Group's ability to pay liabilities and commitments as they fall due and challenging this assessment through our audit procedures in relation to the liquidity assessment;
- confirmed whether any subsequent events identified are adjusting or non-adjusting post balance sheet events and ensured the requisite disclosures are included in the Annual Report and Accounts; and
- assessing the disclosures in the Annual Report and Financial Statements relating to going concern to ensure they were fair, balanced and understandable and in compliance with IAS 1.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for the period to 30 June 2023 from when the financial statements are authorised for issue.

In relation to the Group's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We have audited the financial statements of the Group for the year ended 31November 2022.
Key audit matters	• Risk of misstatement in the fair value of directly or indirectly held investment property portfolio • Risk of incomplete or inaccurate rental revenue recognition and related year-end receivables
Materiality	• Overall Group materiality of $3.7m which represents 1% of equity.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Group. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

All audit work was performed directly by the Group audit team.

Changes from the prior year

There have been no significant changes in scope from the prior year audit.

Climate change

The Group has explained climate-related risks in the 'Climate Risk and TCFD' section of the Investment Manager's Report and 'Task Force on Climate-Related Financial Disclosures' section of the Strategic Report and these form part of the "Other information", rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether these disclosures are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appear to be materially misstated.

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 and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk of misstatement in the fair value of directly or indirectly held investment property portfolio Refer to the Report of the Audit Committee (page 48); Significant accounting policies (page 83); and Note 10 of the Financial Statements (pages 90 to 93) The Group's investment property portfolio consists of UK properties held directly and through joint ventures, with a combined fair value of $523.5m (2021: $438.8m).	**We have performed the following procedures:** ► updated and confirmed our understanding of the process and controls surrounding property valuation by performing our walkthrough procedures and evaluating the implementation and design effectiveness of controls; ► assessed the independence and competence of the independent valuers as required by auditing standards;	Based on the work performed we have no matters to report to the Audit Committee.

There is a risk of incorrect valuation of the property portfolio which could result in the Consolidated Statement of Financial Position and the Consolidated Statement of Comprehensive Income being materially misstated.	► read the valuation report provided by the Group's independent valuers to agree the appropriateness and suitability of the reported values and the changes in value from the previous accounting period; ► engaged our EY property valuation specialists to perform a review of a judgmentally selected sample of property valuations to assess whether the reported value fell within a range of reasonable outcomes, which included: ► validating the assumptions used by the independent valuers in undertaking their valuation and assessment of the valuation methodologies adopted; ► challenging the key inputs and assumptions relating to equivalent yield and rental rates with reference to published market data and comparable transaction evidence through market activity; ► assessing the appropriateness of market related inputs and reasonableness of valuation methods, by comparing against our own market data and understanding of the property market; ► performed analytical review procedures across the portfolio of investments, focusing on correlations with market data and any significant movements; ► on a sample basis, with respect to key objective inputs to the valuation, comprising rental income and length of lease, agreed the inputs to lease agreements or rent review schedules;		

	► verified that the fair values derived by the Group's independent valuers for the entire portfolio were correctly included in the financial statements; and ► assessed the adequacy of the additional disclosures of estimates and valuation assumptions as disclosed in the notes were made in accordance with IFRS 13 - Fair Value Measurement.	
Risk of incomplete or inaccurate rental revenue recognition and related year-end receivables Revenue is earned in the form of rental income from the investment properties and is recognised on an accrual basis. During the year, the Group recognised $23.9m of rental income (2021: $21.5m) and rent receivable of $4.5m (2021: $4.1m). There is a risk of incomplete or inaccurate rental revenue recognition and related year-end receivables through failure to recognise proper income entitlements or to apply the appropriate accounting treatment. The recoverability of year-end receivable is based on a number of judgments and estimates.	**We have performed the following procedures** ► obtained an understanding of the process and controls for each revenue stream by performing our walkthrough procedures and evaluating the implementation and design effectiveness of controls; ► performed substantive analytical review procedures over rental revenue for each property. We formed an expectation of the rental income for each property, and compared this expectation to the actual revenue recognised during the year; ► agreed a sample of rental rates to tenancy agreements and recalculated rental revenue earned by the property for the period; ► recalculated a sample of lease incentives based on the terms within the lease agreement to assess the appropriateness of the amount recorded; this included, on a sample basis, verifying lease modifications through agreement of the updated terms to amended and restated lease agreements and performing an independent assessment as to whether they have been appropriately treated in accordance with IFRS 16 - Leases ('IFRS 16'); ► reviewed the report prepared by the Investment Managers assessing the recoverability of the overdue rent receivables, and challenged the judgments involved. For a sample of tenants, we have inspected the cash receipt subsequent to the	Based on the work performed, we have no material matters to report to the Audit Committee.

	year-end date; and ► to test the risk of management override of controls, we tested a sample of rental revenue journals to identify unauthorised or inappropriate journals. We enquired as to the nature of each transaction sampled and reviewed corroborating evidence to conclude on whether the journals were reasonable and in line with our expectations. We selected journals by applying criteria and thresholds based on our professional judgment.	

Prior year comparison

There have been no changes to our assessment of key audit matters.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $3.7m (2021: $3.0m), which is 1% (2021: 1%) of equity. We believe that equity provides us with a materiality aligned to the key measurement of the Group's performance.

During the course of our audit, we reassessed initial materiality based on equity as at 31November 2022 and adjusted our audit procedures accordingly.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely $2.8m (2021: 2.2m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $0.19m (2021: $0.15m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 3 to 68 and pages 102 to 139, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company; or
- the financial statements are not in agreement with the company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 37;
- Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 37;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 37;
- Directors' statement on fair, balanced and understandable set out on page 56;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 34;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 49; and;
- The section describing the work of the audit committee set out on pages 48 to 50.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 57, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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 Directors are 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 Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 ISAs (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Group and Management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are the Companies (Guernsey) Law, 2008, the UK Corporate Governance Code, The 2019 AIC Code of Corporate Governance, REIT requirements set out in part 12 of the Corporation Tax Act (CTA) 2010 ('REIT rules') and the Listing Rules of the UK Listing Authority;
- We understood how the Group is complying with those frameworks by making enquiries of the Investment Manager, the Administrators and those charged with governance regarding:
  - their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements;
  - the Group's methods of enforcing and monitoring non-compliance with such policies
  - the Investment Manager's process for identifying and responding to fraud risks, including programs and controls the Group has established to address risks identified by the Group, or that otherwise prevent, deter and detect fraud; and
  - how the Group monitors those programs and controls.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by:
  - obtaining an understanding of entity-level controls and considering the influence of the control environment;
  - obtaining the Group's assessment of fraud risks including an understanding of the nature, extent and frequency of such assessment documented in the Group's Risk Matrix;
  - making inquiries with those charged with governance, the Investment Manager, the Company Secretary and Administrator as to how they exercise oversight of identifying and responding to fraud risks and the controls established to mitigate specifically those risks the entity has identified, or that otherwise help to prevent, deter and detect fraud;
  - making inquiries of the Investment Manager and those charged with governance regarding how they identify related parties including circumstances related to the existence of a related party with dominant influence; and
  - making inquiries of the Investment Manager, the Company Secretary, Administrator and those charged with governance regarding their knowledge of any actual or suspected fraud or allegations of fraudulent financial reporting affecting the Group.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
  - Through discussion, gaining an understanding of how those charged with governance the Company Secretary and Administrator and the Investment Manager identify instances of non-compliance by the Group with relevant laws and regulations;
  - Inspecting the relevant policies, processes and procedures to further our understanding;

- ► Reviewing Board minutes and internal compliance reporting;
- ► Inspected management's specialist's assessment of the Group's compliance with the REIT rules. We have tested through recalculating and corroborating, to supporting information, the Group's compliance with each of the REIT rules, including the proportion of dividend distributed in the form of property income distributions;
- ► Inspecting correspondence with regulators; and
- ► Obtaining relevant written representations from the Board of Directors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the audit committee, we were appointed by the Company on 5 November 2019 to audit the financial statements for the year ending 31November 2020 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 3 years and 5 months, covering the period from initial appointment to 31November 2022.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Geoffrey Le Tissier
for and on behalf of Ernst & Young LLP
Guernsey, Channel Islands
6 Feburary 2023

Consolidated Statement of Comprehensive Income

	Notes	31/11/2022 $000	31/11/2021 $000

Rental income		23,859	21,458
Other income	3	558	205
Property operating expenses	4	(1,919)	(3,038)
Net rental and related income, excluding joint ventures		**22,498**	**18,625**
Share of net rental income in joint ventures		*2,740*	*2,452*
Net rental and related income, including joint ventures		*25,238*	*21,077*
Profit on the disposal of investment property	**10**	**3,165**	**121**
Net unrealised valuation gains/(losses) on investment property	**10**	**66,536**	**(8,286)**
Expenses			
Investment management fee	2	(2,994)	(2,906)
Valuers' and other professional fees		(1,547)	(1,698)
Administrators' fees	2	(82)	(120)
Auditor's remuneration	5	(190)	(150)
Directors' fees	6	(157)	(150)
Other expenses	6	(422)	(278)
Total expenses		**(5,392)**	**(5,302)**
Net operating profit before net finance costs		**86,807**	**5,158**
Finance costs		(4,139)	(4,203)
Net finance costs		**(4,139)**	**(4,203)**
Share of net rental income in joint ventures	11	2,740	2,452
Share of valuation gains in joint ventures	11	3,960	1,135
Profit before taxation		**89,368**	**4,542**
Taxation	7	-	-
Profit and total comprehensive income for the year attributable to the equity holders of the parent		**89,368**	**4,542**
Basic and diluted earnings per share	8	**18.2p**	**0.9p**

All items in the above statement are derived from continuing operations. The accompanying notes 1 to 23 form an integral part of the financial statements.

Consolidated Statement of Financial Position

	Notes	31/11/2022 $000	31/11/2021 $000
Investment property	10	433,486	351,776
Investment in joint ventures	11	83,700	79,120
Non-current assets		**517,186**	**430,896**

Trade and other receivables	12	16,169	17,028
Cash and cash equivalents	13	11,601	12,175
Current assets		**27,770**	**29,203**
Total assets		**544,956**	**460,099**
Issued capital and reserves	14	408,286	332,811
Treasury shares	14	(36,103)	(35,967)
Equity		**372,183**	**296,844**
Interest-bearing loans and borrowings	15	161,791	153,370
Lease liability	11	1,987	1,988
Non-current liabilities		**163,778**	**155,358**
Trade and other payables	16	8,995	7,897
Current liabilities		**8,995**	**7,897**
Total liabilities		**173,670**	**163,255**
Total equity and liabilities		**544,956**	**460,099**
Net Asset Value per Ordinary Share	17	75.8p	60.4p

The financial statements on pages 79 to 82 were approved at a meeting of the Board of Directors held on 6 Feburary 2023 and signed on its behalf by:

Lorraine Baldry, Chairman **Stephen Bligh, Director**

The accompanying notes 1 to 23 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

	Notes	Share premium	Treasury share reserve	Revenue reserve	Total
		$000	$000	$000	$000
Balance as at 31November 2020		**219,090**	**(26,452)**	**117,168**	**309,806**
Share buyback		-	(9,515)	-	(9,515)
Profit for the year		-	-	4,542	4,542
Dividends paid		-	-	(7,989)	(7,989)
Balance as at 31November 2021		**219,090**	**(35,967)**	**113,721**	**296,844**
Share buyback	17	-	(136)	-	(136)
Profit for the year		-	-	89,368	89,368
Dividends paid	9	-	-	(13,893)	(13,893)

Balance as at 31November 2022	**219,090**	**(36,103)**	**189,196**	**372,183**

The accompanying notes 1 to 23 form an integral part of the financial statements.

Consolidated Statement of Cash Flows

		31/11/2022	31/11/2021
		$000	$000
Operating activities			
Profit for the year		89,368	4,542
Adjustments for:			
Profit on disposal of investment property		(3,165)	(121)
Net valuation (gain)/loss on investment property		(66,536)	8,286
Share of profit on joint ventures		(6,700)	(3,587)
Net finance cost		4,139	4,202
Operating cash generated before changes in working capital		**17,106**	**13,322**
Decrease/(increase) in trade and other receivables		859	(1,923)
Increase in trade and other payables		1,098	1,254
Cash generated from operations		**19,063**	**12,653**
Finance costs paid		(3,847)	(3,990)
Cash flows from operating activities		**15,216**	**8,663**
Investing activities			
Proceeds from the sale of investment property		12,835	6,409
Acquisition of investment property		(19,850)	(36,500)
Additions to investment property		(4,924)	(8,896)
Addition to joint ventures		(620)	-
Net income distributed from joint ventures		2,598	2,452
Cash flows from investing activities		**(9,961)**	**(36,535)**
Financing activities			
Repayment of debt		(13,000)	-
Additions to debt		21,200	24,500
Dividends paid	9	(13,893)	(7,989)
Share buyback		(136)	(9,515)
Cash flows used in financing activities		**(5,829)**	**6,996**
Net decrease in cash and cash equivalents for the year		(574)	(20,876)
Opening cash and cash equivalents		12,175	33,051
Closing cash and cash equivalents	13	**11,601**	**12,175**

The accompanying notes 1 to 23 form an integral part of the financial statements.

Notes to the Financial Statements

1. Significant accounting policies

Prime Realtor Real Estate Investment Trust Limited ("the Company") is a closed-ended investment company registered in Guernsey. The consolidated financial statements of the Company for the year ended 31November 2022 comprise the Company and its subsidiaries (together referred to as the "Group").

New standard and interpretations

The Company is satisfied that there are no standards that are published and not yet effective that will have a material effect on the accounts.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (the "IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee.

The financial statements give a true and fair view and are in compliance with The Companies (Guernsey) Law, 2008, applicable legal and regulatory requirements and the Listing Rules of the UK Listing Authority.

Basis of preparation

The financial statements are presented in sterling, which is the Company's functional currency, rounded to the nearest thousand. They are prepared on the historical cost basis except that investment properties are stated at their fair value.

The accounting policies have been consistently applied to the results, assets, liabilities and cash flows of the entities included in the consolidated financial statements and are consistent with those of the previous year.

Going concern

The Directors have examined significant areas of possible financial risk, including the non-collection of rent and service charges as a result of the Covid-19 pandemic; have considered potential resulting falls in property valuations; have reviewed cash flow forecasts; and have analysed forward-looking compliance with third party debt covenants, in particular the Loan to Value covenant and interest cover ratios.

Overall, after utilising available cash, excluding the cash undrawn against the RBS facility, and uncharged properties and units in Joint Ventures, and based on the reporting period to 31November 2022, property valuations would have to fall by 38% before the relevant Canada Life Loan to Value covenants were breached, and actual net rental income would need to fall by 72% before the interest cover covenants were breached. Furthermore, the properties charged to RBSI could fall in value by 60% prior to the 60% LTV covenant being reached and, based on actual net rents for the quarter toNovember 2022, a 54% fall in net income could be sustained prior to the RBSI loan covenant of 185% being breached. Due to strong valuation growth in the industrial sector in particular, the Company's office sector weighting fell just below its minimum requirement of 20% as at the financial year end. The Company has received a waiver from Canada Life on this until June 2023.

As at the financial year end the undrawn capacity of the RBS facility was $19.8 million. This facility is an efficient and flexible source of funding due to its ability to be repaid and redrawn as often as required. Furthermore, this facility was refinanced in Feburary 2023 with a new five-year term to 2027 and with an increase in the amount that can be drawn from $52.5m to $75m.

The Board and Investment Manager are closely monitoring the potential impact that the continued Covid-19 pandemic may have on the Company's rental collection and the requirement to distribute dividends in accordance with the REIT regulations. All future dividends will be kept under constant review to ensure the Company's liquid resources will be sufficient to cover any working capital requirements.

The Directors have not identified any matters which would cast significant doubt on the Group's ability to continue as a going concern for the period to 30 June 2023. In addition to the matters described above, in arriving at their conclusion the Directors have also considered:

- The current cash balance at 6 Feburary 2023 of $10.3 million;
- The nature and timing of the Company's income and expenses; and
- That the Investment Manager and Administrator continue to successfully invoke their business continuity plans to help ensure the safety and well-being of their staff thereby retaining the ability to maintain the Company's business operations.

