Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	Notes	12 Months to 31 Dec 22 £	12 Months to 31 Dec 21 £
Rental income		26,697,931	26,485,585
Service charge income	4	4,411,821	4,097,344
Service charge expenditure	4	(5,576,812)	(4,938,920)
Net Rental Income		25,532,940	25,644,009
Administrative and other expenses			
Investment management fees	4	(3,480,963)	(3,301,074)
Other direct property expenses	4	(3,089,960)	(2,564,156)
Impairment gain/(loss) on trade receivables	4	852,062	(406,475)
Other administration expenses	4	(1,134,919)	(1,162,009)
Total Administrative and other expenses		(6,853,780)	(7,433,714)
Operating profit before changes in fair value of investment properties		18,679,160	18,210,295
Valuation (loss)/gain from investment properties	7	(62,257,782)	72,188,550
Valuation loss from land	8	(60,322)	(501,550)
Loss on disposal of investment properties	7	(207,153)	(634,368)
Operating (loss)/profit		(43,846,097)	89,262,928
Finance income	5	27,543	763
Finance costs	5	(3,672,685)	(3,530,870)
Loss on termination of interest rate swaps	14b	(3,562,248)	–
(Loss)/profit for the period before taxation		(51,053,487)	85,732,821
Taxation			
Tax charge		–	–
(Loss)/profit for the period, net of tax		(51,053,487)	85,732,821
Other comprehensive income			
Movement in fair value on existing swap	14a	1,470,570	3,167,218
Movement in fair value on interest rate cap	14c	43,292	–
Total other comprehensive gain		1,513,862	3,167,218
Total comprehensive (loss)/gain for the period, net of tax		(49,539,625)	88,900,039
Earnings per share		2022 (p)	2021 (p)
Basic and diluted (loss)/earnings per share	19	(13.11)	21.54

All items in the above Consolidated Statement of Comprehensive Income derive from continuing operations.
The notes on pages 94 to 121 are an integral part of these Consolidated Financial Statements.

Consolidated Balance Sheet

as at 31 December 2022

Assets	Notes	31 Dec 22 £	31 Dec 21 £
Non-current assets			
Investment properties	7	401,217,536	484,514,085
Lease incentives	7	8,357,036	8,802,294
Land	8	7,500,000	7,500,000
Interest rate cap	14c	2,211,007	–
Rental deposits held on behalf of tenants		751,782	904,189
		420,037,361	501,720,568
Current assets			
Trade and other receivables	10	7,457,083	11,024,100
Cash and Cash equivalents	11	15,871,053	13,818,008
Interest rate swap	14a	1,238,197	–
Interest rate cap	14c	339,462	–
		24,905,795	24,842,108
Total Assets		444,943,156	526,562,676
Liabilities			
Current liabilities			
Trade and other payables	12	10,880,310	13,618,457
Interest rate swap	14a	–	546,526
		10,880,310	14,164,983
Non-current liabilities			
Bank borrowings	13	109,123,937	109,723,399
Interest rate swap	14a	–	21,510
Obligations under finance leases	15	899,572	901,129
Rent deposits due to tenants		751,782	904,189
		110,775,291	111,550,227
Total liabilities		121,655,601	125,715,210
Net assets		323,287,555	400,847,466
Equity			
Capital and reserves attributable to Company's equity holders			
Share capital	17	228,383,857	228,383,857
Treasury share reserve	17	(18,400,876)	(5,991,417)
Retained earnings	18	4,382,024	8,521,081
Capital reserves	18	11,084,178	72,095,573
Other distributable reserves	18	97,838,372	97,838,372
Total equity		323,287,555	400,847,466

Approved and authorised for issue by the Board of Directors on 21 April 2023 and signed on their behalf by James Clifton-Brown.
The accompanying notes on pages 94 to 121 are an integral part of these Consolidated Financial Statements. Company Number: 41352 (Guernsey).

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Notes	Share Capital £	Treasury Shares £	Retained Earnings £	Capital Reserves £	Other Distributable Reserves £	Total Equity £
Opening balance 1 January 2022		228,383,857	(5,991,417)	8,521,081	72,095,573	97,838,372	400,847,466
Loss for the year		–	–	(51,053,487)	–	–	(51,053,487)
Other comprehensive income		–	–	–	1,513,862	–	1,513,862
Total comprehensive income for the period		–	–	(51,053,487)	1,513,862	–	(49,539,625)
Ordinary shares placed into treasury net of issue costs	17	–	(12,409,459)	–	–	–	(12,409,459)
Dividends paid	20	–	–	(15,610,827)	–	–	(15,610,827)
Valuation loss from investment properties	7	–	–	62,257,782	(62,257,782)	–	–
Valuation loss from land	8	–	–	60,322	(60,322)	–	–
Loss on disposal of investment properties	7	–	–	207,153	(207,153)	–	–
Balance at 31 December 2022		228,383,857	(18,400,876)	4,382,024	11,084,178	97,838,372	323,287,555

Consolidated Statement of Changes in Equity for the year ended 31 December 2021

	Notes	Share Capital £	Treasury shares £	Retained Earnings £	Capital Reserves £	Other Distributable Reserves £	Total equity £
Opening balance 1 January 2021		228,383,857	(1,450,787)	7,339,209	(604,214)	97,838,372	331,506,437
Profit for the year		–	–	85,732,820	–	–	85,732,820
Other comprehensive income		–	–	–	3,167,218	–	3,167,218
Total comprehensive income for the period		–	–	85,732,820	3,167,218	–	88,900,038
Ordinary shares placed into treasury net of issue costs	17	–	(4,540,630)	–	–	–	(4,540,630)
Dividends paid	20	–	–	(15,018,379)	–	–	(15,018,379)
Other transfer between reserves	18	–	–	1,520,063	(1,520,063)	–	–
Valuation gain from investment properties	7	–	–	(72,188,550)	72,188,550	–	–
Valuation loss from land	8	–	–	501,550	(501,550)	–	–
Loss on disposal of investment properties	7	–	–	634,368	(634,368)	–	–
Balance at 31 December 2021		228,383,857	(5,991,417)	8,521,081	72,095,573	97,838,372	400,847,466