The Directors have satisfied themselves that the Group has adequate resources to continue in operational existence for the period to 30 June 2023. After due consideration, the Board believes it is appropriate to adopt the going concern basis in preparing the financial statements.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The 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 in any future periods affected.

The most significant estimates made in preparing these financial statements relate to the carrying value of investment properties, including those within joint ventures, which are stated at fair value. The Group uses external professional valuers to determine the relevant amounts. Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed in note18.

Another significant estimate is the amount of expected credit losses as per IFRS 9 from rent demanded during the period which has not yet been collected. Management has considered rental debtors on a quarterly basis and made provisions and write offs where it has been deemed that these amounts are irrecoverable. As at 31November 2022 total bad debt provisions of
$0.9m had been recognised against rental debtors of c.$3.8m net of VAT. In addition to bad debt provisions recognised relating to rent recognised during the period, an additional judgement has been made relating to rent demanded at the end ofN o v e m b e r relating to the subsequent quarter from April and to June.

Basis of consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries drawn up to 31November each year. Subsidiaries are those entities controlled by the Company. Control exists where the investor has the following;

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the entity to affect the amount of the investor's returns.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where properties are acquired by the Group through corporate acquisitions but the acquisition does not meet the definition of a business combination, the acquisition has been treated as an asset acquisition.

Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of profit or loss of jointly controlled entities on an equity accounted basis. When the Group's share of losses exceeds its interest in an entity, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or is making payments on behalf of an entity.

Transactions eliminated on consolidation

Intra-group balances, and any gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in the entity. Losses are eliminated in the same way as gains but only to the extent that there is no evidence of impairment.

Investment property

Investment property is land and buildings held to earn rental income together with the potential for capital growth.

Acquisitions and disposals are recognised on the unconditional exchange of contracts. Acquisitions are initially recognised at cost, being the fair value of the consideration given, including transaction costs associated with the investment property.

After initial recognition, investment properties are measured at fair value, with unrealised gains and losses recognised in the statement of comprehensive income. Realised gains and losses on the disposal of properties are recognised in the statement of comprehensive income in relation to carrying value. Fair value is based on the market valuations of the properties as provided by a firm of independent chartered surveyors at the reporting date. Market valuations are carried out on a quarterly basis.

As disclosed in note 19, the Group leases out all owned properties on operating leases. A property held under an operating lease is classified and accounted for as an investment property where the Group holds it to earn rentals, capital appreciation, or both. Any such property leased under an operating lease is classified as an investment property and carried at fair value.

Leases

For any material leases for which the Group is a lessee, the leasehold interest is measured at fair value and included in investment properties with the corresponding liability being shown as a non-current liability. The fair value is calculated as the present value of the future lease payments.

Financial instruments

Non-derivative financial instruments

Financial assets

Non-derivative financial instruments comprise trade and other receivables and cash and cash equivalents. These are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method less any impairment losses.

Cash and cash equivalents

Cash at bank and short-term deposits that are held to maturity are carried at cost. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash in hand and short-term deposits at banks with a term of no more than three months.

Financial liabilities

Non-derivative financial instruments comprise loans and borrowings and trade and other payables.

Loans and borrowings

Borrowings are recognised initially at fair value of the consideration received, less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

Trade and other payables

Trade and other payables are stated at amortised cost.

Share capital

Ordinary shares, including treasury shares, are classified as equity.

Share buyback

Shares purchased are recognised on the trade date and debited to the existing treasury reserve in the statement of changes in equity. Any broker's fees relating to the share buyback are debited to other expenses.

Dividends

Dividends are recognised in the period in which they are paid.

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of ongoing leases and is shown gross of any UK income tax. Lease incentives are spread evenly over the lease term.

Surrender premiums and dilapidations are recognised in line with individual lease agreements when cash inflows are certain.

Impairment

Financial assets

Financial assets at amortised cost are subject to impairment.

The Group's significant financial assets that are subject to IFRS 9's expected credit loss model are trade receivables from the leasing of investment properties. The credit risk associated with unpaid rent has increased due to Covid 19 and the Company has undertaken a detailed analysis over the recoverability of expected rents. Rents received in advance have been closely monitored and any rents deemed irrecoverable discussed by management. Note 19 provides further details on the measurement of the loss allowance and amount recognised at 31November 2022.

Non-financial assets

The carrying amounts of the Group's non-financial assets, being the investment in joint ventures, 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.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset.

For the purpose of impairment testing, assets 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 groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Finance costs

Finance costs comprise interest expense on borrowings that are recognised in the statement of comprehensive income. Attributable transaction costs incurred in establishing the Group's credit facilities are deducted from the fair value of borrowings on initial recognition and are amortised over the lifetime of the facilities through the statement of comprehensive income. Finance costs are accounted for on an effective interest basis.

Expenses

All expenses are accounted for on an accruals basis. The costs recharged to occupiers of the properties are presented net of the service charge income as management consider that the property agent acts as principal in this respect.

Taxation

PREIT elected to be treated as a UK real estate investment trust ("REIT"). The UK REIT rules exempt the profits of PREIT and its subsidiaries' (the "Group") UK property rental business from corporation tax. Gains on UK properties are also exempt from tax, provided they are not held for trading or sold in the three years after completion of development. The Group is otherwise subject to corporation tax.

As a REIT, PREIT is required to pay Property Income Distributions equal to at least 90% of the Group's exempted net income. To retain UK REIT status there are a number of conditions to be met in respect of the principal company of the Group, the Group's qualifying activity and its balance of business. The Group continues to meet these conditions.

Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being property investment and in one geographical area, the United Kingdom. There is no one tenant that represents more than 10% of group revenues. SREIM acts as advisor to the Board, who then make management decisions following their recommendations. As such the Board of Directors are considered to be the chief operating decision maker. A set of consolidated IFRS information is provided on a quarterly basis.

2. Material agreements

Prime Realtor Real Estate Investment Management Limited is the Investment Manager to the Company. The Investment Manager is entitled to a fee, together with reasonable expenses incurred in the performance of its duties. The fee is payable monthly in arrears at one twelfth of the aggregate of 0.9% of the NAV of the Company. The Investment Management Agreement can be terminated by either party on not less than twelve months written notice or on immediate notice in the event of certain breaches of its terms or the insolvency of either party.

With effect from 1 July 2021 a new fee agreement was agreed and implemented between the Board and the Investment Manager which includes a blended (not cliff edge), tiered fee structure as follows:

NAV	Management fee percentage per annum of NAV
<$500 million	0.9%
$500 million - $1 billion	0.8%
$1 billion+	0.7%

The fee covers all of the appointed services of the Investment Manager and there are standard provisions for the reimbursement of expenses. Additional fees can be agreed for out of scope services on an ad hoc basis.

The total charge to the Consolidated Statement of Comprehensive Income during the year was $2,994,000 (2021: $2,906,000). At the year end $Nil (2021: $20,000) was outstanding. As noted in the Report of the Directors, the terms of the Investment Management Agreement have been revised with effect from 1 July 2021.

Northern Trust International Fund Administration Services (Guernsey) Limited was the Administrator to the Company during the period to 30 September 2021. The Administrator was entitled to an annual fee equal to $120,000 of which no sum (31N o v e m b e r 2021: $30,000) was outstanding at the year end.

With effect from 1 October 2021, Langham Hall (Guernsey) Limited and Langham Hall UK Depositary LLP replaced Northern Trust and have provided Administration, Designated Manager and Depositary services to the Group respectively. Administration fees for the period 1 October 2021 to 31November 2022 were $37,000.

With effect from 1 October 2021, Prime Realtor Investment Management Limited was appointed to provide company secretarial services to the Company with an annual fee equal to $50,000. Company secretarial fees for the period 1 October 2021 to 31N o v e m b e r 2022 were $25,000.

3. Other income

	31/11/2022	31/11/2021
	$000	$000
Dilapidations and miscellaneous income	558	205
	558	**205**

4. Property operating expenses

	31/11/2022	31/11/2021
	$000	$000
Agents' fees	124	122
Repairs and maintenance	180	92
Advertising	78	33
Rates - vacant	323	400
Service charge, insurance and utilities on vacant units	1,269	1,445
Ground rent	95	109
Bad debt provisions and (write-backs)/ write offs	(150)	837
	1,919	3,038

5. Auditor's remuneration

The total expected audit fees are $190,000 for the financial year ended 31November 2022 (2021: $150,000) which include $20,000 (2021: $17,500) for a half year interim review of the financial statements.

6. Other expenses

	31/11/2022	31/11/2021
	$000	$000
Professional fees	356	248
Other expenses	66	30
	422	278

Directors' fees

Directors are the only officers of the Company and there are no other key personnel. The Directors' annual remuneration for services to the Group was $156,927 (2021: $150,000), as set out in the Remuneration Report on pages 54 and 55.

7. Taxation

	31/11/2022	31/11/2021
	$000	$000
Tax expense in the year	-	-
Reconciliation of effective tax rate		
Profit before tax	89,368	4,542
Effect of:		
Tax using the UK corporation tax rate of 19%	16,980	863
Revaluation (gain)/loss not taxable	(12,642)	1,574
Share of profit of associates and joint ventures not taxable	(1,273)	(682)
Profit on disposal of investment property not taxable	(601)	(23)
UK REIT exemption	(2,464)	(1,732)
Current tax expense in the year	**-**	**-**

PREIT elected to be treated as a UK real estate investment trust ("REIT"). The UK REIT rules exempt the profits of PREIT and its subsidiaries' (the "Group") UK property rental business from corporation tax. Gains on UK properties are also exempt from tax, provided they are not held for trading or sold in the three years after completion of development. The Group is otherwise subject to corporation tax.

As a REIT, PREIT is required to pay Property Income Distributions equal to at least 90% of the Group's exempted net income. To retain UK REIT status there are a number of conditions to be met in respect of the principal company of the Group, the Group's qualifying activity and its balance of business. The Group continues to meet these conditions.

8. Basic and diluted earnings per share

The basic and diluted earnings per share for the Group are based on the profit for the year of $89,368,000 (2021: profit of $4,542,000) and the weighted average number of Ordinary Shares in issue during the year of 491,085,850 (2021: 508,699,880).

9. Dividends paid

In respect of	Ordinary shares	Rate (pence)	31/11/2022 $000
Q/e 31November 2021 (dividend paid 25 June 2021)	491.08 million	0.656	3,222

Q/e 30 June 2021 (dividend paid 13 August 2021)	491.08 million	0.675	3,315
Q/e 30 Sept 2021 (dividend paid 17 December 2021)	491.08 million	0.726	3,565
Q/e 30 Dec 2021 (dividend paid 25November 2022)	491.08 million	0.772	3,791
		2.829	**13,893**

In respect of	**Ordinary shares**	**Rate (pence)**	**31/11/2021 $000**
Q/e 30 June 2020 (dividend paid 18 August 2020)	518.51 million	0.386	2,002
Q/e 30 September 2020 (dividend paid 11 December 2020)	503.30 million	0.575	2,894
Q/e 31 December 2020 (dividend paid 12November 2021)	495.00 million	0.625	3,093
		1.586	**7,989**

A dividend for the quarter ended 31November 2022 of 0.795 pence per share was approved and will be paid on the 30 Feburary 2023.

10. Investment property

	Leasehold	**Freehold**	**Total**
	$000	$000	$000
Fair value as at 31November 2020	**36,818**	**284,564**	**321,382**
Additions	8,856	40	8,896
Acquisitions	-	36,500	36,500
Disposal of asset held at fair value	(4,051)	(2,237)	(6,288)
Fair value leasehold movement	(428)	-	(428)
Net unrealised valuation loss on investment property	(4,819)	(3,467)	(8,286)
Fair value as at 31November 2021	**36,376**	**315,400**	**351,776**
Additions	118	3,669	3,787
Acquisition costs	-	1,138	1,138
Acquisitions		19,850	19,850
Disposal of asset held at fair value	-	(9,600)	(9,600)
Fair value leasehold movement	(1)	-	(1)
Net unrealised valuation gain on investment property	3,300	63,236	66,536
Fair value as at 31November 2022	**39,793**	**393,693**	**433,486**

The balance above includes:

	Leasehold	**Freehold**	**Total**
	$000	$000	$000
Investment property	34,388	315,400	349,788
Fair value leasehold adjustment	1,988	-	1,988
Fair value as at 31November 2021	**36,376**	**315,400**	**351,776**

	Leasehold	Freehold	Total
	$000	$000	$000
Investment property	37,806	393,693	431,499
Fair value leasehold adjustment	1,987	-	1,987
Fair value as at 31November 2022	**39,793**	**393,693**	**433,486**

The fair value of investment properties, as determined by the valuers, totals $440,100,000 (March 2021: $359,375,000). In addition to this, $8,602,000 (2021: $9,512,000) relating to lease incentives is included within trade and other receivables.

The fair value of investment property has been determined by Knight Frank LLP, a firm of independent chartered surveyors, who are registered independent appraisers (Note 18). The valuation has been undertaken in accordance with the current RICS Valuation - Global Standards, which incorporate the International Valuation Standards, issued by the Royal Institution of Chartered Surveyors (the "Red Book").

The properties have been valued on the basis of "Fair Value" in accordance with the RICS Valuation - Professional Standards VPS4(7.1) Fair Value and VPGA1 Valuations for Inclusion in Financial Statements which adopt the definition of Fair Value used by the International Accounting Standards Board.

The valuation has been undertaken using appropriate valuation methodology and the Valuer's professional judgement. The Valuer's opinion of Fair Value was primarily derived using recent comparable market transactions on arm's length terms, where available, and appropriate valuation techniques (The Investment Method).

The properties have been valued individually and not as part of a portfolio.

All investment properties are categorised as Level 3 fair values as they use significant unobservable inputs. There have not been any transfers between Levels during the year. Investment properties have been classed according to their real estate sector. Information on these significant unobservable inputs per class of investment property is disclosed below:

Quantitative information about fair value measurement using unobservable inputs (Level 3) as at 31November 2022

31November 2022		Industrial (1)	Retail (incl. retail warehouse)	Office	Other	Total
Fair value ($000)		248,950	97,450	75,450	18,250	440,100
Area ('000 sq ft)		2,338	499	369	177	3,383
Net passing rent per sq ft per annum	Range Weighted average	$0 - $14.00 $4.93	$0 - $32.85 $12.77	$0 - $29.10 $16.49	$1.00 -$13.00	$0 - $14.00 $4.93
Gross ERV per sq ft per annum	Range Weighted average	$2.50 - $14.00 $5.93	$7.40 - $29.83 $13.86	$10.00-$27.50 $17.80	$2.10 -$13.00 $7.91	$2.10 - $29.83 $8.50
Net initial yield (1)	Range Weighted average	3.29% - 7.25% 4.34%	0% -9.26% 6.12%	4.33%-12.80% 7.56%	4.75%-8.55%	3.29% - 7.25% 4.34%
Equivalent yield	Range Weighted average	4.20%-7.76% 5.17%	4.99%-9.97% 6.37%	5.79%-9.36% 7.50%	4.75%-9.21%	4.20%-7.76% 5.17%

Notes:

(1) Yields based on rents receivable after deduction of head rents but gross of non-recoverables.