Consolidated Cash Flow Statement

for the year ended 31 December 2022

Cash flows from operating activities	Notes	12 months to 31 Dec 22 £	12 months to 31 Dec 21 £
Loss/profit for the year before taxation		(51,053,487)	85,732,820
Movement in lease incentives		(841,398)	(2,966,033)
Movement in trade and other receivables		3,719,424	(270,226)
Movement in trade and other payables		(3,237,151)	536,404
Loss on termination of interest rate swaps		3,562,248	–
Finance costs	5	3,672,685	3,530,870
Finance income	5	(27,543)	(763)
Other transfer between reserves		–	1,520,064
Valuation loss/(gain) from investment properties	7	62,257,782	(72,188,550)
Valuation loss from land	8	60,322	501,550
Loss on disposal of investment properties	7	207,153	634,368
Net cash inflow from operating activities		18,320,035	17,030,504
Cash flows from investing activities			
Interest received	5	27,543	763
Purchase of investment properties	7	(5,501,321)	(11,741,501)
Purchase of land	8	(60,322)	(8,001,550)
Capital expenditure on investment properties	7	(13,524,813)	(1,819,229)
Net proceeds from disposal of investment properties	7	41,142,847	31,840,632
Net cash inflow from investing activities		22,083,934	10,279,113
Cash flows from financing activities			
Shares bought back during the year	17	(12,409,459)	(4,540,630)
Drawn-down on RCF	13	17,000,000	–
Repayment of RCF	13	(17,000,000)	–
Bank borrowing arrangement costs	13	(804,297)	–
Interest paid on bank borrowing		(2,959,023)	(1,872,545)
Payments on interest rate swaps		(473,425)	(1,418,916)
Swap breakage costs	14b	(3,562,248)	–
Cap arrangement fees	14c	(2,507,177)	–
Finance lease interest	5	(24,468)	(24,511)
Dividends paid to the Company's shareholders	20	(15,610,827)	(15,018,379)
Net cash outflow from financing activities		(38,350,924)	(22,874,981)
Net increase in cash and cash equivalents		2,053,045	4,434,637
Cash and cash equivalents at beginning of year	11	13,818,008	9,383,371
Cash and cash equivalents at end of year	11	15,871,053	13,818,008

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

1 General Information

abrdn Property Income Trust Limited ("the Company") and its subsidiaries (together "the Group") carries on the business of property investment through a portfolio of freehold and leasehold investment properties located in the United Kingdom. The Company is a limited liability company incorporated in Guernsey, Channel Islands. The Company has its listing on the London Stock Exchange.

The address of the registered office is
PO Box 255,
Trafalgar Court,
Les Banques,
St Peter Port,
Guernsey

These audited Consolidated Financial Statements were approved for issue by the Board of Directors on 21 April 2023.

2 Accounting Policies

2.1 Basis of preparation.

The audited Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and as issued by the International Accounting Standards Board, and all applicable requirements of The Companies (Guernsey) Law, 2008. The audited Consolidated Financial Statements of the Group have been prepared under the historical cost convention as modified by the measurement of investment property, land and derivative financial instruments at fair value. The Consolidated Financial Statements are presented in pounds sterling and all values are not rounded except when otherwise indicated.

The Directors have considered the basis of preparation of the accounts given the significantly heightened geopolitical uncertainty and cost of living crisis and believe that it is still appropriate for the accounts to be prepared on the going concern basis as further described in the Directors Report.

Changes in accounting policy and disclosure.

The following amendments to existing standards and interpretations were effective for the year, but were deemed not applicable to the Group:

- Amendments to IFRS 3 Reference to the Conceptual Framework, Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract, and IAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The IFRS Interpretations Committee issued the following Agenda Decision in October 2022.

- IFRIC: Lessor forgiveness of lease payments (IFRS 9 'Financial Instruments' and IFRS 16 'Leases')

The amendment is effective immediately, the directors of the Group are determining the impact but don't expect it to be material.

Annual improvements to IFRS.

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle includes amendments to four standards for the current year.

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 9 Financial Instruments
- IFRS 16 Leases
- IAS 41 Agriculture

The Directors have considered the amendments noted above and have deemed these not applicable to the Group.

New and revised IFRS Accounting Standards in issue but not yet effective.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

The amendments change the requirements in IAS 1.

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments replace the definition of a change.

2.2 Significant accounting judgements, estimates and assumptions.

The preparation of the Group's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. The most significant estimates and judgements are set out below. There were no critical accounting judgements.

Fair value of investment properties.

Investment properties are stated at fair value as at the Balance Sheet date. Gains or losses arising from changes in fair values are included in the Consolidated Statement of Comprehensive Income in the year in which they arise. The fair value of investment properties is determined by external real estate valuation experts using recognised valuation techniques. The fair values are determined having regard to any recent real estate transactions where available, with similar characteristics and locations to those of the Group's assets.

In most cases however, the determination of the fair value of investment properties requires the use of valuation models which use a number of judgements and assumptions. The only model used was the income capitalisation method. Under the income capitalisation method, a property's fair value is judged based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (discounted by the investor's rate of return).

Under the income capitalisation method, over (above market rent) and under-rent situations are separately capitalised (discounted).

The sensitivity analysis on page 111 (note 7) details the decrease in the valuation of investment properties if equivalent yield increases by 50 basis points or rental rates (ERV) decreases by 5% which the Board believes are reasonable sensitivities to apply given historical movements in valuations.

Fair value of financial instruments.

When the fair value of financial assets and financial liabilities recorded in the Consolidated Balance Sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair value.

The judgements include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility.

Changes in assumptions about these factors could affect the reported fair value of financial instruments. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data.

The valuation of interest rate swaps used in the Balance Sheet is provided by The Royal Bank of Scotland. These values are validated by comparison to internally generated valuations prepared using the fair value principles outlined above.

The sensitivity analysis on page 100 (note 3) details the increase and decrease in the valuation of interest rate swaps if market rate interest rates had been 100 basis points higher and 100 basis points lower.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

Provision for impairment of receivables.

Provision for impairment of receivables are also a key estimation uncertainty. These are measured with reference to amounts included as income at the year end but not yet collected. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Due to the impact of the significantly heightened geopolitical uncertainty and cost of living crisis on collection rates, there remains an elevated assessed credit risk. Each individual rental income debtor is reviewed to assess whether it is believed there is a probability of default and expected credit loss given the knowledge of and intelligence about the individual tenant and an appropriate provision made.

2.3 Summary of significant accounting policies.

A Basis of consolidation.

The audited Consolidated Financial Statements comprise the financial statements of abrdn Property Income Trust Limited and its material wholly owned subsidiary undertakings.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with subsidiaries and has the ability to affect those returns through its power over the subsidiary. Specifically, the Group controls a subsidiary if, and only if, it has:

- Power over the subsidiary (i.e. existing rights that give it the current ability to direct the relevant activities of the subsidiary)
- Exposure, or rights, to variable returns from its involvement with the subsidiary
- The ability to use its power over the subsidiary to affect its returns

The Group assesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

B Functional and presentation currency.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Consolidated Financial Statements are presented in pound sterling, which is also the Company's functional currency.

C Revenue Recognition.

Revenue is recognised as follows;

i) Bank interest.

Bank interest income is recognised on an accruals basis.

ii) Rental income.

Rental income from operating leases is net of sales taxes and value added tax ("VAT") recognised on a straight line basis over the lease term including lease agreements with stepped rent increases. The initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. The cost of any lease incentives provided are recognised over the lease term, on a straight line basis as a reduction of rental income. The resulting asset is reflected as a receivable in the Consolidated Balance Sheet.

Contingent rents, being those payments that are not fixed at the inception of the lease, for example increases arising on rent reviews, are recorded as income in periods when they are earned. Rent reviews which remain outstanding at the year end are recognised as income, based on estimates, when it is reasonable to assume that they will be received.

iii) Other income.

The Group is classified as the principal in its contract with the managing agent. Service charges billed to tenants by the managing agent are therefore recognised gross.

iv) Property disposals.

Where revenue is obtained by the sale of properties, it is recognised once the sale transaction has been completed, regardless of when contracts have been exchanged.

D Expenditure.

All expenses are accounted for on an accruals basis. The investment management and administration fees, finance and all other revenue expenses are charged through the Consolidated Statement of Comprehensive Income as and when incurred. The Group also incurs capital expenditure which can result in movements in the capital value of the investment properties.

E Taxation.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in other comprehensive income or in equity is recognised in other comprehensive income and in equity respectively, and not in the income statement. Positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation, if any, are reviewed periodically and provisions are established where appropriate.

The Group recognises liabilities for current taxes based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in the period in which the determination is made.

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an asset the Directors consider that the Group will recover the value of investment property through sale. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

F Investment property.

Investment properties comprise completed property and property under construction or re-development that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met.

Investment properties are measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are stated at fair value. Fair value is based upon the market valuation of the properties as provided by the external valuers as described in note 2.2. Gains or losses arising from changes in the fair values are included in the Consolidated Statement of Comprehensive Income in the year in which they arise. For the purposes of these financial statements, in order to avoid double counting, the assessed fair value is:

i) Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments.

ii) Increased by the carrying amount of any liability to the superior leaseholder or freeholder (for properties held by the Group under operating leases) that has been recognised in the Balance Sheet as a finance lease obligation.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

Acquisitions of investment properties are considered to have taken place on exchange of contracts unless there are significant conditions attached. For conditional exchanges acquisitions are recognised when these conditions are satisfied. Investment properties are derecognised when they have been disposed of and no future economic benefit is expected from their disposal. Any gains or losses on the disposal of investment properties are recognised in the Consolidated Statement of Comprehensive Income in the year of retirement or disposal.

Gains or losses on the disposal of investment properties are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period financial statements.

G Investment properties held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value (except for investment property measured using fair value model).

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

H Land.

The Group's land is capable of woodland creation and peatland restoration projects which would materially assist the Group's transition to Net-Zero.

Land is initially measured at cost including transaction costs. Transaction costs include transfer taxes and professional fees for legal services. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Land is not depreciated but instead, subsequent to initial recognition, recognised at fair value based upon periodic valuations provided by the external valuers. Gains or losses arising from changes in the fair values are included in the Consolidated Statement of Comprehensive Income in the year in which they arise.

I Trade and other receivables.

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account, and the amount of the expected credit loss is recognised in the Consolidated Statement of Comprehensive Income.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the Consolidated Statement of Comprehensive Income.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

A provision for impairment of trade receivables is established where the Property Manager has indicated concerns over the recoverability of arrears based upon their individual assessment of all outstanding balances which incorporates forward looking information. Given this detailed approach, a collective assessment methodology applying a provision matrix to determine expected credit losses is not used.

The amount of the provision is recognised in the Consolidated Balance Sheet and any changes in provision recognised in the Statement of Comprehensive Income.

J Cash and cash equivalents.

Cash and cash equivalents are defined as cash in hand, demand deposits, and other short-term highly liquid investments readily convertible within three months or less to known amounts of cash and subject to insignificant risk of changes in value.

K Borrowings and interest expense.

All loans and borrowings are initially recognised at the fair value of the consideration received, less issue costs where applicable. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on settlement. Borrowing costs are recognised within finance costs in the Consolidated Statement of Comprehensive Income as incurred.

L Accounting for derivative financial instruments and hedging activities.

Interest rate hedges are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging transactions. The Group also documents its assessment both at hedge inception and on an ongoing basis of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income in the Consolidated Statement of Comprehensive Income. The gains or losses relating to the ineffective portion are recognised in operating profit in the Consolidated Statement of Comprehensive Income.

Amounts taken to equity are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expenses are recognised.

When a derivative is held as an economic hedge for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current consistent with the classification of the underlying item. A derivative instrument that is a designated and effective hedging instrument is classified consistent with the classification of the underlying hedged item.

M Service charge.

IFRS15 requires the Group to determine whether it is a principal or an agent when goods or services are transferred to a customer. An entity is a principal if the entity controls the promised good or service before the entity transfers the goods or services to a customer. An entity is an agent if the entity's performance obligation is to arrange for the provision of goods and services by another party.