Quantitative information about fair value measurement using unobservable inputs (Level 3) as at 31November 2021

31November 2021		Industrial (1)	Retail (incl. retail warehouse)	Office	Other	Total
Fair value ($000)		170,400	87,050	83,350	16,500	357,300
Area ('000 sq ft)		1,963	506	414	177	3,060
Net passing rent per sq ft per annum	Range Weighted average	$4.20 - $8.36 $5.16	$0 - $32.85 $11.46	$0 - $29.10 $16.46	$0 -$13.00 $6.95	$0 - $32.85 $7.55

Gross ERV per sq ft per annum	Range	$3.50 - $13.00	$7.40 - $32.85	$12.00-$24.00	$2.10 -$13.00	$2.10 - $32.85 $8.40
	Weighted average	$5.70	$13.40	$17.59	$7.98	
Net initial yield [1]	Range	4.40% - 7.02%	2.72% -9.45%	5.77%-11.00%	4.75%-9.27%	2.72% - 11.00% 6.25%
	Weighted average	5.57%	6.24%	7.47%		
Equivalent yield	Range	5.10% - 7.41%	5.80%-10.04%	5.72%-9.25%	4.75% -8.96%	4.75%-10.04% 6.65%
	Weighted average	6.16%	7.38%	7.74%	7.25%	

Notes: (1) Yields based on rents receivable after deduction of head rents but gross of non-recoverables

Sensitivity of measurement to variations in the significant unobservable inputs

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's property portfolio, together with the impact of significant movements in these inputs on the fair value measurement, are shown below:

Unobservable input	Impact on fair value measurement of significant increase in input	Impact on fair value measurement of significant decrease in input
Passing rent	Increase	Decrease
Gross ERV	Increase	Decrease
Net initial yield	Decrease	Increase
Equivalent yield	Decrease	Increase

There are interrelationships between the yields and rental values as they are partially determined by market rate conditions.

The sensitivity of the valuation to changes in the most significant inputs per class of investment property are shown below:

Estimated movement in fair value of investment properties at 31November 2022	Industrial $'000	Retail $'000	Office $'000	Other $'000	All sectors $'000
Increase in ERV by 5%	11,240	3,307	3,378	605	18,530
Decrease in ERV by 5%	(11,372)	(3,462)	(3,609)	(416)	(18,859)
Increase in net initial yield by 0.25%	(13,574)	(3,825)	(2,416)	(645)	(20,460)
Decrease in net initial yield by 0.25%	15,236	4,152	2,582	694	22,664

Estimated movement in fair value of investment properties at 31November 2021	Industrial $'000	Retail $'000	Office $'000	Other $'000	All sectors $'000
Increase in ERV by 5%	8,119	2,536	3,822	706	15,183
Decrease in ERV by 5%	(7,955)	(3,497)	(3,809)	(501)	(15,762)
Increase in net initial yield by 0.25%	(7,320)	(3,355)	(2,763)	(569)	(14,007)
Decrease in net initial yield by 0.25%	8,008	3,635	2,954	611	15,208

11. Investment in joint ventures

	$000
Closing balance as at 31November 2021	**79,120**
Purchase of further units in City Tower Unit Trust	620
Valuation gain on joint venture	3,960
Closing balance as at 31November 2022	**83,700**

Summarised joint venture financial information not adjusted for the Group's share - City Tower Unit Trust	31/11/2022 $000	31/11/2021 $000
Investment properties	163,450	160,700
Other assets	4,489	1,494
Total liabilities[1]	(3,120)	(3,240)
Revenues for the year	9,369	8,271
Total comprehensive rental income	4,219	4,769
Net asset value attributable to the Group	41,204	39,739
Total comprehensive income attributable to the Group	1,083	1,266

[1] Liabilities are non-recourse to the Group.

Summarised joint venture financial information not adjusted for the Group's share - Store Street Unit Trust	31/11/2022 $000	31/11/2021 $000
Investment properties	85,000	78,725
Other assets	691	241
Total liabilities[1]	(699)	(203)
Revenues for the year	3,728	2,922
Total comprehensive rental income	3,291	2,395
Net asset value attributable to Group	42,496	39,381
Total comprehensive income attributable to the Group	1,657	1,186

[1] Liabilities are non-recourse to the Group.

The Company owns 25% of City Tower Unit Trust and 50% of Store Unit Trust. The remaining units in the City Tower and Store Unit Trusts are owned by other Prime Realtor ' funds.

The fair value of investment property owned by the two Joint Ventures has been determined by BNP Paribas Real Estate, who are registered independent appraisers. The two valuations were undertaken on the same basis as that described under Note 10, Investment Property.

12. Trade and other receivables

	31/11/2022 $000	31/11/2021 $000
Rent receivable	3,608	4,094
Other debtors and prepayments	12,561	12,934
	16,169	**17,028**

Other debtors and prepayments includes $8,602,000 (2021: $9,512,000) in respect of lease incentives.

13. Cash and cash equivalents

As at 31November 2022 the Group held $11.6 million (2021: $12.2 million) in cash.

14. Issued capital and reserves

Stated capital

The share capital of the Company is represented by an unlimited number of Ordinary Shares of no par value. As at the date of this Report, the Company has 565,664,749 ordinary shares in issue (2021: 565,664,749) of which 74,584,448 Ordinary shares are held in treasury (2021: 74,246,108). The total number of voting rights of the Company was 491,080,301 (2021: 491,418,641) as at the financial year end.

Treasury capital

74,584,448 (2021: 74,246,108) Ordinary Shares, which represent 13.2% (2021: 13.1%) of the Company's total issued share capital, were held in treasury as at the financial year end.

Revenue reserve

This reserve represents an accumulated amount of the Group's prior earnings net of dividends.

15. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, see note 18.

	31/11/2022	31/11/2021
	$000	$000
Non-current liabilities		
Loan facility	162,252	154,085
Unamortised arrangement fees	(461)	(715)
	161,791	153,370

The Group has in place a $129.6 million loan facility with Canada Life. This has been in place since 16 April 2013 and has been refinanced several times, most recently in October 2019.

The loan is split in to two equal tranches of $64.8 million as follows:

- Facility A matures in October 2032 and attracts an interest rate of 2.36%; and
- Facility B matures in October 2039 and attracts an interest rate of 2.62%

As at the April 2022 Interest Payment Date, the Canada Life interest cover ratio was 650% (2021: 562%) against a covenant of 185%; the forecast interest cover ratio was 487% (2021: 423%) against a covenant of 185%; and the Loan to Value ratio was 40.1% (2021: 47.4%) against a covenant of 65%.

The Canada Life facility has a first charge of security over all the property assets in the ring-fenced security pool which at 31November 2022 contained properties valued at $322.9 million (2021: $273.6 million). Various restraints apply during the term of the loan although the facility has been designed to provide significant operational flexibility.

At the financial year end the Group also had in place a $52.5m revolving credit facility ('RCF') with the Royal Bank of Scotland with $32.7m drawn down (2021: $24.5 million). The facility carries an interest rate of a 1.60% margin plus three-month SONIA rate with a 0.64% non-utilisation fee. An interest rate cap for $32.5 million of the loan has been entered into and this comes in to effect if the three-month SONIA rate reaches 1.5%. As at the reporting date, three-month SONIA rates have not reached 1.5%.

As at the April 2022 Interest Payment Date, the RBS interest cover ratio was 556% (2021: 1,151%) against a covenant of 185%; the forecast interest cover ratio was 538% (2021: 864%) against a covenant of 250%; and the Loan to Value ratio was 24.0% (2021: 19.5%) against a covenant of 60%.

The RBS facility has a first charge security over certain property assets which at 31November 2022 contained properties valued at $136.5 million (2021: $125.9 million).

On 6 Feburary 2023 the Group successfully completed a refinancing of its facility with RBS which had been due to expire in July 2023. The new five-year term will run to June 2027 and the maximum amount able to be drawn down has subsequently increased from $52.5m to $75.0m.

A reconciliation of financing movements for the year is presented below split in to cash and non-cash items:

	31/11/2022 $000
Loan balance brought forward	**153,370**
Drawdown on RBS RCF (cash)	21,200
Repayment of RBC RCF (cash)	(13,000)
Amortised cost adjustment	221
Loan balance carried forward	**161,791**

16. Trade and other payables

	31/11/2022 $000	31/11/2021 $000
Deferred income	4,123	3,701*
Rental deposits	1,744	1,448
Interest payable	840	780
Other trade payables and accruals	2,288	1,968
	8,995	**7,897**

* This balance includes a bad debt adjustment relating to rent demanded at the end ofNovember for the April to June quarter of $354k.

17. NAV per Ordinary Share and share buyback

Between the 1 April 2021 to 12 April 2021 the Company purchased a further sum of 338,340 shares for a sum of $0.14m at an average price of 40 pence per share.

As a consequence of the buyback, the number of ordinary shares in issue fell from 491,418,641 to 491,080,301 during the reporting period.

The NAV per Ordinary Share is based on the net assets of $372,183,000 (2021: $296,844,000) and 491,080,301 (2021: 491,418,641) Ordinary Shares in issue at the reporting date.

18. Financial instruments, properties and associated risks

Financial risk factors

The Group holds cash and liquid resources as well as having debtors and creditors that arise directly from its operations. The Group uses interest rate contracts when required to limit exposure to interest rate risks, but does not have any other derivative instruments.

The main risks arising from the Group's financial instruments and properties are market price risk, credit risk, liquidity risk and interest rate risk. The Group has no exposure to foreign currency exchange risk. The Board regularly reviews and agrees policies for managing each of these risks and these are summarised below:

Market price risk

Rental income and the market value for properties are generally affected by overall conditions in the economy, such as changes in gross domestic product, employment trends, inflation and changes in interest rates. Changes in gross domestic product may also impact employment levels, which in turn may impact the demand for premises. Furthermore, movements in interest rates may also affect the cost of financing for real estate companies. Both rental income and property values may also be affected by other factors specific to the real estate market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of bankruptcy or the insolvency of tenants, the periodic need to renovate, repair and re-lease space and the costs thereof, the costs of maintenance and insurance, and increased operating costs.

The Directors monitor the market value of investment properties by having independent valuations carried out quarterly by a firm of independent chartered surveyors. Note 10 sets out the sensitivity analysis on the market price risk. Concentration risk, based on industry and geography, is set out in the tables on pages 14 to 15. Included in market price risk is interest rate risk which is discussed further below.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. In the event of default by an occupational tenant, the Group will suffer a rental income shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property. The Investment Manager reviews reports prepared by Dun & Bradstreet, or other sources, to assess the credit quality of the Group's tenants and aims to ensure there is no excessive concentration of risk and that the impact of any default by a tenant is minimised.

In respect of credit risk arising from other financial assets, which comprise cash and cash equivalents, exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. In order to mitigate such risks, cash is maintained with major international financial institutions with high quality credit ratings. During the year, and at the reporting date, the Group maintained a relationship with branches and subsidiaries of HSBC. HSBC has a credit rating of A- (provided by Standard and Poor).

The maximum exposure to credit risk for rent receivables at the reporting date by type of sector was:

	31/11/2022 Carrying amount $000	31/11/2021 Carrying amount $000
Office	445	545
Industrial	2,080	1,916
Retail, leisure and other	1,980	3,100
	4,505*	5,561*

* Rental debtors gross of VAT and excluding bad debt provisions.

Rent receivables which are past their due date were:

	31/11/2022 Carrying amount $000	31/11/2021 Carrying amount $000
0-30 days	2,274	2,952
31-60 days	118	77
61-90 days	193	201
91 days plus	1,920	2,331
	4,505*	5,561*

* Rental debtors gross of VAT as per note 12. The comparative figure of $5.561m includes a bad debt provision of $1.113m and a deferred income adjustment of $354k.

Management has considered rental debtors on a quarterly basis and made provisions where it has been deemed that these amounts are unrecoverable. As at 31November 2022 total provisions of $0.9m were recognised and rental debtors are shown net of this provision in the balance sheet.

On initial recognition the Group calculates the expected credit loss for debtors based on the lifetime expected credit losses under the IFRS 9 simplified approach. Management consider aged debtors' analyses, the strength of tenant covenants, macroeconomic factors and any rental deposits held when considering this.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with its financial obligations.

The Group's investments comprise UK commercial property. Property and property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sale price even where such sales occur shortly after the valuation date. Investments in property are relatively illiquid. However, the Group has tried to mitigate this risk by investing in properties that it considers to be good quality.

In certain circumstances, the terms of the Group's debt facilities entitle the lender to require early repayment and in such circumstances the Group's ability to maintain dividend levels and the net asset value could be adversely affected. The

Investment Manager prepares cash flows on a rolling basis to ensure the Group can meet future liabilities as and when they fall due.

The following table indicates the maturity analysis of the financial liabilities.

As at 31November 2022	Carrying amount $000	Expected cash flows $000	6 mths or less $000	6 mths - 2 years $000	2-5 years $000	More than 5 years $000
Financial liabilities						
Interest-bearing loans and borrowings and interest	161,791	208,490	1,880	5,105	42,558	158,946
Leasehold liability	1,987	11,401	50	149	298	10,904
Trade and other payables	5,769	5,769	4,025	-	-	1,744
Total financial liabilities	**169,547**	**225,660**	**5,955**	**5,254**	**42,856**	**171,594**

As at 31November 2021	Carrying amount $000	Expected cash flows $000	6 mths or less $000	6 mths - 2 years $000	2-5 years $000	More than 5 years $000
Financial liabilities						
Interest-bearing loans and borrowings and interest	153,370	204,800	1,813	5,438	35,377*	162,173
Leasehold liability	1,988	10,717	46	139	278	10,254
Trade and other payables	3,416	3,416	1,968	-	-	1,448
Total financial liabilities	158,774	218,933	3,827	5,577	35,655	173,875

* Assumes that the $32.7 million facility is repaid in 2023.

Interest rate risk

Exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations and to interest earned on cash balances. As interest on the Group's long-term debt obligations is payable on a fixed-rate basis, the Group is not exposed to near-term interest rate risk in relation to its Canada Life loan facility. As at 31November 2022 the fair value of the Group's $129.6 million loan with Canada Life was $125.8 million (2021: $128.4 million).

The RBS revolving credit facility is a low margin flexible source of funding with a margin of 1.6% plus 3-month SONIA and it is considered by management that the carrying value of the loan is equal to its fair value (sum of $37.2m drawn as at year end).

A 1% increase or decrease in short-term interest rates would increase or decrease the annual income and equity by $541,254 based on the cash balance as at 31November 2022.

Fair values

The fair values of financial assets and liabilities are not materially different from their carrying values, unless disclosed below, in the financial statements.

The fair value hierarchy levels are as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets and 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); and
- Level 3 - inputs for the assets or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between Levels 1, 2 and 3 during the year (2021: none).

The following summarises the main methods and assumptions used in estimating the fair values of financial instruments and investment property:

Investment property - level 3

Fair value is based on valuations provided by an independent firm of chartered surveyors and registered appraisers. These values were determined after having taken into consideration recent market transactions for similar properties in similar locations to the investment properties held by the Group. The fair value hierarchy of investment property is level 3. See Note 10 for further details.

Interest-bearing loans and borrowings - level 2

Fair values are based on the present value of future cash flows discounted at a market rate of interest. Issue costs are amortised over the period of the borrowings. As at 31November 2022, the fair value of the Group's $129.6 million loan with Canada Life was $125.8 million (2021: $128.4 million).

Capital management

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The objective is to ensure that it will continue as a going concern and to maximise the return to its equity shareholders through an appropriate level of gearing. The Company's capital management process ensures it meets its financial covenants in its borrowing arrangements. Breaches in meeting the financial covenants could permit the lenders to immediately accelerate the repayment of loans and borrowings. The Company monitors as part of its quarterly board meetings that it will adhere to specific leverage, interest cover and rental cover ratios. There have been no breaches in the financial covenants of any loans and borrowings during the financial year.

The Company's debt and capital structure comprises the following:

	31/11/2022 **$000**	31/11/2021 $000
Debt		
Fixed-rate loan facility	129,585	129,585
Floating rate loan facility *	32,667	24,500
	162,252	154,085
Equity		
Called-up share capital	182,987	183,123
Reserves	189,196	113,721
	372,183	**296,844**
Total debt and equity	**534,435**	**450,929**

There were no changes in the Group's approach to capital management during the year.

* This amount refers to the amount drawn. The total facility as at 31November 2022 was $52.5m (2021: $52.5m).

19. Operating leases

The Group leases out its investment property under operating leases. At 31November 2022 the future minimum lease receipts under non-cancellable leases are as follows:

	31/11/2022 **$000**	31/11/2021 $000
Less than one year	22,435	24,623
Between one and five years	51,513	69,917
More than five years	39,531	58,123
	113,479	152,663

The total above comprises the total contracted rent receivable as at 31November 2022.

The Group has entered into leases on its property portfolio. The commercial property leases typically have lease terms between 5 and 15 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

20. List of subsidiary and joint venture undertakings

The companies listed below are those which were part of the Group at 31November 2022:

Undertaking	Category	Country of incorporation	Ultimate ownership
PREIT No.2 Limited	Subsidiary	Guernsey	100%
PREIT Holding (No.2) Limited	Subsidiary	Guernsey	100%
PREIT Holding Company Limited	Subsidiary	Guernsey	100%
PREIT Property Limited	Subsidiary	Guernsey	100%
PREIT (Portergate) Limited	Subsidiary	Guernsey	100%
PREIT (Uxbridge) Limited	Subsidiary	Guernsey	100%
PREIT (City Tower) Limited	Subsidiary	Guernsey	100%
PREIT (Store) Limited	Subsidiary	Guernsey	100%
PREIT (Bedford) Limited	Subsidiary	Guernsey	100%
City Tower Unit Trust	Joint Venture	Jersey	25%
Store Unit Trust	Joint Venture	Jersey	50%

The registered address for all wholly-owned entities is the same as that of the parent company and can be found on page 139.

The registered address for both Joint Venture entities is 47 Esplanade, St Helier, Jersey, JE1 0BD, Channel Islands.

21. Related party transactions

Material agreements and transactions with the Investment Manager are disclosed in note 2. Transactions with regard to joint ventures are disclosed in note 10. Transactions with the directors are shown in the directors' remuneration report.

22. Capital commitments

As at 31November 2022 the Group had capital commitments of $12.3 million (2021: $3.2 million).

23. Post balance sheet events

On 25 April 2022 a further $13.6m was drawn down on the Group's revolving credit facility with RBS to support the acquisition of St. Ann's, Manchester. The total RBS loan balance drawn as at 6 Feburary 2023 stood at $46.3m.

On 27 May 2022 the Group completed the acquisition of St. Ann's House, Manchester for a headline purchase price of $14.675m.

On 6 Feburary 2023 the Group completed a refinancing of its revolving credit facility with RBS which had been due to expire in July 2023. The new five-year term will run to June 2027 and the maximum amount able to be drawn down has subsequently increased from $52.5m to $75.0m.

Other information (unaudited)

EPRA Performance Measures (unaudited)

As recommended by the European Public Real Estate Association, EPRA performance measures are disclosed in the section below.

EPRA performance measures: summary table

	31/11/2022	31/11/2021
EPRA earnings	**$15,707,000**	$11,572,000
EPRA earnings per share	**3.2pps**	2.3pps
EPRA Net Reinstatement Value	**$407,317,000**	$326,278,000
EPRA Net Reinstatement Value per share	**82.9p**	66.4p
EPRA Net Tangible Assets	**$372,183,000**	$296,844,000
EPRA Net Tangible Assets per share	**75.8p**	60.4p
EPRA Net Disposal Value	**$375,933,000**	$297,806,000
EPRA Net Disposal Value per share	**76.6p**	60.6p
EPRA Net Initial Yield	**5.0%**	5.4%
EPRA "topped-up" Net Initial Yield	**5.1%**	5.7%
EPRA vacancy rate	**7.0%**	4.9%
EPRA cost ratios - including direct vacancy costs	**30.5%**	37.4%
EPRA cost ratios - excluding direct vacancy costs	**24.7%**	30.0%

a. EPRA earnings and EPS

Earnings excluding all capital components not relevant to the underlying net income performance of the Company, such as the unrealised fair value gains or losses on investment properties and any gains or losses from the sales of properties.

	31/11/2022 $000	31/11/2021 $000
Earnings per IFRS income statement	89,368	4,542
Adjustments to calculate EPRA Earnings:		
Profit on disposal of investment property	(3,165)	(121)
Net valuation (gain)/loss on investment property	(66,536)	8,286
Share of valuation (gain)/loss in associates and joint ventures	(3,960)	(1,135)
EPRA earnings	**15,707**	**11,572**
Weighted average number of Ordinary Shares	491,085,850	508,699,880
IFRS earnings per share (pence)	18.2	0.9

EPRA earnings per share (pence)	3.2	2.3

b. EPRA Net Reinstatement Value

IFRS equity attributable to shareholders adjusted to represent the value required to rebuild the entity and assumes that no selling of assets takes place.

	31/11/2022 $000	31/11/2021 $000
IFRS equity attributable to shareholders	372,183	296,844
Adjustment in respect of real estate transfer taxes and costs	35,134	29,434
EPRA Net Reinstatement Value	**407,317**	**326,278**
Shares in issue at the end of the period	491,080,301	491,418,641
EPRA NRV per share (pence per share)	**82.9p**	**66.4p**

c. EPRA Net Tangible Assets per share

The IFRS equity attributable to shareholders adjusted to reflect a Company's tangible assets and assumes that no selling of assets takes place.

	31/11/2022	31/11/2021
	$000	$000
IFRS equity attributable to shareholders	372,183	296,844
EPRA Net Tangible Assets	372,183	296,844
Shares in issue at the end of the year	491,080,301	491,418,641
IFRS NAV per share (pence)	75.8p	59.7p
EPRA Net Tangible Assets per share (pence)	75.8p	59.7p

d. EPRA Net Disposal Value per share

The IFRS equity attributable to shareholders adjusted to reflect the NAV under an orderly sale of business, where any deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability.

	31/11/2022	31/11/2021
	$000	$000
IFRS equity attributable to shareholders	372,183	296,844
Adjustments to calculate EPRA Net Disposal Value:		
The fair value of fixed-interest rate debt	3,750	962
EPRA Net Disposal Value	375,933	297,806
Shares in issue at the end of the year	491,080,301	491,418,641
EPRA Net Disposal Value per share (pence)	76.6p	60.6p

e. EPRA Net Initial Yield

Annualised rental income based on the cash rents passing at the Balance Sheet date, less non-recoverable property operating expenses, divided by the grossed-up market value of the complete property portfolio. The EPRA "topped up" NIY is the EPRA NIY adjusted for unexpired lease incentives.

	31/11/2022	31/11/2021
	$000	$000
Investment property - wholly-owned	440,100	359,300
Investment property - share of joint ventures and funds	83,363	79,538
Complete property portfolio	523,463	438,838

Allowance for estimated purchasers' costs	35,134	25,453
Gross up completed property portfolio valuation	558,597	464,291
Annualised cash passing rental income	30,085	28,327
Property outgoings	(1,919)	(3,038)
Annualised net rents	28,166	25,289
Notional rent expiration of rent free periods(1)	340	1,165
Topped-up net annualised rent	28,506	26,451
EPRA NIY	5.0%	5.4%
EPRA "topped-up" NIY	5.1%	5.7%

(1) The period over which rent free periods expire is one year for 2022 (2021: 2 years).

f. EPRA cost ratios

Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.

	31/11/2022	31/11/2021
	$000	$000
Administrative/operating expense line per IFRS income statement	7,311	8,340
Share of Joint Venture expenses	1,236	1,077
Less: Ground rent costs	(95)	(109)
Costs (including direct vacancy costs)	8,452	9,308
Direct vacancy costs	(1,592)	(1,845)
Costs (excluding direct vacancy costs)	6,860	7,463
Gross rental income less ground rent costs - per IFRS	23,764	21,349
Add share of Joint Ventures (Gross Rental Income less ground rent costs)	3,976	3,529
Gross rental income	27,740	24,878
EPRA cost ratio (including direct vacancy costs)	30.5%	37.4%
EPRA cost ratio (excluding direct vacancy costs)	24.7%	30.0%

g. EPRA vacancy rate

Estimated market rental value (ERV) of vacant space divided by the ERV of the whole portfolio.

	31/11/2022	31/11/2021
	$000	$000
Estimated rental value of vacant space	2,356	1,526
Estimated rental value of the whole portfolio	33,800	31,200
EPRA vacancy rate	7.0%	4.9%

Alternative Performance Measures (unaudited)

The Company uses the following Alternative Performance Measures ("APMs") in its Annual Report and Consolidated Financial Statements. The Board believes that each of the APMs provides additional useful information to the shareholders in order to assess the Company's performance.

Dividend Cover - the ratio of EPRA Earnings (page 103) to dividends paid (note 9) in the period.

Dividend Yield - the dividends paid, expressed as a percentage relative to the Company's share price.

EPRA Earnings - earnings excluding all capital components not relevant to the underlying net income performance of the Company, such as the unrealised fair value gains or losses on investment properties and any gains or losses from the sales of properties. See page 103 for a reconciliation of this figure.

EPRA Net Tangible Assets - the IFRS equity attributable to shareholders adjusted to reflect a Company's tangible assets and assumes that no selling of assets takes place.

EPRA Net Disposal Value - the IFRS equity attributable to shareholders adjusted to reflect the NAV under an orderly sale of business, where any deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability.

EPRA Net Reinstatement Value - the IFRS equity attributable to shareholders adjusted to represent the value required to rebuild the entity and assumes that no selling of assets takes place.

Gross LTV - the value of the external loans unadjusted for unamortised arrangement costs (note 15) expressed as a percentage of the market value of property investments as at the Balance Sheet date. The market value of property investments includes joint venture investments and are as per external valuations and have not been adjusted for IFRS lease incentive debtors nor the fair value of the head lease at Luton.

LTV net of cash - the value of the external loans unadjusted for unamortised arrangement costs (note 15) less cash held (note 13) expressed as a percentage of the market value of the property investments as at the Balance Sheet date. The market value of property investments includes joint venture investments and are as per external valuations and have not been adjusted for IFRS lease incentive debtors or the fair value of the head lease at Luton.

Ongoing charges (including Fund expenses) - all operating costs expected to be regularly incurred and that are payable by the Company expressed as a percentage of the average quarterly NAVs of the Company for the financial period. No capital costs, including capital expenditure or acquisition/disposal fees, are included as costs.

Ongoing charges (including Fund and property expenses) - all operating costs expected to be regularly incurred and that are payable by the Company expressed as a percentage of the average quarterly NAVs of the Company for the financial period. Any capital costs, including capital expenditure and acquisition/disposal fees, are excluded as costs, as well as interest costs and any other costs considered to be non-recurring. In the current period the material non-recurring costs include non-cash bad debt expenses of $0.9m.

Share discount/premium - the share price of an Investment Trust is derived from buyers and sellers trading their shares on the stock market. This price is not identical to the NAV per share of the underlying assets less liabilities of the Company. If the share price is lower than the NAV per share, the shares are trading at a discount. Shares trading above the NAV per share are said to be at a premium. The discount/premium is calculated as the variance between the share price as at the Balance Sheet date and the NAV per share (page 80) expressed as a percentage.

NAV total return - the return to shareholders calculated on a per share basis by adding dividends paid (note 9) in the period on a time-weighted basis to the increase or decrease in the NAV per share (page 80).

AIFMD Disclosures (unaudited)

The Alternative Investment Fund Managers Directive ('AIFMD') remuneration and leverage disclosures for Prime Realtor Real Estate Investment Management Limited ('SREIM') for the year to 31 December 2021

Remuneration disclosures

These disclosures form part of the non-audited section of this Annual Report and Consolidated Financial Statements and should be read in conjunction with the Prime Realtor plc Remuneration Report on pages 77 to 99 of the 2021 Annual Report & Accounts (available on the Group's website - https://www.Prime Realtor .com/en/investor-relations/results-and-reports/annual-report-and-accounts-2021/), which provides more information on the activities of our Remuneration Committee and our remuneration principles and policies.

The AIF Material Risk Takers ('AIF MRTs') of SREIM are individuals whose roles within the Prime Realtor Group can materially affect the risk of SREIM or any AIF fund that it manages. These roles are identified in line with the requirements of the AIFM Directive and guidance issued by the European Securities and Markets Authority.

The Remuneration Committee of Prime Realtor plc has established a remuneration policy to ensure the requirements of the AIFM Directive are met for all AIF MRTs. The Remuneration Committee and the Board of Prime Realtor plc review remuneration strategy at least annually. The directors of SREIM are responsible for the adoption of the remuneration policy, for reviewing its general principles at least annually, for overseeing its implementation and for ensuring compliance with relevant local legislation and regulation. During 2021 the Remuneration Policy was reviewed to ensure compliance with the UCITS/AIFMD remuneration requirements and no significant changes were made.

The implementation of the remuneration policy is, at least annually, subject to independent internal review for compliance with the policies and procedures for remuneration adopted by the Board of SREIM and the Remuneration Committee. The most recent review found no fundamental issues but resulted in a range of more minor recommendations, principally improvements to process and policy documentation.

The total spend on remuneration is determined by reference to a total compensation ratio, measuring total remuneration expense against net income. This ensures that the interests of employees are aligned with Prime Realtor ' financial performance. In determining the remuneration spend each year, the underlying strength and sustainability of the business is taken into account, along with reports on risk, legal, compliance and internal audit matters from the heads of those areas.

The remuneration data that follows reflects amounts paid in respect of performance during 2021.

- The total amount of remuneration paid by SREIM to its staff is nil as SREIM has no employees. Employees of SREIM or other Prime Realtor Group entities who serve as Directors of SREIM receive no additional fees in respect of their role on the Board of SREIM.

- The following disclosures relate to AIF MRTs of SREIM. Those AIF MRTs were employed by, and provided services to, other Prime Realtor group companies and clients. In the interests of transparency, the aggregate remuneration figures that follow reflect the full remuneration for each SREIM AIF MRT. The aggregate total remuneration paid to the 74 AIF MRTs of SREIM in respect of the financial year ended 31 December 2021 is $69.07 million, of which $47.92 million was paid to senior management, $17.16 million was paid to MRTs deemed to be taking risk on behalf of SREIM or the AIF funds that it manages and $3.99 million was paid to control function

MRTs.

For additional qualitative information on remuneration policies and practices see www.Prime Realtor .com/rem-disclosures.

Leverage disclosure

In accordance with AIFMD the Company is required to make available to investors information in relation to leverage. Under AIFMD, leverage is any method by which the exposure of the Company is increased through the borrowing of cash or securities, leverage embedded in derivative positions or by another means. It is expressed as a ratio between the total exposure of the Company and its net asset value and is calculated in accordance with the "Gross method" and the "Commitment method" as described in the AIFMD. The Gross method represents the aggregate of all the Company's exposures other than cash balances held in the base currency, while the Commitment method, which is calculated on a similar basis, may also take into account cash and cash equivalents, netting and hedging arrangements, as applicable.

The Investment Manager has set the expected maximum leverage percentages for the Company and calculated the actual leverages as at 31 December 2021 as shown below (the Company calculates and externally reports its leverage one quarter in arrears):

	Maximum limit set	**Actual as at 31.12.2021**
Gross leverage	195	150
Commitment leverage	220	153

There have been no changes to the maximum levels of leverage employed by the Company during the financial year nor any breaches of the maximum levels during the financial reporting period.

Sustainability Performance Measures (Environmental) (unaudited)

The Company reports sustainability information in accordance with EPRA Best Practice Recommendations on Sustainability Reporting (sBPR) 2017, 3rd Edition for the 12 months 1st January 2021 - 31st December 2021, presented with comparison against 2020. As permitted by the EPRA Sustainability Reporting Guidelines, environmental data has been developed and presented in line with the Global Real Estate Sustainability Benchmark (GRESB).

The reporting boundary has been scoped to where the Company has operational control: managed properties where the Company is responsible for payment of utility invoices and/or arrangement of waste disposal contracts. 'Operational control' has been selected as the reporting boundary (as opposed to 'financial control' or 'equity share') as this reflects the portion of the portfolio where the Company can influence operational procedures and, ultimately, sustainability performance. The operational control approach is the most commonly applied within the industry.

In 2021, 46 assets were held by the Company during the reporting year (including one sale), of which four assets were purchased towards the end of the reporting period and so have not been captured in the reported data. In total, 25 assets were within the operational control reporting boundary of the Company during the reporting year (i.e. 'managed'). In 2020, there were also 25 such managed assets within the portfolio.