Any leases entered into between the Group and a tenant require the Group to provide ancillary services to the tenant such as maintenance works etc, therefore these service charge obligations belong to the Group. However, to meet this obligation the Group appoints a managing agent, Jones Lang Lasalle Inc "JLL" and directs it to fulfil the obligation on its behalf. The contract between the Group and the managing agent creates both a right to services and the ability to direct those services.

This is a clear indication that the Group operates as a principal and the managing agent operates as an agent. Therefore it is necessary to recognise the gross service charge revenue and expenditure billed to tenants as opposed to recognising the net amount.

N Other financial liabilities.

Trade and other payables are recognised and carried at invoiced value as they are considered to have payment terms of 30 days or less and are not interest bearing. The balance of trade and other payables are considered to meet the definition of an accrual and have been expensed through the Income Statement or Balance Sheet depending on classification. VAT payable at the Balance Sheet date will be settled within 31 days of the Balance Sheet date with His Majesty's Revenue and Customs ("HMRC") and deferred rental income is rent that has been billed to tenants but relates to the period after the Balance Sheet date. Rent deposits recognised in note 12 as current are those that are due within one year as a result of upcoming tenant expiries.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

3 Financial Risk Management

The Group's principal financial liabilities are loans and borrowings. The main purpose of the Group's loans and borrowings is to finance the acquisition and development of the Group's property portfolio. The Group has rent and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

The Group is exposed to market risk (including interest rate risk and real estate risk), credit risk, liquidity risk and capital risk. The Group is not exposed to currency risk or price risk. The Group is engaged in a single segment of business, being property investment in one geographical area, the United Kingdom. Therefore the Group only engages in one form of currency being pound sterling.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk.

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the Group that are affected by market risk are principally the interest rate swap and the new interest rate cap due to commence 27 April 2023.

i) Interest Rate risk.

As described on page 101 the Group invests cash balances with RBS, Citibank and Barclays. These balances expose the Group to cash flow interest rate risk as the Group's income and operating cash flows will be affected by movements in the market rate of interest. There is considered to be no fair value interest rate risk in regard to these balances.

The bank borrowings as described in note 13 also expose the Group to cash flow interest rate risk. The Group's policy has historically been to manage its cash flow interest rate risk using interest rate swaps, in which the Group agreed to exchange the difference between fixed and floating interest amounts based on a notional principal amount (see note 14). The Group has floating rate borrowings of £110,000,000. The full £110,000,000 of these borrowings has been fixed via an interest rate swap.

The fair value of the interest rate swap is exposed to changes in the market interest rate as their fair value is calculated as the present value of the estimated future cash flows under the agreements. The accounting policy for recognising the fair value movements in the interest rate swaps is described in note 2.3 L.

The Group has completed an extension of its debt facilities that were due to expire in April 2023 with new floating rate borrowings of £85,000,000 commencing on the same day as the existing facility ends. As discussed further in note 14, the Group initially sought to manage its cash flow interest rate risk using an interest rate swap. Due to subsequent changes in the interest rate environment, the Group took the decision to break the swap and replace this with an interest rate cap limiting the floating rate exposure (SONIA) to 3.959%.

Trade and other receivables and trade and other payables are interest free and have settlement dates within one year and therefore are not considered to present a fair value interest rate risk.

At 31 December 2022, if market rate interest rates had been 100 basis points higher, which is deemed appropriate given historical movements in interest rates, with all other variables held constant, the profit for the year would have been £158,711 higher (2021: £138,180 higher) as a result of the higher interest income on cash and cash equivalents. Other Comprehensive Income and the Capital Reserve would have been £1,753,510 higher (2021: £1,657,653 higher) as a result of an increase in the fair value of the derivative designated as a cash flow hedge of floating rate borrowings.

At 31 December 2022, if market rate interest rates had been 100 basis points lower with all other variables held constant, the profit for the year would have been £158,711 lower (2021: £138,180 lower) as a result of the lower interest income on cash and cash equivalents. Other Comprehensive Income and the Capital Reserve would have been £1,404,933 lower (2021: £1,657,731 lower) as a result of a decrease in the fair value of the derivative designated as a cash flow hedge of floating rate borrowings.

The tables opposite set out the carrying amount of the Group's financial instruments excluding the amortisation of borrowing costs as outlined in note 13 Bank borrowings have been fixed up to 27 April 2023 due to an interest rate swap and as detailed further in note 14:

At 31 December 2022	Fixed Rate £	Variable Rate £	Interest Rate £
Cash and cash equivalents	–	15,871,053	0.000%
Bank borrowings	110,000,000	–	2.725%

At 31 December 2021	Fixed Rate £	Variable Rate £	Interest Rate £
Cash and cash equivalents	–	13,818,008	0.000%
Bank borrowings	110,000,000	–	2.725%

ii) Real estate risk.

The Group has identified the following risk associated with the real estate portfolio. The risks following, in particular b and c and also credit risk have remained high given the ongoing cost of living crisis and the resultant effect on tenants' ability to pay rent:

a) The cost of any development schemes may increase if there are delays in the planning process given the inflationary environment. The Group uses advisers who are experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process.

b) Tenants may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property (see also credit risk below). To reduce this risk, the Group reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees.

c) The exposure of the fair values of the portfolio to market and occupier fundamentals. The Group aims to manage such risks by taking an active approach to asset management (working with tenants to extend leases and minimise voids), capturing profit (selling when the property has delivered a return to the Group that the Group believes has been maximised and the proceeds can be reinvested into more attractive opportunities) and identifying new investments (generally at yields that are accretive to the revenue account and where the Group believes there will be greater investment demand in the medium term).

Credit risk.

Credit risk is the risk that a counterparty will be unable 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 related costs. The Investment Manager regularly reviews reports produced by Dun and Bradstreet and other sources, including the MSCI IRIS report, to be able to assess the credit worthiness of the Group's tenants and aims to ensure that there are no excessive concentrations of credit risk and that the impact of default by a tenant is minimised. In addition to this, the terms of the Group's bank borrowings require that the largest tenant accounts for less than 20% of the Group's total rental income, that the five largest tenants account for less than 50% of the Group's total rental income and that the ten largest tenants account for less than 75% of the Group's total rental income. The maximum credit risk from the tenant arrears of the Group at the financial year end was £4,713,145 (2021: £5,418,733) as detailed in note 10 on page 113. The Investment Manager also has a detailed process to identify the expected credit loss from tenants who are behind with rental payments.