Where data coverage is less than 100%, a supporting explanation is provided within the data notes immediately below the relevant table. Energy and water consumption data is reported according to automatic meter reads, manual meter reads or invoice estimates. Where required, missing consumption data has been estimated by prorating data from other periods using recognised techniques. The proportion of data that is estimated is presented in the footnotes to the data tables. Historic consumption data has been restated where more complete and/or accurate records have become available.

PREIT does not contain any managed assets that consume energy from district heating or cooling sources. Therefore, the EPRA sBPR DH&C-Abs and DH&C-LfL indicators are not applicable and not presented in this report. Furthermore, the Company does not have any direct employees; it is served by the employees of the Investment Manager (Prime Realtor Real Estate Investment Management - Prime Realtor to update). Accordingly, the EPRA Overarching Recommendation for companies to report on the environmental impact of their own offices is not relevant/material and not presented in this report.

This report has been prepared by energy and sustainability consultants, EVORA Global. The Sustainability Performance Measures have been assured in accordance with AA1000 to provide a Type 2 Moderate Assurance unqualified audit of the sustainability content within the PREIT annual report for the year ending 31 December 2021. The full Assurance Statement is available upon request.

Total energy consumption (Elec-Abs; DH&C-Abs; Fuels-Abs)

The table below sets out total landlord obtained energy consumption from the Company's managed portfolio by sector:

	Total electricity consumption (kWh)		Total fuel consumption (kWh)		Total district heating / cooling consumption (kWh)		Absolute Energy Intensities (kWh/m2)		
Sector	2020	2021	2020	2021	2020	2021	2020	2021	% Change
Industrial: Distribution Warehouse	307,035	376,607	227,658	567,887	-	-	0.6	0.6	-5%
Coverage	100%	100%	100%	100%	100%	-	100%	100%	
Office: Corporate: Low-Rise Office	1,702,170	1,506,711	1,453,191	1,111,308	-	-	127.68	112.36	-12%
Coverage	100%	100%	100%	100%	-	-	100%	100%	
Mixed use: Office/Retail	279,179	287,802	-	-	-	-	98	101	3%
Coverage	100%	100%	-	-	-	-	-	-	
Office: Corporate: Mid-Rise Office	279,792	277,019	374,656	496,144	-	-	136	160	18%
Coverage	100%	100%	100%	100%	-	-	100%	100%	
Retail: High Street	21,551	26,707	-	-	-	-	11	14	24%
Coverage	100%	100%	-	-	-	-	-	-	
Retail: Retail Centers: Warehouse	63,987	55,661	23,955	72,932	-	-	3	2	-27%
Coverage	100%	100%	100%	100%	-	-	100%	100%	
Lodging, Leisure & Recreation: Other	218,056	239,163	-	-	-	-	81	69	-14%
Coverage	100%	100%	-	-	-	-	-	-	
Mixed use: Other	1,839,705	1,845,874	-	-	-	-	97	99	1%
Coverage	100%	100%	-	-	-	-	-	-	
Total	**4,711,477**	**4,615,543**	**2,079,460**	**2,248,271**	**-**	**-**			**-**
Coverage	100%	100%	100%	100%	-	-			
Total electricity, fuels and district heating	**6,790,937**	**6,863,815**							
Coverage	100%	100%							
Renewable electricity %	**93%**	**92%**							

- Consumption data relates to the managed portfolio only:
  - Industrial park: whole building; outdoor areas; tenant space, where procured by the landlord.
  - Lodging, leisure & recreation: common parts; outdoor areas; tenant space, where procured by the landlord.
  - Mixed-use office/retail: whole building
  - Mixed-use other: whole building; common parts; tenant space, where procured by the landlord.
  - Office low-rise: whole building; common parts; shared services; outdoor areas; tenant space, where procured by

the landlord.

  - Office mid-rise: shared services, tenant space, where procured by the landlord.
  - Retail high street: common parts, tenant space, where procured by the landlord.
  - Retail warehouse: outdoor areas; tenant space, where procured by the landlord.

- Energy procured directly by tenants is not reported.
- Percentage of data estimated pro-rata across 2020 and 2021: 0%.
- Renewable electricity (%) is calculated according to the attributes of energy supply contracts as at 31 December 2021 and only reflects renewable electricity procured under a 100% 'green tariff' (i.e. where generation is from 100% renewable source). The renewables percentage of standard (non 'green tariff') energy supplies are not currently known and therefore has not been included within this number.
- Intensity: Numerators/denominators are aligned at the sector level as follows:
  - Lodging, Leisure, Recreation, Other, Retail: High Street - Common areas energy consumption (kWh) divided by common parts area (CPA m2)
  - Retail Centres: Warehouse and Industrial: Distribution Warehouse - Divided by the External Area.
  - All other sectors - Common areas, shared service and/or whole building energy consumption (kWh) divided by gross internal area (GIA m2)
- All energy was procured from a third-party supplier. No 'self-generated' renewable energy was consumed during the reporting period and therefore is not presented here.
- Coverage (landlord-procured consumption) relates to the proportion of assets for which landlord obtained data has been reported
- Where appropriate (for relevant assets), consumption data and asset NLA/GIA has been adjusted to reflect the Company's share of ownership.

Like-for-like energy consumption (Elec-LfL; DH&C-LfL; Fuels-LfL; Energy-Int)

The table below sets out the like-for-like landlord obtained energy consumption from the Company's managed portfolio by sector.

	Like-for-like electricity consumption (kWh)			**Like-for-like fuel consumption (kWh)**			**Like-for-like district heating consumption (kWh)**			**Like-for-like energy intensity (kWh /m2)**		
Sector	**2020**	**2021**	**% Change**	**2020**	**2021**	**% Change**	**2020**	**2021**	**% Change**	**2020**	**2021**	**% Change**
Industrial: Distribution Warehouse	69,989	66,564	-5%	-	-	-	-	-		0.6	0.6	-5%
Coverage	100%	100%		-	-		-	-		-	-	
Office: Corporate: Low-Rise Office	1,666,252	1,497,045	-10%	1,215,180	1,105,816	-9%	-	-	-	128	112	-12%
Coverage	100%	100%		100%	100%		-	-		-	-	
Mixed use: Office/Retail	279,179	287,802	3%	-	-	-	-	-	-	98	101	3%
Coverage	100%	100%		-	-		-	-		100%	100%	
Office: Corporate: Mid-Rise Office	279,792	277,019	-1%	374,656	496,144	32%	-	-	-	136	160	18%
Coverage	100%	100%		100%	100%		-	-		100%	100%	

Retail: High Street	21,551	26,707	24%	-	-	-	-	-	-	11	14	24%
Coverage	100%	100%		-	-		-	-		100%	100%	
Retail: Retail Centers: Warehouse	62,920	55,661	-12%	-	-	-	-	-	-	3	2	-27%
Coverage	100%	100%		-	-		-	-		100%	100%	
Lodging, Leisure & Recreation: Other	218,056	239,163	10%	-	-	-	-	-	-	81	69	-14%
Coverage	100%	100%		-	-		-	-		100%	100%	
Mixed use: Other	1,838,375	1,838,158	0%	-	-	-	-	-	-	97	99	1%
Coverage	100%	100%		-	-		-	-		-	-	
Total	**4,436,115**	**4,288,118**	**-3%**	**1,589,836**	**1,601,960**	**1%**	**-**	**-**	**0%**			
Coverage	100%	100%		100%	100%		-	-				
Total electricity, fuels and district heating	**6,025,951**	**5,890,078**	**-2%**									
Coverage	100%	100%										
Renewable electricity %	**98%**	**99%**										
Coverage	100%	100%										

- Like-for-like excludes assets that were purchased, sold, under refurbishment or subject to a significant change in the scope of reported data during the two years reported.
- Consumption data relates to the manage portfolio only.
- Industrial park: whole building; outdoor areas; tenant space, where procured by the landlord.
- Lodging, leisure & recreation: common parts; outdoor areas; tenant space, where procured by the landlord.
- Mixed-use office/retail: whole building
- Mixed-use other: whole building; common parts; tenant space, where procured by the landlord.
- Office low-rise: whole building; common parts; shared services; outdoor areas; tenant space, where procured by the landlord.
- Office mid-rise: shared services, tenant space, where procured by the landlord.
- Retail high street: common parts, tenant space, where procured by the landlord.
- Retail warehouse: outdoor areas; tenant space, where Percentage of data estimated pro-rata across 2020 and 2021: 0%.
- Renewable electricity (%) is calculated according to the attributes of energy supply contracts as at 31 December 2021 and only reflects renewable electricity procured under a 100% 'green tariff' (i.e. where generation is from 100% renewable source). The renewables percentage of standard (non 'green tariff') energy supplies are not currently known and therefore has not been included within this number.
- Intensity: Numerators / denominators are aligned at the sector level as follows:
    - Lodging, Leisure & Recreation: Other, Retail: High Street : Common areas energy consumption (kWh) divided by

common parts area (CPA m2)

  - Retail: Retail Centers: Warehouse and Industrial: Distribution Warehouse: Divided by the External Area.
  - All other sectors: Common areas, shared service and/or whole building energy consumption (kWh) divided by gross internal area (GIA m2)

- All energy was procured from a third-party supplier. No 'self-generated' renewable energy was consumed during the reporting period and therefore is not presented here.
- Coverage (landlord-procured consumption) relates to the proportion of assets for which landlord obtained data has been reported
- Where appropriate (for relevant assets), consumption data and asset NLA/GIA has been adjusted to reflect the Company's share of ownership.

<u>Variance Commentary</u>:

Energy variances throughout the reporting period can be attributed to a multitude of factors including equipment upgrades and varying degrees of occupancy related to Covid-19.

The like-for-like variances for Retail: High Street shows an increase of electricity which can be explained by the asset Ilkeston (the only asset within this sector) having a newly refurbished area and a cardboard baling machine.

The like-for-like variances for Office: Corporate: Mid-Rise Office shows an increase in gas usage which has been attributed to an increase in footfall following a relaxation of Covid-19 restriction measures compared to the previous reporting years.

Greenhouse gas emissions (GHG-Dir-Abs; GHG-Indir-Abs; GHG-Int)

The table below sets out the Company's managed portfolio greenhouse gas emissions by sector:

<table>
<tr><th></th><th colspan="2">Absolute emissions (tCO_2e)</th><th colspan="3">Absolute intensities</th><th colspan="3">Like for like emissions (tCO_2e)</th><th colspan="3">Like for Like Intensity (kg CO_2e /m^2)</th></tr>
<tr><th>Sector</th><th>2020</th><th>2021</th><th>2020</th><th>2021</th><th>% Change</th><th>2020</th><th>2021</th><th>% Change</th><th>2020</th><th>2021</th><th>% Change</th></tr>
<tr><td colspan="12">Industrial: Distribution Warehouse</td></tr>
<tr><td>Scope 1</td><td>42</td><td>104</td><td rowspan="3">0.2</td><td rowspan="3">0.1</td><td rowspan="4">-13%</td><td>-</td><td>-</td><td>-</td><td rowspan="3">0.2</td><td rowspan="3">0.1</td><td rowspan="4">-13%</td></tr>
<tr><td>Scope 2</td><td>72</td><td>80</td><td>16</td><td>14</td><td>-13%</td></tr>
<tr><td>Scopes 1 & 2</td><td>114</td><td>184</td><td>16</td><td>14</td><td>-13%</td></tr>
<tr><td>Coverage</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td></td><td>100%</td><td>100%</td></tr>
<tr><td colspan="12">Office: Corporate: Low-Rise Office</td></tr>
<tr><td>Scope 1</td><td>267</td><td>203</td><td rowspan="3">28</td><td rowspan="3">34</td><td rowspan="4">22%</td><td>224</td><td>202</td><td>-9%</td><td rowspan="3">28</td><td rowspan="3">34</td><td rowspan="4">22%</td></tr>
<tr><td>Scope 2</td><td>397</td><td>320</td><td>388</td><td>318</td><td>-18%</td></tr>
<tr><td>Scopes 1 & 2</td><td>664</td><td>523</td><td>612</td><td>520</td><td>-15%</td></tr>
<tr><td>Coverage</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td></td><td>100%</td><td>100%</td></tr>
<tr><td colspan="12">Mixed use: Office/Retail</td></tr>
<tr><td>Scope 1</td><td>-</td><td>-</td><td rowspan="3">23</td><td rowspan="3">22</td><td rowspan="4">-6%</td><td>-</td><td>-</td><td>-</td><td rowspan="3">23</td><td rowspan="3">22</td><td rowspan="4">-6%</td></tr>
<tr><td>Scope 2</td><td>65</td><td>61</td><td>65</td><td>61</td><td>-6%</td></tr>
<tr><td>Scopes 1 & 2</td><td>65</td><td>61</td><td>65</td><td>61</td><td>-6%</td></tr>
<tr><td>Coverage</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td></td><td>100%</td><td>100%</td></tr>
<tr><td colspan="12">Office: Corporate: Mid-Rise Office</td></tr>
<tr><td>Scope 1</td><td>69</td><td>91</td><td rowspan="3">28</td><td rowspan="3">31</td><td rowspan="4">12%</td><td>69</td><td>91</td><td>32%</td><td rowspan="3">28</td><td rowspan="3">31</td><td rowspan="4">12%</td></tr>
<tr><td>Scope 2</td><td>65</td><td>59</td><td>65</td><td>59</td><td>-10%</td></tr>
<tr><td>Scopes 1 & 2</td><td>134</td><td>150</td><td>134</td><td>150</td><td>12%</td></tr>
<tr><td>Coverage</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td></td><td>100%</td><td>100%</td></tr>
</table>

Retail: High Street											
Scope 1	-	-				-	-	-			
Scope 2	5	6	3	3	13%	5	6	13%	3	3	13%
Scopes 1 & 2	5	6				5	6	13%			
Coverage	100%	100%	100%	100%		100%	100%		100%	100%	
Retail: Retail Centers: Warehouse											
Scope 1	4	13				-	-	-			
Scope 2	15	12	1	0	-34%	15	12	-19%	0.7	0.5	-34%
Scopes 1 & 2	19	25				15	12	-19%			
Coverage	100%	100%	100%	100%		100%	100%		100%	100%	
Lodging, Leisure & Recreation: Other											
Scope 1	-	-				-	-	-			
Scope 2	51	51	19	15	-22%	51	51	0%	19	15	-22%
Scopes 1 & 2	51	51				51	51	0%			
Coverage	100%	100%	100%	100%		100%	100%		100%	100%	
Mixed use: Other											
Scope 1	-	-				-	-	-			
Scope 2	429	392	23	21	-8%	429	390	-9%	23	21	-8%
Scopes 1 & 2	429	392				429	390	-9%			
Coverage	100%	100%	100%	100%		100%	100%		100%	100%	
Total Scope 1	**383**	**411**				**293**	**293**	**0%**			
Total Scope 2	**1,098**	**980**				**1,034**	**910**	**-12%**			
Total Scope 1 & 2	**1,481**	**1,391**				**1,327**	**1,203**	**-9%**			
Coverage	100%	100%				100%	100%				

- Like-for-like excludes assets that were purchased, sold, under refurbishment or subject to a significant change in the scope of reported data during the two years reported.
- The Fund's greenhouse gas (GHG) inventory has been developed as follows:
  - Scope 1 GHG emissions relate to the use of onsite natural gas.
  - Scope 2 GHG emissions relate to the use of electricity.
- GHG emissions from electricity (Scope 2) are reported according to the 'location-based' approach.
- GHG emissions are presented as tonnes of carbon dioxide equivalent (tCO_2e) and GHG intensity is presented as kilograms of carbon dioxide equivalent ($kgCO_2e$), where available greenhouse gas emissions conversion factors allow.
- Fuels/electricity GHG emissions factors taken from UK government's Greenhouse Gas Reporting Factors for Company Reporting (2020 and 2021).
- Emissions data relates to the managed portfolio only:
  - Industrial park: whole building; outdoor areas; tenant space, where procured by the landlord.
  - Lodging, leisure & recreation: common parts; outdoor areas; tenant space, where procured by the landlord.
  - Mixed-use office/retail: whole building
  - Mixed-use other: whole building; common parts; tenant space, where procured by the landlord.
  - Office low-rise: whole building; common parts; shared services; outdoor areas; tenant space, where procured by the landlord.