This involves a review of every tenant who owes money with the Investment Manager using their own knowledge and communications with the tenant to assess whether a provision should be made. This resulted in the provision for bad debts decreasing to £2,137,972 at the year end (2021: £2,990,034).

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty bank with a maximum exposure equal to the carrying value of these instruments. As at 31 December 2022 £6,481,061 (2021: £1,392,240) was placed on deposit with The Royal Bank of Scotland plc ("RBS"), £786,166 (2021: £1,145,830) was held with Citibank and £8,603,826 (2021: £11,279,938) was held with Barclays.

The credit risk associated with the cash deposits placed with RBS is mitigated by virtue of the Group having a right to off-set the balance deposited against the amount borrowed from RBS should RBS be unable to return the deposits for any reason. Citibank is rated A-2 Stable by Standard & Poor's and P-2 Stable by Moody's. RBS is rated A-1 Stable by Standard & Poor's and P-1 Stable by Moody's. Barclays Bank UK is rated A-1 Positive by Standard & Poor's and P-1 Stable by Moody's.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

Liquidity risk.

Liquidity risk is the risk that the Group will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. The investment properties in which the Group invests are not traded in an organised public market and may be illiquid.

As a result, the Group may not be able to liquidate its investments in these properties quickly at an amount close to their fair value in order to meet its liquidity requirements.

The following table summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

The disclosed amounts for interest-bearing loans and interest rate swaps in the below table are the estimated net undiscounted cash flows. As disclosed further in note 14, on 12 October 2022 the Group announced that it had completed an extension of its debt facilities and the disclosure below reflects the repayment of the existing facility on 27 April 2023, offset against the new facility being granted.

The Group's liquidity position is regularly monitored by management and is reviewed quarterly by the Board of Directors.

Capital risk.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, increase or decrease borrowings or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by gross assets and has a limit of 65% set by the Articles of Association of the Company. Gross assets are calculated as non-current and current assets, as shown in the Consolidated Balance Sheet.

The gearing ratios at 31 December 2022 and at 31 December 2021 were as follows:

Financial Liabilities

Year ended 31 December 2022	On demand £	12 months £	1 to 5 years £	> 5 years £	Total £
Interest-bearing loans	–	29,462,608	94,425,183	–	123,887,791
Trade and other payables	5,284,559	26,068	104,271	2,580,717	7,995,615
Rental deposits due to tenants	–	257,899	508,736	243,046	1,009,681
	5,284,559	29,746,575	95,038,190	2,823,763	132,893,087

Year ended 31 December 2021	On demand £	12 months £	1 to 5 years £	> 5 years £	Total £
Interest-bearing loans	–	1,744,875	110,436,219	–	112,181,094
Interest rate swaps (payable)	–	1,252,625	313,156	–	1,565,781
Trade and other payables	8,187,362	26,068	104,271	2,606,785	10,924,486
Rental deposits due to tenants	–	65,720	550,084	354,105	969,909
	8,187,362	3,089,288	111,403,730	2,960,890	125,641,270

	2022 £	2021 £
Total borrowings (excluding unamortised arrangement fees)	110,000,000	110,000,000
Gross assets	444,943,156	526,562,676
Gearing ratio (must not exceed 65%)	24.72%	20.89%

The Group also monitors the Loan-to-value ratio which is calculated as gross borrowings less cash divided by portfolio valuation. As at 31 December 2022 this was 22.6% (2021: 19.2%).

Fair values.

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements at amortised cost.

	Carrying Amount		Fair Value	
Financial Assets	2022 £	2021 £	2022 £	2021 £
Cash and cash equivalents	15,871,053	13,818,008	15,871,053	13,818,008
Trade and other receivables	7,457,083	11,024,100	7,457,083	11,024,100
Financial Liabilities				
Bank borrowings	109,123,937	109,723,399	109,580,566	110,119,830
Trade and other payables	6,564,852	8,359,405	6,564,852	8,359,405

The fair value of trade receivables and payables are materially equivalent to their amortised cost.

The fair value of the financial assets and liabilities are included at an estimate of the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair value:

- Cash and cash equivalents, trade and other receivables and trade and other payables are the same as fair value due to the short-term maturities of these instruments.
- The fair value of bank borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities. The fair value approximates their carrying values gross of unamortised transaction costs. This is considered as being valued at level 2 of the fair value hierarchy and has not changed level since 31 December 2021.
- The fair value of the interest rate swap contract is estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument. This is considered as being valued at level 2 of the fair value hierarchy and has not changed level since 31 December 2021. The definition of the valuation techniques are explained in the significant accounting judgements, estimates and assumptions on pages 95 to 96.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

The table below shows an analysis of the fair values of financial assets and liabilities recognised in the Balance Sheet by the level of the fair value hierarchy:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Please see note 7 for details on the valuation of Investment properties.

Year ended 31 December 2022	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	–	7,457,083	–	7,457,083
Cash and cash equivalents	15,871,053	–	–	15,871,053
Interest rate swap	–	1,238,197	–	1,238,197
Interest rate cap	–	2,550,469	–	2,550,469
Rental deposits held on behalf of tenants	751,782	–	–	751,782
Right of use asset	–	899,572	–	899,572
	16,622,835	12,145,321	–	28,768,156
Financial liabilities				
Trade and other payables	–	6,564,852	–	6,564,852
Bank borrowings	–	109,580,566	–	109,580,566
Obligations under finance leases	–	899,572	–	899,572
Rental deposits due to tenants	751,782	–	–	751,782
	751,782	117,044,990	–	117,796,772

Year ended 31 December 2021	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	–	11,024,100	–	11,024,100
Cash and cash equivalents	13,818,008	–	–	13,818,008
Rental deposits held on behalf of tenants	904,189	–	–	904,189
Right of use asset	–	901,129	–	901,129
	14,722,197	11,925,229	–	26,647,426
Financial liabilities				
Trade and other payables	–	6,554,087	–	6,554,087
Interest rate swap	–	568,036	–	568,036
Bank borrowings	–	110,119,830		110,119,830
Obligations under finance leases	–	901,129	–	901,129
Rental deposits due to tenants	904,189	–	–	904,189
	904,189	118,143,082	–	119,047,271

4 Administrative and Other Expenses

Investment management fees.

On 19 December 2003 Standard Life Investments (Corporate Funds) Limited ("the Investment Manager") was appointed as Investment Manager to manage the property assets of the Group. A new Investment Management Agreement ("IMA") was entered into on 7 July 2014, appointing the Investment Manager as the AIFM ("Alternative Investment Fund Manager"). On 10 December 2018, the Investment Manager's contract was novated on the same commercial terms to Aberdeen Standard Fund Managers Limited (subsequently renamed abrdn Fund Managers Limited in August 2022).

From 1 July 2019, under the terms of the IMA the Investment Manager is entitled to investment management fees 0.70% of total assets up to £500 million; and 0.60% of total assets in excess of £500 million. The total fees charged for the year amounted to £3,480,963 (2021: £3,301,074).

The amount due and payable at the year end amounted to £742,952 excluding VAT (2021: £893,048 excluding VAT). In addition the Company paid the Investment Manager a sum of £184,750 excluding VAT (2021: £160,250 excluding VAT) to participate in the Managers marketing programme and Investment Trust share plan.

The Group has agreed a 10bps reduction in the fee payable to the Investment Manager, effective from 1 January 2023. The fee will reduce to 0.60% of total assets up to £500m, and 0.50% of total assets in excess of £500 million.

	Notes	2022 £	2021 £
Investment management fees		3,480,963	3,301,074
Other direct property expenses			
Vacant Costs (excluding void service charge)*		600,561	987,406
Repairs and maintenance		1,740,937	763,579
Letting fees		431,534	408,984
Amounts written off in the period	10	79,115	150,313
Other costs		237,813	253,874
Total Other direct property expenses		3,089,960	2,564,156
Impairment (gain)/loss on trade receivables		(852,062)	406,475
Other administration expenses			
Directors' fees and subsistence	22	247,603	221,742
Valuers fees		94,256	77,457
Auditor's fees		131,280	111,540
Marketing		226,782	197,714
Other administration costs		434,998	553,556
Total Other administration expenses		1,134,919	1,162,009
Total Administrative and other expenses		6,853,780	7,433,714

* Void Service charge costs for the year amounted to £1,164,991 (2021: £841,576). These have been reclassified as Service charge expenditure in the current year.

	2022 £	2021 £
Total service charge billed to tenants	4,492,780	3,984,327
Service charge due (to)/from tenants	(80,959)	113,017
Service charge income	4,411,821	4,097,344
Total service charge expenditure incurred	4,411,821	4,097,344
Service charge billed to the Group in respect of void units	1,164,991	841,576
Service charge expenditure	5,576,812	4,938,920

Administration, secretarial and registrar fees.

On 19 December 2003 Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust") was appointed administrator, secretary and registrar to the Group. Northern Trust is entitled to an annual fee, payable quarterly in arrears, of £65,000. Northern Trust is also entitled to reimbursement of reasonable out of pocket expenses. Total fees and expenses charged for the year amounted to £65,000 (2021: £65,000). The amount due and payable at the year end amounted to £32,500 (2021: £16,250).

Valuer's fee.

Knight Frank LLP ("the Valuers"), external international real estate consultants, was appointed as valuers in respect of the assets comprising the property portfolio. The total valuation fees charged for the year amounted to £94,256 (2021: £77,457). The total valuation fee comprises a base fee for the ongoing quarterly valuation, and a one off fee on acquisition of an asset. The amount due and payable at the year end amounted to £17,687 excluding VAT (2020: £21,246 excluding VAT).

The annual fee is equal to 0.017 percent of the aggregate value of property portfolio paid quarterly.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

Auditor's fee.

At the year end date Deloitte LLP continued as independent auditor of the Group. The audit fees for the year amounted to £131,280 (2021: £111,540) and relate to audit services provided for the 2022 financial year. Deloitte LLP did not provide any non-audit services in the year (2021: nil).

5 Finance Income and Costs

Of the finance costs shown on the right, £1,010,547 of the interest expense on bank borrowings (offset against a net receivable £343,033 of payments on interest rate swaps) were accruals at 31 December 2022 and included in Trade and other payables.

	2022 £	2021 £
Interest income on cash and cash equivalents	27,543	763
Finance income	27,543	763
Interest expense on bank borrowings	3,251,500	1,613,050
Non-utilisation charges on facilities	308,582	329,186
(Receipts)/payments on interest rate swap	(116,700)	1,383,547
Amortisation of arrangement costs (see note 13)	204,835	180,576
Finance lease interest	24,468	24,511
Finance costs	3,672,685	3,530,870

6 Taxation

UK REIT Status.

The Group migrated tax residence to the UK and elected to be treated as a UK REIT with effect from 1 January 2015. As a UK REIT, the income profits of the Group's UK property rental business are exempt from corporation tax as are any gains it makes from the disposal of its properties, provided they are not held for trading or sold within three years of completion of development. The Group is otherwise subject to UK corporation tax at the prevailing rate.

As the principal company of the REIT, the Company is required to distribute at least 90% of the income profits of the Group's UK property rental business. There are a number of other conditions that also require to be met by the Company and the Group to maintain REIT tax status. These conditions were met in the period and the Board intends to conduct the Group's affairs such that these conditions continue to be met for the foreseeable future.

Accordingly, deferred tax is not recognised on temporary differences relating to the property rental business.

The Company and its Guernsey subsidiary have obtained exempt company status in Guernsey so that they are exempt from Guernsey taxation on income arising outside Guernsey and bank interest receivable in Guernsey.