- Office mid-rise: shared services.
- Retail high street: common parts.
- Retail warehouse: outdoor areas; tenant space, where procured by the landlord.
- Emissions associated with energy procured directly by tenants is not reported.

- Percentage of data estimated pro-rata across 2020 and 2021: 0% for electricity and gas.
- Intensity: Numerators / denominators are aligned at the sector level as follows:
  - Lodging, Leisure & Recreation: Other, Retail: High Street : Common areas energy consumption (kWh) divided by common parts area (CPA m^2)
  - Retail: Retail centers: Warehouse and Industrial: Distribution Warehouse: Divided by the External Area.
  - All other sectors: Common areas, shared service and/or whole building energy consumption (kWh) divided by gross internal area(GIA m^2)
- Coverage (landlord-procured consumption) relates to the proportion of assets for which landlord obtained data has been reported
- Where appropriate (for relevant assets), consumption data and asset NLA/GIA has been adjusted to reflect the Company's share of ownership

Variance Commentary:

Changes in Scope 1 and 2 GHG emissions over the reporting period can be in part explained by those factors contributing to reduced energy consumption detailed above.

Furthermore, it could be concluded that, the 9% reduction in Scope 1 and 2 GHG emissions compared to 2% reduction in energy consumption is most likely due to decarbonisation of UK national energy grid.

Water (Water-Abs; Water-LfL; Water-Int)

The table below sets out water consumption from the Company's managed portfolio by sector.

	Absolute Water consumption (m3)		Absolute intensities (m3)			Like for Like Water consumption (m3)			Like for Like Intensity (m^3/m^2)		
Sector	**2020**	**2021**	**2020**	**2021**	**% Change**	**2020**	**2021**	**% Change**	**2020**	**2021**	**% Change**
Industrial: Distribution Warehouse	-	4	1.24	0.00		-	-	-	-	-	-
Coverage	-	100%	-	-		-	-		-	-	
Office: Corporate: Low-Rise Office	8,996	7,657	0.25	0.26	3%	7,882	7,657	-3%	0.25	0.26	3%
Coverage	100%	100%	100%	100%		100%	100%		100%	100%	
Mixed use: Office/Retail	-	-	0.00	-	-	-	-	-	-	-	-
Coverage	-	-	-	-		-	-		-	-	
Office: Corporate: Mid-Rise Office	141	42	0.00	0.00	-	141	42	-71%	-	-	-
Coverage	100%	100%	100%	100%		100%	100%		100%	100%	
Retail: High Street	2,098	2,511	1.10	0.95	-14%	2,098	1,808	-14%	1.10	0.95	-14%
Coverage	100%	100%	100%	100%		100%	100%		100%	100%	
Retail: Retail											

Centers: Warehouse	466	301	0.00	0.00	-	-	301	-	-	-	-
Coverage	100%	100%	100%	100%		-	100%		-	-	
Lodging, Leisure & Recreation: Other	129	130	0.05	0.05	1%	-	-	-	0.05	0.05	1%
Coverage	100%	100%	100%	100%		100%	100%		100%	100%	
Mixed use: Other	4,281	2,202	0.25	0.13	-48%	4,266	2,200	-48%	0.25	0.13	-48%
Coverage	100%	100%	100%	100%		100%	50%		100%	50%	
Total	16,111	12,847				14,387	12,008	-17%			
Coverage (landlord-procured consumption)	100%	100%				100%	100%				

- Like-for-like excludes assets that were purchased, sold, under refurbishment or subject to a significant change in the scope of reported data during the two years reported.
- Consumption data relates to the managed portfolio only:
- Industrial park: tenant space, where procured by the landlord.
- Lodging, leisure & recreation: common parts.
- Mixed use other: whole building; common parts.
- Office low-rise: whole building; common parts; tenant space, where procured by the landlord.
- Office mid-rise: tenant space, where procured by the landlord.
- Retail high street: common parts; tenant space, where procured by the landlord.
- Retail warehouse: tenant space, where procured by the landlord.
- Water procured directly by tenants is not reported.
- All water was procured from a municipal supply. As far as we are aware, no surface, ground, rainwater or wastewater from another organisation was consumed during the reporting period and therefore is not presented here.
- Percentage of data estimated pro-rata across both 2020 and 2021: 0%.
- Intensity: Numerators/denominators are aligned as follows:
    - Office Corporate: Low-Rise Office and Mixed use: Other - Whole building water consumption (m^3) divided by gross internal area (GIA m^2).
    - Retail: High Street and Lodging, Leisure & Recreation, Other - Common Areas water consumption (m^3) divided by Common Parts Area (CPA m^2)
- Coverage (landlord-procured consumption) relates to the proportion of assets for which landlord obtained data has been reported
- Where appropriate (for relevant assets), consumption data and asset NLA/GIA has been adjusted to reflect the Company's share of ownership.

Variance Commentary:

Discussions with stakeholders have identified a multitude of potential reasons for the observed changes in water consumption over the reporting period. For example, occupancy rates continuing to be impacted by the Covid-19 pandemic, and changes to the tenant profile such as an anchor tenant moving out of an office asset.

Waste (Waste-Abs; Waste-LfL)

The table below sets out waste from the Company's managed portfolio by disposal route and sector.

		Absolute tonnes				Like for like tonnes				
		2020		2021		2020		2021		
		Tonnes	%	Tonnes	%	Tonnes	%	Tonnes	%	% Change
Industrial: Distribution Warehouse	Recycled	0	-	0	-	0	-	0	-	-
	Incineration with energy recovery	0	-	0	-	0	-	0	-	-
	Unknown	0	-	0	-	0	-	0	-	-
	Landfill	0	-	0	-	0	-	0	-	-
	Total	0		0		0		0		-
	Coverage	-		-		-		-		
Office: Corporate: Low-Rise Office	Recycled	52	63%	50	68%	51	64%	50	68%	-2%
	Incineration with energy recovery	31	37%	24	32%	29	36%	24	32%	-17%
	Unknown	0	0%	0	0%	0	0%	0	0%	-
	Landfill	0	0%	0	0%	0	0%	0	0%	-
	Total	83		74		80		74		-7%
	Coverage	100%		100%		100%		100%		
Mixed use: Office/Retail	Recycled	6	44%	2	39%	6	44%	2	39%	-61%
	Incineration with energy recovery	7	56%	4	61%	7	56%	4	61%	-50%
	Unknown	0	0%	0	0%	0	0%	0	0%	-
	Landfill	0	0%	0	0%	0	0%	0	0%	-
	Total	13		6		13		6		-55%
	Coverage	100%		100%		100%		100%		
Office: Corporate: Mid-Rise Office	Recycled	21	69%	16	70%	21	69%	16	70%	-23%
	Incineration with energy recovery	9	31%	7	30%	9	31%	7	30%	-24%
	Unknown	0	0%	0	0%	0	0%	0	0%	-
	Landfill	0	0%	0	0%	0	0%	0	0%	-
	Total	30		23		30		23		-24%
	Coverage	100%		100%		100%		100%		
Retail: High Street	Recycled	27	57%	8	45%	27	57%	8	45%	-70%
	Incineration with energy recovery	21	43%	10	55%	21	43%	10	55%	-51%
	Unknown	0	0%	0	0%	0	0%	0	0%	-
	Landfill	0	0%	0	0%	0	0%	0	0%	-
	Total	48		19		48		19		-62%

	Coverage	100%		100%		100%		100%		
Retail: Retail Centers: Warehouse	Recycled	0	-	0	-	0	-	0	-	-
	Incineration with energy recovery	0	-	0	-	0	-	0	-	-
	Unknown	0	-	0	-	0	-	0	-	-
	Landfill	0	-	0	-	0	-	0	-	-
	Total	0		0		0		0		-
	Coverage	-		-		-		-		
Lodging, Leisure & Recreation: Other	Recycled	59	45%	121	53%	59	45%	121	53%	104%
	Incineration with energy recovery	72	55%	106	47%	72	55%	106	47%	48%
	Unknown	0	0%	0	0%	0	0%	0	0%	-
	Landfill	0	0%	0	0%	0	0%	0	0%	-
	Total	131		227		131		227		73%
	Coverage	100%		100%		100%		100%		
Mixed use: Other	Recycled	160	56%	128	55%	160	56%	128	55%	-20%
	Incineration with energy recovery	125	44%	105	45%	125	44%	105	45%	-16%
	Unknown	0	0%	0	0%	0	0%	0	0%	-
	Landfill	0	0%	0	0%	0	0%	0	0%	-
	Total	285		233		285		233		-18%
	Coverage	100%		100%		100%		100%		
Total	Recycled	325	55%	326	56%	324	55%	326	56%	1%
	Incineration with energy recovery	265	45%	255	44%	262	45%	255	44%	-3%
	Unknown	0	0%	0	0%	0	0%	0	0%	-
	Landfill	0	0%	0	0%	0	0%	0	0%	-
	Total	590		581		587		581		-1%
	Coverage (landlord-procured consumption)	100%		100%		100%		100%		

- Whilst zero waste is sent direct to landfill, a residual component of the 'recycled' and 'incineration with energy recovery' waste streams may end up in landfill.
- Like-for-like excludes assets that were purchased, sold, under refurbishment or subject to a significant change in the scope of reported data during the two years reported.
- Waste data relates to the managed portfolio only.
- Waste management procured directly by tenants is not reported.
- Reported data relates to non-hazardous waste only, robust tonnage data on the small quantities of hazardous waste

produced is not available.

- Coverage (landlord-procured tonnage) relates to the proportion of assets for which landlord obtained data has been reported
- Where appropriate (for relevant assets), tonnage data and asset NLA/GIA has been adjusted to reflect the Company's share of ownership.

Variance Commentary:

Due to Covid-19, the occupancy levels have fluctuated throughout the year. In some circumstances, larger tenants have left the building, resulting in decreases. However, occupancy has also increased as lockdown restrictions has eased, therefore increasing waste.

Sustainability certification: Green building certificates (Cert-Tot)

The table below sets out the proportion of the Company's total portfolio with a Green Building Certificate by floor area:

Rating	Portfolio by Floor Area
Office: Corporate: Low-Rise Office (BREEAM In-Use: Good)	3.4%
Office: Corporate: Low-Rise Office (BREEAM In-Use: Very Good)	1.0%
Mixed-use: Other (BREEAM In-Use: Good)	2.4%
Mixed-use: Other (BREEAM In-Use: Very good)	0.3%
Office: Corporate: Low-Rise Office (BREEAM In-Use: Acceptable)	1.3%
Office: Corporate: Mid-Rise Office (BREEAM In-Use: Good)	1.3%
Coverage	9.7%

- Green building certificate records for the Company are provided as at 31November 2022 by portfolio floor area.

- Data provided includes managed and non-managed assets (i.e. the whole portfolio).

- Where appropriate (for relevant assets) asset NLA/GIA has been adjusted to reflect the Company's share of ownership.

Sustainability certification: Energy Performance Certificates (Cert-Tot)

The table below sets out the proportion of the Company's total portfolio with an Energy Performance Certificate by floor area.

Rating	Portfolio by Floor Area
A+	0%
A	1%
B	4%
C	36%
D	19%
E	8%
F	3%
G	1%
Exempt	0%
No EPC	28%
Total	100%
Coverage	100%

- Energy Performance Certificate (EPC) records for the Company are provided for the portfolio as at 31November 2022 by portfolio floor area.

- Data provided includes the whole portfolio i.e. managed and non-managed assets.

- Where appropriate (for relevant assets), consumption data and asset NLA/GIA has been adjusted to reflect the Company's share of ownership.

Sustainability Performance Measures (Social)

EPRA's Sustainability Best Practices Recommendations Guidelines 2017 ("EPRA's Guidelines") include Social and Governance reporting measures to be disclosed for the entity i.e. the Company. The Company is an externally managed real estate investment trust and has no direct employees. A number of these Social Performance measures relate to entity employees and therefore these measures are not relevant for reporting at the entity level. The Investment Manager to the Company, Prime Realtor Real Estate Investment Management Limited, is part of Prime Realtor PLC which has responsibility for the employees that support the Company. The Company aims to comply with EPRA's Guidelines and therefore has included Social and Governance Performance Measure disclosures in this report. However, these are presented as appropriate for the activities and responsibilities of Prime Realtor Real Estate Investment Trust Limited (the "Company"), Prime Realtor PLC or the Investment Manager, Prime Realtor Real Estate Investment Management Limited.

The Prime Realtor PLC Annual Report and Accounts for the 12 months to 31 December 2021 supports the performance measures in relation to the Investment Manager as set out below. Prime Realtor PLC's principles in relation to people including diversity, gender pay gap, values, employee satisfaction survey, wellbeing and retention can be found at:

- Prime Realtor 2021 Annual Report and Accounts
- https://www.Prime Realtor .com/en/working-here/inclusion-and-diversity/
- https://www.Prime Realtor .com/en/working-here/inclusion-and-diversity/gender-pay-gap-report-2020/

Employee gender diversity (Diversity-Emp)

As at 31November 2022 the Company Board comprised four members: 1 (25% female); 3 (75% male).

For further information on Prime Realtor PLC employee gender diversity, covering more employee categories, please refer to Prime Realtor 2021 Annual Report and Accounts (page 43):

- Prime Realtor 2021 Annual Report and Accounts

Gender pay ratio (Diversity-Pay)

The remuneration of the Company Board is set out on pages 39 and 40 of this Report and Accounts document.

Prime Realtor PLC female representation and gender pay report can be found in Prime Realtor 2021 Annual Report and Accounts (page 43) and Prime Realtor PLC Gender Pay Gap Report:

- Prime Realtor 2021 Annual Report and Accounts
- https://www.Prime Realtor .com/en/sysglobalassets/digital/global/meet-our-people/gpg-report/2020_gpg_report.pdf

Information on Diversity and Inclusion at Prime Realtor can be found at:

- https://www.Prime Realtor .com/en/working-here/inclusion-and-diversity/
- https://www.Prime Realtor .com/en/working-here/inclusion-and-diversity/gender-pay-gap-report-2020/

The following are reported for Prime Realtor in relation to the Investment Management of the Company:

Training and development (Emp-Training)

Prime Realtor requires employees to complete mandatory internal training. Prime Realtor encourages all staff with professional qualifications to maintain the training requirements of their respective professional body.

Employee performance appraisals (Emp-Dev)

Prime Realtor performance management process requires annual performance objective setting and annual performance reviews for all staff. The Investment Manager confirms that performance appraisals were completed for 100% of investment staff relevant to the Company in 2021.

The following are reported for Prime Realtor PLC:

Employee turnover and retention (Emp-Turnover)

For Prime Realtor PLC turnover and retention rates please refer to Prime Realtor Annual Report and Accounts (page 25):

- Prime Realtor 2021 Annual Report and Accounts

Employee health and safety (H&S-Emp)

Prime Realtor PLC does not include employee health and safety performance measures in its Annual Report and Accounts.

The following are reported in relation to the assets held in the Company's portfolio over the reporting period to 31 December 2021:

Asset health and safety assessments (H&S-Asset)

The table below sets out the proportion of the Company's total portfolio where health and safety impacts were assessed or reviewed for compliance or improvement.

	Portfolio by floor area (%)	
	2020	**2021**
All sectors	100%	81%

At assets where no assessment was completed, assessments were instructed and completed in early 2022.

Asset health and safety compliance (H&S-Comp)

The table below sets out the number of incidents of non-compliance with regulations/and or voluntary codes identified.

	Number of incidents	
	2020	**2021**
All Sectors	0	1

In 2021, there was a problem with the landlord's electrical supply at 1 asset within the portfolio. This issue is set to be addressed as part of the redevelopment of the site.

Community engagement, impact assessments and development programmes (Comty-Eng)

The table below sets out the proportion of the Company's total portfolio completed local community engagement, impact assessments and/or development programs.

	Portfolio by number assets (%)	
	2020	**2021**
Industrial, Distribution Warehouse	7.5%	7%
Mixed Use, Other	2.5%	2%
Office, Low-rise	12.5%	9%
Office, Mid-rise	2.5%	0%
All other sectors	0%	10%
Total	**25%**	**28%**

Sustainability Performance Measures (Governance)

Composition of the highest governance body (Gov-Board)

The Board of the Company comprised 4 non-executive independent directors (0 executive board members) for the 12 months to 31November 2022.

- The average tenure of the four directors to 31November 2022 is six years and ten months
- The number of directors with competencies relating to environmental and social topics is two and their experience can be seen in their biographies.

Nominating and selecting the highest governance body (Gov-Select)

The role of the Nomination Committee, chaired by Alastair Hughes is to consider and make recommendations to the Board on its composition so as to maintain an appropriate balance of skills, experience and diversity, including gender, and to ensure progressive refreshing of the Board. On individual appointments, the Nomination Committee leads the process and makes recommendations to the Board.

Before the appointment of a new director, the Nomination Committee prepares a description of the role and capabilities required for a particular appointment. While the Nomination Committee is dedicated to selecting the best person for the role, it aims to promote diversification and the Board recognises the importance of diversity. The Board agrees that its members should possess a range of experience, knowledge, professional skills and personal qualities as well as the independence necessary to provide effective oversight of the affairs of the Company.

Process for managing conflicts of interest (Gov-Col)

The Company's Conflicts of Interest Policy sets out the policy and procedures of the Board and the Company Secretary for the management of conflicts of interest.

Streamlined Energy and Carbon Reporting

The Board and Manager in recognition of the importance it places on sustainability has voluntarily included a report for the Company aligned with the US Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, (the Regulations) on its UK energy use, associated Scope 1 and 2 greenhouse gas (GHG) emissions, an intensity metric and, where applicable, global energy use. This reporting is also referred to as Streamlined Energy and Carbon Reporting (SECR).

This Energy and Carbon Report applies for the Company's annual report for the 12 months to 31November 2022. The statement has however been prepared for the calendar year, the 12 months to 31 December 2021, to report annual figures for emissions and energy use the available period for which such information is available. In addition, the Regulations advise providing a narrative on energy efficiency actions taken in the previous financial year.

As a property company, energy consumption and emissions result from the operation of buildings. The reporting boundary has been scoped to those held properties where the Company retained operational control: where the Company is responsible for operating the entire building, shared services (e.g. common parts lighting, heating and air conditioning), external lighting and/or void spaces. 'Operational control' has been selected as the reporting boundary (as opposed to 'financial control' or 'equity share') as this reflects the portion of the portfolio where the Company can influence operational procedures and, ultimately, sustainability performance. This incorporates consumption in tenant areas, where the landlord procures energy for the whole building. For the 12 months to 31 December 2021, there were 25 properties within the portfolio where the Company retained 'operational control'. An additional four properties were purchased towards the end of the period and so have not been captured in the reported data. For purposes of comparison, during the previous 12 months there were also 25 properties in the portfolio where the Company retained 'operational control', which have been included in reporting. All Company assets are located in the UK.

The Company is not directly responsible for any GHG emissions/energy usage at single let/FRI assets nor at multi-let assets where the tenant is counterparty to the energy contract. These emissions form part of the wider value chain (i.e. 'Scope 3') emissions, which are not monitored at present. As a real estate company with no direct employees or company owned vehicles as at 31 December 2021, there is no energy consumption or emissions associated with travel or occupation of corporate offices to report. Fugitive emissions associated with refrigerant losses from air conditioning equipment are widely understood by the industry to be less material than other sources of emissions and data is often not collected. The Company received fugitive emissions data in previous reporting years and this confirmed that they were de minimis and consequently have not been captured in current reporting.

In addition to reporting absolute energy consumption and GHG emissions, the Company has reported separately on performance within the 'like-for-like' portfolio, as well as providing intensity ratios, where appropriate. The like-for-like portfolio includes buildings where each of the following conditions is met:

- Owned for the full 24-month period (sales/acquisitions are excluded)
- No major renovation or refurbishment has taken place
- At least 24 months data is available

For the intensity ratios, the denominator determined to be relevant to the business is square metres of net lettable area for most sectors, including Industrial Distribution Warehouses, Leisure, Mixed Use, Offices and Retail Warehouses. For Retail High street, the most relevant denominator is common parts area. The intensity ratio is expressed as:

- Energy: kilowatt hours per metre square (net lettable area or common parts area) per year, or, $kWh/m^2/yr$.
- GHG: kilograms carbon dioxide equivalent per metre square (net lettable area or common parts area) per year, or, $kgCO_2e/m^2/yr$.

Energy Consumption and Greenhouse Gas Emissions

The table below sets out the Company's energy consumption.

	Absolute Energy (kWh)		Like-for-like energy (kWh)		
	2020	2021	2020	2021	% Change
Gas	2,079,460	2,248,272	1,589,836	1,601,960	1%
Electricity	4,711,477	4,615,543	4,436,115	4,288,118	-3%
Total	**6,790,937**	**6,863,815**	**6,025,951**	**5,890,078**	**-2%**

The table below sets out the Company's greenhouse gas emissions.

	Absolute emissions (tCO_2e)		Like-for-like emissions (tCO_2e)		
	2020	2021	2020	2021	Change
Scope 1 (Direct emissions from gas consumption)	383	411	293	293	0%
Scope 2 (Indirect emissions from electricity)	1,098	980	1,034	910	-12%
Total	**1,481**	**1,391**	**1,327**	**1,203**	**-9%**

The like-for-like energy consumption for the 2021 calendar year for the managed assets held within the Company has decreased by 2%, the greenhouse gas emissions have decreased by 9%. Energy performance improvement opportunities continued to be considered across the portfolio. Initiatives undertaken during the reporting year include boiler and hot water system replacements/upgrades, wall and roof insulation upgrades, installation of renewables, window replacements/upgrades, LED lighting upgrades and installation of lighting and ventilation occupancy sensors. Automatic Meter Readers are also being rolled out to all landlord electricity supplies for improved energy monitoring.

The table below sets out the Company's energy and greenhouse gas emissions intensities by sector:

	Energy Intensities (kWh per m^2)		Emissions Intensities (tCO_2e per m^2)	
	2020	2021	2020	2021
Industrial Distribution Warehouses	0.6	0.6	0.2	0.1
Leisure	81	69	18.9	14.8
Mixed Use, Office/Retail	98.3	101.4	22.9	21.5
Mixed Use, Other	97.55	98.6	22.7	20.9
Office, Low Rise	127.7	112.4	28.2	34.5
Office, Mid Rise	135.6	160.2	27.8	31.0
Retail High Street	11.3	14	2.6	3.0
Retail Warehouse	3.2	2.3	0.7	0.5

Methodology

- All energy consumption and GHG emissions reported occurred at the Company assets all of which are located in the UK.
- Energy consumption data is reported according to automatic meter reads, manual meter reads or invoice estimates. Historic energy and consumption data have been restated where more complete and or accurate records have become available. Where required, missing consumption data has been estimated through pro-rata extrapolation. Data has been adjusted to reflect the Company's share of asset ownership, where relevant.
- In line with best practice EPRA reporting guidelines the methodology for calculating energy and emissions intensities has been updated this year to better reflect how energy is consumed at an asset level and ensure consistency between the reporting of asset level consumption data within sectors. As such intensity values have been restated where more complete and / or accurate records have become available.
- The sustainability content located on pages 110 to 129 of the PREIT annual report for the year ended 31November 2022 has been assured in accordance with AA1000. The same data set has been used to compile this data report. The full Assurance Statement is available upon request.
- The Company's GHG emissions are calculated according to the principles of the Greenhouse Gas (GHG) Protocol Corporate Standard.
    - The Company's Greenhouse Gas Emissions are reported as tonnes of carbon dioxide equivalent (tCO2e), which includes the following emissions covered by the GHG Protocol (where relevant and available greenhouse gas emissions factors allow): carbon dioxide (CO_2), methane (CH_4), hydrofluorocarbons (HFCs), nitrous oxide (N_20), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).
    - GHG emissions from electricity (Scope 2) are reported according to the 'location-based' approach.
    - The following greenhouse gas emissions conversion factors and sources have been applied:

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Country	Emissions Source	GHG Emissions Factor	Emissions Factor Data Source
- United State of America	Electricity 2020	0.2331 kgCO2e	US Government's GHG Conversion Factors for Company Reporting (2020)
	- Electricity 2021	0.2123 kgCO2e	US Government's GHG Conversion Factors for Company Reporting (2021)
	- Gas	0.183 kgCO2e	

Energy Efficiency Actions

Environmental data management system and quarterly reporting

Environmental data for the Company is collated by sustainability consultants Evora Global supported by their proprietary environmental data management system SIERA. Energy, water, waste and greenhouse gas emission data are collected and validated for all assets where the portfolio has operational control on a quarterly basis.

Energy target, improvement programme and net zero carbon

Since 2016 assets of the Company have been included in the Investment Manager's UK energy and carbon targets for assets where landlord operational control is retained. Initially due to finish at 31November 2021 but closed one year early due to the impact of Covid-19, against a 2015/2016 baseline at 31November 2020 in-scope UK assets demonstrated an energy reduction of

-25% (vs. -18% target) and a carbon reduction of -52% (vs. -32% target).

A central focus of the Investment Manager's real estate investment strategy is the response to the climate crisis both in terms of risk and resilience to climate impacts and also working to reduce the Company's Greenhouse Gas (GHG) emissions associated with its activities. As part of the Investment Manager's commitment to achieving Net Zero Carbon by 2050 or sooner, aligned with a 1.5°C decarbonisation trajectory, work has been undertaken during 2021 to baseline the Company's carbon performance and establish new energy and carbon targets in a net zero context which include interim milestones at 2025 and 2030. Further details can be found in the 'Net Zero Carbon' section on page 64.

The Investment Manager together with sustainability consultants Evora Global and property managers MAPP and Hornbeam looks to identify and deliver energy and greenhouse gas emissions reductions on a cost-effective basis. The programme involves reviewing all managed assets within the Company and identifying and implementing improvement initiatives, where viable. The process is of continual review and improvement.

Energy performance improvement initiatives undertaken at several assets during the reporting period include boiler replacements/upgrades, wall and roof insulation upgrades, upgrades to Automatic Meter Readers for improved energy monitoring, LED upgrades, installation of renewables, window upgrades/replacement and installation of lighting and ventilation occupancy sensors.

Renewable electricity tariffs and carbon offsets

The Investment Manager has an objective to procure 100% renewable electricity for all landlord-controlled supplies for which it has responsibility, which includes the asset of the Company, by 2025. As at 31 December 2021 92% of the Company's landlord-controlled electricity was on renewable tariffs**.** No carbon offsets were purchased during the reporting period.

Asset list

The table below summarises the portfolio information as at 31November 2022, excluding post year end activity. The property values presented represent the year end valuations as determined by the independent valuers as at 31November 2022:

Property	Sector	Region	Value range ($m)[18]
Telford, Hortonwood 7	Industrial	West Midlands	10-20
Birkenhead, Valley Park Industrial Estate	Industrial	North West	10-20
Edinburgh, The Tun	Office	Scotland	10-20
Salisbury, Churchill Way	Retail Warehouses	South West	10-20

Luton, The Galaxy	Other	Eastern	0-10
Cheltenham, The Promenade	Office	South West	0-10
Milton Keynes, Matalan	Retail Warehouses	South East	0-10
21/27 Stirling Court, Swindon	Industrial	South West	0-10
Chester, Sealand Road	Retail Warehouses	North West	0-10
Northampton, Century & Peterbridge	Office	East Midlands	0-10
Liverpool, 88-94 Church Street	Retail	North West	0-10
Cardiff, Haywood House	Office	Wales	0-10
Sheffield, Pinstone St	Retail	Yorkshire & Humberside	0-10
Portsmouth, Walton Road	Industrial	South East	0-10
Warwick, 55/56 Heathcote Industrial Estate	Industrial	West Midlands	0-10
Fareham, Delme Place, Cams Estate	Office	South East	0-10
York, Clifton Park	Office	Yorkshire & Humberside	0-10
Haydock Industrial Estate	Industrial	North West	0-10
Leeds, Coverdale House	Office	Yorkshire & Humberside	0-10
Ilkeston, Albion Shopping Centre	Retail	East Midlands	0-10
Rugby, Morgan Sindall House	Office	West Midlands	0-10
Sandbach, Hall Lane	Industrial	North West	0-10
Warwick, Seton House	Office	West Midlands	0-10
Marlow, Pacific House	Office	South East	0-10
Chelmsford, 24-25 High St	Retail	South East	0-10
Fleet, Ancells Park	Office	South East	0-10
Bedford, Howard House	Office	Eastern	0-10
Fareham, Orange & Stable Cams Estate	Office	South East	0-10
Truro, 15/16 King Street	Retail	South West	0-10
Chelmsford, 67 High Street	Retail	South East	0-10
Leicester, East Gates	Retail	East Midlands	0-10
Sandbach, Moston Road	Industrial	North West	0-10

Report of the Depositary to the Shareholders

Established in 2013, Langham Hall UK Depositary LLP is an FCA regulated firm that works in conjunction with the Investment Manager and the Company to act as depositary. Consisting exclusively of qualified and trainee accountants and alternative specialists, the entity represents net assets of US$102 billion and we deploy our services to over 100 alternative investment funds across various jurisdictions worldwide. Our role as depositary primarily involves oversight of the control environment of the Company, in line with the requirements of the Alternative Investment Fund Managers Directive (AIFMD).

Our cash monitoring activity provides oversight of all the Company held bank accounts with specific testing of bank transactions triggered by share issues, property income distributions via dividend payments, acquisitions, and third-party financing. We review whether cash transactions are appropriately authorised and timely. The objective of our asset verification process is to perform a review of the legal title of all properties held by the Company, and shareholdings of special purpose vehicles beneath the Company.

We test whether on an ongoing basis the Company is being operated by the Investment Manager in line with the Company's prospectus, and the internal control environment of the Investment Manager. This includes a review of the Company's and its subsidiaries' decision papers and minutes.

We work with the Investment Manager in discharging our duties, holding formal meetings with senior staff on a quarterly basis and submit quarterly reports to the Investment Manager and the Company, which are then presented to the Board of Directors, setting out our work performed and the corresponding findings for the period.

From the period in which our Depositary responsibilities became live on 1 October 2021, to the year ending 31November 2022, our work included the review of four investment property acquisitions, one disposal and two interim dividends. Based on the work performed during this period, we confirm that no issues came to our attention to indicate that controls are not operating appropriately.

Joe Hime

Head of UK
For and on behalf of
Langham Hall UK Depositary LLP, London, UK

Langham Hall UK Depositary LLP is a limited liability partnership registered in England and Wales
(with registered number OC388007).

Glossary

Alternative performance measure ("APM")	please see page 107 for full details of the key APMs used by the Company.
Annualised dividend yield	being the dividend paid during the period annualised and expressed as a percentage of the period end share price.
Articles	means the Company's articles of incorporation, as amended from time to time.
Companies Law	means The Companies (Guernsey) Law, 2008.
Company	is Prime Realtor Real Estate Investment Trust Limited.
Directors	means the directors of the Company as at the date of this document whose names are set out on pages 39 and 40 of this document and "Director" means any one of them.
Disclosure Guidance and Transparency Rules	means the disclosure guidance and transparency rules contained within the FCA's Handbook of Rules and Guidance.
Earnings per share ("EPS")	is the profit after taxation divided by the weighted average number of shares in issue during the period. Diluted and adjusted EPS per share are derived as set out under NAV.
Estimated rental value ("ERV")	Is the Group's external valuers' reasonable opinion as to the open market rent which, on the date of the valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.
EPRA	is the European Public Real Estate Association.
EPRA Net Tangible Assets	is the IFRS equity attributable to shareholders adjusted for items including deferred tax, the fair value of financial instruments and intangible assets.
EPRA Net Disposal Value	is the IFRS equity attributable to shareholders adjusted for items including goodwill as a result of deferred tax and the fair value of interest rate debt
FCA	is the UK Financial Conduct Authority.
Gearing	is the Group's net debt as a percentage of adjusted net assets.
Group	is the Company and its subsidiaries.
GFSC	is the Guernsey Financial Services Commission.
Initial yield	is the annualised net rents generated by the portfolio expressed as a percentage of the portfolio valuation.
Interest cover	is the number of times Group net interest payable is covered by Group net rental income.
Listing Rules	means the listing rules made by the FCA under Part VII of the UK Financial Services and Markets Act 2000, as amended.
Market Abuse Regulation	means regulation (EU) No.596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.
MSCI	(formerly Investment Property Databank or 'IPD') is a Company that produces an independent benchmark of property returns.