A reconciliation between the tax charge and the product of accounting profit multiplied by the applicable tax rate for the year ended 31 December 2022 and 2021 is as follows:

	2022 £	2021 £
Profit/(loss) before tax	(51,053,487)	85,732,820
Tax calculated at UK statutory corporation tax rate of 19% (2021: 19%)	(9,700,163)	16,289,236
UK REIT exemption on net income	(2,179,636)	(2,789,236)
Valuation loss in respect of investment properties not subject to tax	11,889,779	(13,500,000)
Current income tax charge	–	–

7 Investment Properties

	UK Industrial 2022 £	UK Office 2022 £	UK Retail 2022 £	UK Other 2022 £	Total 2022 £
Market value at 1 January	273,565,250	126,275,000	56,525,000	36,050,000	492,415,250
Purchase of investment properties	91,859	–	–	5,409,462	5,501,321
Capital expenditure on investment properties	9,375,227	4,117,846	31,740	–	13,524,813
Opening market value of disposed investment properties	(20,450,000)	(20,900,000)	–	–	(41,350,000)
Valuation loss from investment properties	(35,924,164)	(20,993,533)	(3,087,334)	(2,252,751)	(62,257,782)
Movement in lease incentives receivable	866,828	(49,313)	80,594	(56,711)	841,398
Market value at 31 December	227,525,000	88,450,000	53,550,000	39,150,000	408,675,000
Investment property recognised as held for sale	–	–	–	–	–
Market value net of held for sale at 31 December	227,525,000	88,450,000	53,550,000	39,150,000	408,675,000
Right of use asset recognised on leasehold properties	–	899,572	–	–	899,572
Adjustment for lease incentives	(4,871,218)	(1,986,578)	(888,782)	(610,458)	(8,357,036)
Carrying value at 31 December	222,653,782	87,362,994	52,661,218	38,539,542	401,217,536

The valuations were performed by Knight Frank LLP, accredited external valuers with recognised and relevant professional qualifications and recent experience of the location and category of the investment properties being valued. The valuation model in accordance with Royal Institute of Chartered Surveyors ('RICS') requirements on disclosure for Regulated Purpose Valuations has been applied (RICS Valuation – Professional Standards January 2014 published by the Royal Institution of Chartered Surveyors). These valuation models are consistent with the principles in IFRS 13.

	UK Industrial 2021 £	UK Office 2021 £	UK Retail 2021 £	UK Other 2021 £	Total 2021 £
Market value at 1 January	211,200,000	142,695,000	51,150,000	32,650,000	437,695,000
Purchase of investment properties	11,690,631	–	50,870	–	11,741,501
Capital expenditure on investment properties	125,634	1,712,322	(35,227)	16,500	1,819,229
Opening market value of disposed investment properties	(9,400,000)	(20,425,000)	(2,650,000)	–	(32,475,000)
Valuation loss from investment properties	58,043,007	1,580,786	7,762,099	3,282,595	70,668,487
Movement in lease incentives receivable	1,905,978	711,892	247,258	100,905	2,966,033
Market value at 31 December	273,565,250	126,275,000	56,525,000	36,050,000	492,415,250
Investment property recognised as held for sale	–	–	–	–	–
Market value net of held for sale at 31 December	273,565,250	126,275,000	56,525,000	36,050,000	492,415,250
Right of use asset recognised on leasehold properties	–	901,129	–	–	901,129
Adjustment for lease incentives	(4,405,288)	(2,921,649)	(808,188)	(667,169)	(8,802,294)
Carrying value at 31 December	269,159,962	124,254,480	55,716,812	35,382,831	484,514,085

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

The market value provided by Knight Frank at the year end was £408,675,000 (2021: £492,415,250) however an adjustment has been made for lease incentives of £8,357,036 (2021: £8,802,294) that are already accounted for as an asset. In addition, as required under IFRS 16, a right of use asset of £899,572 has been recognised in respect of the present value of future ground rents. As required under IFRS 16 an amount of £899,572 has also been recognised as an obligation under finance leases in the balance sheet.

Valuation gains and losses from investment properties are recognised in the Consolidated Statement of Comprehensive Income for the period and are attributable to changes in unrealised gains or losses relating to investment properties held at the end of the reporting period.

In the Consolidated Cash Flow Statement, proceeds from disposal of investment properties comprise:

	2022 £	2021 £
Opening market value of disposed investment properties	41,350,000	32,475,000
Loss on disposal of investment properties	(207,153)	(634,368)
Net proceeds from disposal of investment properties	41,142,847	31,840,632

Valuation methodology.

The fair values of completed investment properties are determined using the income capitalisation method.

The income capitalisation method is based on capitalising the net income stream at an appropriate yield. In establishing the net income stream the valuers have reflected the current rent (the gross rent) payable to lease expiry, at which point the valuer has assumed that each unit will be re-let at their opinion of ERV. The valuers have made allowances for voids where appropriate, as well as deducting non recoverable costs where applicable.

The appropriate yield is selected on the basis of the location of the building, its quality, tenant credit quality and lease terms amongst other factors.

No properties have changed valuation technique during the year. At the Balance Sheet date the income capitalisation method is appropriate for valuing all investment properties.

The Investment Manager meets with the valuers on a quarterly basis to ensure the valuers are aware of all relevant information for the valuation and any change in the investment over the quarter. The Investment Manager then reviews and discusses the draft valuations with the valuers to ensure correct factual assumptions are made.

The management group that determines the Company's valuation policies and procedures for property valuations is the Property Valuation Committee as detailed on page 69. The Committee reviews the quarterly property valuation reports produced by the valuers before they are submitted to the Board, focusing in particular on:

- Significant adjustments from the previous property valuation report;
- Reviewing the individual valuations of each property;
- Compliance with applicable standards and guidelines including those issued by RICS and the UKLA Listing Rules;
- Reviewing the findings and any recommendations or statements made by the valuer;
- Considering any further matters relating to the valuation of the properties.

The Chair of the Committee makes a brief report of the findings and recommendations of the Committee to the Board after each Committee meeting. The minutes of the Committee meetings are circulated to the Board.

The Chair submits an annual report to the Board summarising the Committee's activities during the year and the related significant results and findings.

The table below outlines the valuation techniques and inputs used to derive Level 3 fair values for each class of investment properties. The table includes:

- The fair value measurements at the end of the reporting period.
- The level of the fair value hierarchy (e.g. Level 3) within which the fair value measurements are categorised in their entirety.
- A description of the valuation techniques applied.
- Fair value measurements, quantitative information about the significant unobservable inputs used in the fair value measurement.
- The inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building.

As noted above, all investment properties listed in the table below are categorised Level 3 and are all valued using the Income Capitalisation method.