Net Asset Value and NAV per share	is shareholders' funds divided by the number of shares in issue at the year end.
NAV total return	is calculated taking into account both capital returns and income returns in the form of dividends paid to shareholders.
Net rental income	is the rental income receivable in the period after payment of ground rents and net property outgoings.
REIT	is a Real Estate Investment Trust.
Reversionary yield	is the anticipated yield which the initial yield will rise to once the rent reaches the estimated rental value.

Resolutions at 2022 Annual General Meeting

THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this section of the document or the action you should take, you are recommended to seek immediately your own personal financial advice from an appropriately qualified independent advisor authorised pursuant to the Financial Services and Markets Act 2000 (as amended).

If you have sold or otherwise transferred all your shares in the Company, please send this document (including the Notice of AGM) and the accompanying documents at once to the purchaser, transferee, or to the stockbroker, bank or other person through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, such documents should not be distributed, forwarded or transmitted in or into the United States, Canada, Australia or Japan or into any other jurisdiction if to do so would constitute a violation of applicable laws and regulations in such other jurisdiction.

The Notice of the Annual General Meeting of Shareholders is set out on pages 136 to 137. The following paragraphs explain the resolutions to be put to the AGM.

Resolutions 1-9

Ordinary Resolutions 1-9 are being proposed to approve the ordinary business of the Company to: (i) consider and approve the consolidated Annual Report of the Company for the year ended 31November 2022; (ii) consider and approve the Directors' remuneration policy and the remuneration report, (iii) elect or re-elect the Directors; and (iv) appoint the Auditors and authorise the Directors to determine the Auditor's remuneration.

Resolution 10: Approval of the Company's dividend policy

The Company's dividend policy is to pay a sustainable level of quarterly dividends to shareholders (in arrears). It is intended that successful execution of the Company's strategy will enable a progressive dividend policy.

The Company's objective and strategy, outlined in the Chairman's Statement and Investment Manager's Report, is to deliver sustainable net income growth in due course through active management of the underlying portfolio. Any future decision to increase the dividend will be determined by factors including whether it is sustainable over the long term, current and anticipated future market conditions, rental values and the potential impact of any future debt refinancing.

As the Company is a REIT, the Board must also ensure that dividends are paid in accordance with the requirements of the UK REIT regime (pursuant to part 12 of the UK Corporation Tax Act 2010) in order to maintain the Company's REIT status. Shareholders should note that the dividend policy is not a profit forecast and dividends will only be paid to the extent permitted in accordance with the Companies Law and the UK REIT regime.

The Board acknowledges that the dividend policy is fundamental to shareholders' income requirements as well as the Company's investment and financial planning. Therefore, in accordance with the principles of good corporate governance and best practice relating to the payment of interim dividends without the approval of a final dividend by a company's shareholders, a resolution to approve the Company's dividend policy will be proposed annually for approval.

Resolution 11: Authority to disapply pre-emption rights (special resolution)

The Directors require specific authority from shareholders before allotting new ordinary shares for cash (or selling shares out of treasury for cash) without first offering them to existing shareholders in proportion to their holdings. Resolution 11 empowers the Directors to allot new ordinary shares for cash or to sell ordinary shares held by the Company in treasury for cash, otherwise than to existing shareholders on a pro rata basis, up to such number of ordinary shares as is equal to 10% of the ordinary shares in issue (including treasury shares) on the date the resolution is passed. No ordinary shares will be issued without pre-emption rights for cash (or sold out of treasury for cash) at a price less than the prevailing net asset value per ordinary share at the time of issue or sale from treasury.

The Directors do not intend to allot or sell ordinary shares other than to take advantage of opportunities in the market as they arise and will only do so if they believe it to be advantageous to the Company's existing shareholders and when it would not result in any dilution of the net asset value per ordinary share (owing to the fact that no ordinary shares will be issued or sold out of treasury for a price less than the prevailing net asset value per ordinary share).

This authority will expire on the earlier of the conclusion of the annual general meeting of the Company to be held in 2023 or on the expiry of 15 months from the passing of this Resolution 11.

Resolution 12: Authority to repurchase shares (special resolution)

The Board recognises that movements in the ordinary share price, premium or discount, are driven by numerous factors, including investment performance, gearing and market sentiment. Accordingly, it focuses its efforts principally on addressing sources of risk and return as the most effective way of producing long-term value for Shareholders.

However, the Directors may consider repurchasing ordinary shares if they believe it to be in Shareholders' interests as a whole and as a means of correcting any imbalance between supply and demand for the ordinary shares. The making and timing of any repurchase of ordinary shares will be at the absolute discretion of the Board, although the Board will have regard to the effects of any such repurchase on long-term shareholders in exercising its discretion. Any repurchase of ordinary shares will be subject to compliance with the Companies Law and within any guidelines established from time to time by the Board.

During the year ended 31November 2022 the Company repurchased 243,787 shares (all were repurchased prior to the date of the prior AGM on 9 September 2021).

Annually the Company passes a resolution granting the Directors general authority to purchase in the market up to 14.99% of the number of shares in issue. The Directors intend to seek a renewal of this authority from the Shareholders at the AGM.

In the event that the Board decides to repurchase ordinary shares, purchases will only be made through the market for cash at prices not exceeding the prevailing NAV of the ordinary shares (as last calculated) where the Directors believe such purchases will enhance shareholder value. Such purchases will also only be made in accordance with the Listing Rules and the Disclosure Guidance and Transparency Rules which provide that the maximum price to be paid for each ordinary share must not be more than the higher of: (i) 5 per cent above the average mid-market value of the ordinary shares for the five business days before the purchase is made; and (ii) an amount equal to the higher of (a) the price of the last independent trade; and (b) the highest current independent bid for an ordinary share on the trading venues where the market purchases by the Company pursuant to the authority conferred by that resolution will be carried out. The Companies Law also provides, among other things, that any such purchase is subject to the Company passing the solvency test contained in the Companies Law at the relevant time. Any ordinary shares purchased under this authority may be cancelled or held in treasury.

This authority will expire at the conclusion of the annual general meeting of the Company to be held in 2023 unless varied, revoked or renewed prior to such date by ordinary resolution of the Company.

The Board considers that the resolutions to be proposed at the AGM are in the best interests of the Company's shareholders as a whole. The Board therefore recommends unanimously to shareholders that they vote in favour of each of the resolutions, as they intend to do in respect of their own beneficial holdings.

Lorraine Baldry, Chairman
6 Feburary 2023

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at 1 London Wall Place, EC2Y 5AU on 21 September 2022 at 12.30 p.m.

Resolution	
	To consider and, if thought fit, pass the following Ordinary Resolutions:
Resolution 1 (Ordinary Resolution)	• To receive, consider and approve the Consolidated Annual Report and Financial Statements of the Company for the year ended 31November 2022.
Resolution 2 (Ordinary Resolution)	• To approve the Directors' Remuneration Policy.
Resolution 3 (Ordinary Resolution)	• To approve the Remuneration Report for the year ended 31November 2022.
Resolution 4 (Ordinary Resolution)	• To elect Priscilla Davies as a Director of the Company.
Resolution 5 (Ordinary Resolution)	• To re-elect Mr Stephen Bligh as a Director of the Company.
Resolution 6 (Ordinary Resolution)	• To re-elect Mr Alastair Hughes as a Director of the Company.
Resolution 7 (Ordinary Resolution)	• To re-elect Mr Graham Basham as a Director of the Company.
Resolution 8 (Ordinary Resolution)	• To appoint Ernst and Young LLP as Auditor of the Company until the conclusion of the next Annual General Meeting.
Resolution 9 (Ordinary Resolution)	• To authorise the Board of Directors to determine the Auditor's remuneration.
Resolution 10 (Ordinary Resolution)	• To receive and approve the Company's Dividend Policy which appears on page 29 of the Annual Report.
	To consider and, if thought fit, pass the following Special Resolutions:
Resolution 11(Special Resolution)	That the Directors of the Company be and are hereby empowered to allot ordinary shares of the Company for cash as if the pre-emption provisions contained under Article 13 of the Articles of Incorporation did not apply to any such allotments and to sell ordinary shares which are held by the Company in treasury for cash on a non-pre-emptive basis provided that this power shall be limited to the allotment and sales of ordinary shares:

a. up to such number of ordinary shares as is equal to 10% of the ordinary shares in issue (including treasury shares) on the date on which this resolution is passed;

b at a price of not less than the net asset value per share as close as practicable to the allotment or sale;

provided that such power shall expire on the earlier of the conclusion of the annual general meeting of the Company to be held in 2023 or on the expiry of 15 months from the passing of this Special Resolution, except that the Company may before such expiry make offers or agreements which would or might require ordinary shares to be allotted or sold after such expiry and notwithstanding such expiry the Directors may allot or sell ordinary shares in pursuance of such offers or agreements as if the power conferred hereby had not expired.

Resolution 12 (Special Resolution)

That the Company be authorised, in accordance with section 315 of The Companies (Guernsey) Law, 2008, as amended (the "Companies Law"), to make market acquisitions (within the meaning of section 316 of the Companies Law) of ordinary shares in the capital of the Company ("Ordinary Shares") either for retention as treasury shares, insofar as permitted by the Companies Law or cancellation, provided that:

a. the maximum number of ordinary shares hereby authorised to be purchased shall be 14.99% of the issued ordinary shares on the date on which this resolution is passed;

b. the minimum price which may be paid for an ordinary share shall be $0.01;

c. the maximum price (exclusive of expenses) which may be paid for an ordinary share shall be an amount equal to the higher of (i) 5% above the average of the mid-market value of the ordinary shares (as derived from the regulated market on which the repurchase is carried out) for the five business days immediately preceding the date of the purchase; and (ii) the higher of (a) the price of the last independent trade; and (b) the highest current independent bid at the time of purchase, in each case on the regulated market where the purchase is carried out;

d. such authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2023 unless such authority is varied, revoked or renewed prior to such date of the general meeting; and

e. the Company may make a contract to purchase ordinary shares under such authority prior to its expiry which will or may be executed wholly or partly after its expiration and the Company may make a purchase of ordinary shares pursuant to any such contract.

Close of Meeting.

By Order of the Board

For and on behalf of
Prime Realtor Investment Management Limited
Company Secretary

6 Feburary 2023

Notes

1. To be passed, an ordinary resolution requires a simple majority of the votes cast by those shareholders voting in person or by proxy at the AGM (excluding any votes which are withheld) to be voted in favour of the resolution.

2. To be passed, a special resolution requires a majority of at least 75% of the votes cast by those shareholders voting in person or by proxy at the AGM (excluding any votes which are withheld) to be voted in favour of the resolution.

3. A member who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote instead of him or her. A proxy need not be a member of the Company. More than one proxy may be appointed provided that each proxy is appointed to exercise the rights attached to different shares held by the member.

4. If returned without an indication as to how the proxy shall vote on any particular matter, the proxy will exercise discretion as to whether, and if so how, to vote.

5. A form of proxy is enclosed for use at the meeting and any adjournment thereof. The form of proxy should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach the Company's Registrars, Computershare Investor Services (Guernsey) Limited, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY at least 48 hours before the time of the AGM (excluding any part of a day that is not a working day).

6. Completing and returning a form of proxy will not prevent a member from attending in person at the meeting and voting should he or she so wish.

7. To have the right to attend and vote at the meeting or any adjournment thereof (and also for the purpose of calculating how many votes a member may cast on a poll) a member must have his or her name entered on the register of members not later than at close of business of 19 September 2022.

8. Pursuant to Article 41 of the Uncertificated Securities (Guernsey) Regulations 2009, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company at close of business on 19 September 2022. Changes to entries in the register of members of the Company after that time shall be disregarded in determining the rights of any member to attend and vote at such meeting.

9. If all the shares have been sold or transferred by the addressee, the Notice of Annual General Meeting and any other relevant documents should be passed to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Corporate Information

Registered Address	***Independent Auditor***
Town Mills	**Ernst & Young LLP**
North Suite 2	PO Box 9
Rue Du Pré	Royal Chambers
St Peter Port	St. Julian's Avenue
Guernsey	St. Peter Port
GY1 1LT	Guernsey GY1 4AF

Directors (all Non-executive)

Lorraine Baldry (Chairman)

Graham Basham

Stephen Bligh

Alastair Hughes

Property Valuer

Knight Frank LLP

55 Baker Street

London

W1U 8AN

Investment Manager and Accounting Agent

Prime Realtor Real Estate Investment Management Limited

1 London Wall Place

London

EC2Y 5AU

Sponsor and Brokers

J.P. Morgan Securities plc

25 Bank Street

Canary Wharf

London E14 5JP

Company Secretary

Prime Realtor Investment Management Limited

1 London Wall Place

London

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Receiving Agent and UK Transfer/Paying Agent

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FATCA GIIN

5BM7YG.99999.SL.831

The Company's privacy notice is available on its webpage.

2022 Financial Information

The figures and financial information for 2022 are extracted from the Annual Report and Consolidated Financial Statements for the year ended 31November 2022 and do not constitute the statutory accounts for the year. The 2022 Annual Report and Consolidated Financial Statements include the Report of the Independent Auditors which is unqualified.

Neither the contents of the Company's webpages nor the contents of any website accessible from hyperlinks on the Company's webpages (or any other website) is incorporated into, or forms part of, this announcement.

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[1] Reconciles to the valuation reports from Knight Frank for the direct portfolio and BNP for the Joint Ventures. Does not include any IFRS adjustments for lease incentives nor the fair value of the leasehold adjustment for The Galaxy, Luton.

[2] Represents the annualised rental income as at 31November 2022 of the portfolio, including rents from joint venture assets.

[3] Represents the ERV of the portfolio as estimated by the valuers, including the share of rents for the joint venture assets.

[4] Source: MSCI Quarterly Version of Balanced Monthly Index Funds including the share of rents for the joint venture assets on a like-for-like basis as at 31November 2022.

[5] This is an Alternative Performance Measure ("APM"). EPRA calculations are included in the EPRA Performance measures section on page 102.

[6] This is an APM. EPRA calculations are included in the EPRA Performance measures section on page 102.

[7] This is an APM. Details are included in the APM section on page 107.

[8] This is an APM. Details are included in the APM section on page 107.

[9] This is an APM. EPRA calculations are included in the EPRA Performance measures section on page 102.

[10] On-balance sheet borrowings reflect the loan facilities with Canada Life and RBS without the deduction of unamortised finance costs of $0.5m.

[11] This is an APM. Details are included in the APM section on page 107.

[12] This is an APM and calculated in accordance with the AIC recommended methodology. Details are included in the APM section on page 107.

[13] This is an APM and calculated in accordance with the AIC methodology. Details are included in the APM section on page 107.

[14] As per third party valuation reports unadjusted for IFRS lease incentive amounts

[15] Winning Cities defined as higher growth locations - Source: Oxford Economics/Prime Realtor .

[16] 'Net Zero Carbon' is when the net carbon emissions emitted as a result of all activities associated with the development, ownership and servicing of a building are zero or negative.

[17] The baseline reported here differs from the 2019 emissions we reported in previous annual reports due to difference in scope and additional estimation required to support Net Zero Carbon pathways. Assets in scope of the baseline analysis represent 26% of the Company's AuM. Note: The Arc, Nottingham, although included in the portfolio level pathway, was subsequently sold in Q1 2022 and so its value is not reflected in AuM figures as at 31November 2022.

[18] As per third party valuation reports unadjusted for IFRS lease incentive amounts.