Country & Class 2022	UK Industrial Level 3	UK Office Level 3	UK Retail Level 3	UK Other Level 3	Total
Fair Value 2022 £	227,525,000	88,450,000	53,550,000	39,150,000	408,675,000
Key Unobservable Input 2022	· Initial Yield · Reversionary Yield · Equivalent Yield · Estimated rental value per sq ft	· Initial Yield · Reversionary Yield · Equivalent Yield · Estimated rental value per sq ft	· Initial Yield · Reversionary Yield · Equivalent Yield · Estimated rental value per sq ft	· Initial Yield · Reversionary Yield · Equivalent Yield · Estimated rental value per sq ft	
Range (weighted average) 2022	0.00% to 8.78% (5.20%) 5.00% to 8.68% (6.35%) 5.00% to 8.23% (6.26%) £4.50 to £9.00 (£6.38)	5.10% to 7.90% (6.11%) 6.25% to 10.45% (8.76%) 6.15% to 9.25% (8.02%) £17.01 to £45.47 (£26.78)	4.39% to 8.33% (6.75%) 5.49% to 7.99% (6.16%) 5.76% to 9.67% (6.79%) £8.74 to £30.61 (£15.37)	5.01% to 9.13% (5.98%) 4.79% to 9.40% (5.85%) 5.01% to 9.07% (5.87%) £6.00 to £20.00 (£14.71)	

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

Country & Class 2021	UK Industrial Level 3	UK Office Level 3	UK Retail Level 3	UK Other Level 3	Total
Fair Value 2021 £	273,565,250	126,275,000	56,525,000	36,050,000	492,415,250
Key Unobservable Input 2021	· Initial Yield · Reversionary Yield · Equivalent Yield · Estimated rental value per sq ft	· Initial Yield · Reversionary Yield · Equivalent Yield · Estimated rental value per sq ft	· Initial Yield · Reversionary Yield · Equivalent Yield · Estimated rental value per sq ft	· Initial Yield · Reversionary Yield · Equivalent Yield · Estimated rental value per sq ft	
Range (weighted average) 2021	0.00% to 7.49% (4.48%) 0.00% to 7.72% (5.11%) 0.00% to 7.00% (5.07%) £4.00 to £9.50 (£6.19)	2.71% to 6.28% (4.77%) 5.25% to 9.23% (7.28%) 5.16% to 8.17% (6.84%) £17.00 to £46.09 (£26.19)	4.56% to 8.43% (6.18%) 5.25% to 7.48% (5.83%) 5.52% to 8.12% (6.40%) £8.74 to £29.32 (£15.31)	4.57% to 8.10% (5.40%) 4.39% to 7.90% (5.22%) 4.62% to 7.90% (5.35%) £9.24 to £18.68 (£15.09)	

Descriptions and definitions.

The table above includes the following descriptions and definitions relating to valuation techniques and key observable inputs made in determining the fair values.

Estimated rental value (ERV).

The rent at which space could be let in the market conditions prevailing at the date of valuation.

Equivalent yield.

The equivalent yield is defined as the internal rate of return of the cash flow from the property, assuming a rise or fall to ERV at the next review or lease termination, but with no further rental change.

Initial yield.

Initial yield is the annualised rents of a property expressed as a percentage of the property value.

Reversionary yield.

Reversionary yield is the anticipated yield to which the initial yield will rise (or fall) once the rent reaches the ERV.

The table below shows the overall ERV per annum, area per square foot, average ERV per square foot, initial yield and reversionary yield as at the Balance Sheet date.

	2022	2021
ERV p.a.	£31,048,945	£31,542,350
Area sq ft	3,416,291	3,517,993
Average ERV per sq ft	£9.09	£8.97
Initial Yield	5.7%	4.8%
Reversionary Yield	7.1%	5.8%

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of completed investment property. The Board believes these are reasonable sensitivities given historic movements in valuations.

	2022 £	2021 £
Increase in equivalent yield of 50 bps	(31,086,535)	(41,659,430)
Decrease of 5% in ERV	(15,879,151)	(19,561,811)

Below is a list of how the interrelationships in the sensitivity analysis above can be explained. In both cases outlined in the sensitivity table the estimated fair value would increase (decrease) if:

- The ERV is higher (lower)
- Void periods were shorter (longer)
- The occupancy rate was higher (lower)
- Rent free periods were shorter (longer)
- The capitalisation rates were lower (higher)

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

8 Land

Valuation methodology.

The Land is held at fair value.

The Group appoints suitable valuers (such appointment is reviewed on a periodic basis) to undertake a valuation of the land on a quarterly basis.
The valuation is undertaken in accordance with the then current RICS guidelines by Knight Frank LLP whose credentials are set out in note 7.

Reconciliation of carrying amount	2022	2021
Cost		
Balance at the beginning of the year	8,001,550	–
Additions	60,322	8,001,550
Balance at the end of the year	8,061,872	8,001,550
Accumulated depreciation and amortisation		
Balance at the beginning of the year	(501,550)	–
Valuation losses from land	(60,322)	(501,550)
Balance at the end of the year	(561,872)	(501,550)
Carrying amount as at 31 December	7,500,000	7,500,000

9 Investments In Subsidiary Undertakings

The Company owns 100 per cent of the issued ordinary share capital of abrdn Property Holdings Limited (formerly known as Standard Life Investments Property Holdings Limited), a company with limited liability incorporated and domiciled in Guernsey, Channel Islands, whose principal business is property investment.

In 2015 the Group acquired 100% of the units in Standard Life Investments SLIPIT Unit Trust, (formerly Aviva Investors UK Real Estate Recovery II Unit Trust) a Jersey Property Unit Trust. The acquisition included the entire issued share capital of a General Partner which held, through a Limited Partnership, a portfolio of 22 UK real estate assets. The transaction completed on 23 December 2015 and the Group has treated the acquisition as a Business Combination in accordance with IFRS 3.

The Group undertakings consist of the following 100% owned subsidiaries at the Balance Sheet date:

- abrdn Property Holdings Limited (formerly known as Standard Life Investments Property Holdings Limited), a property investment company with limited liability incorporated in Guernsey, Channel Islands.
- abrdn (APIT) Limited Partnership (formerly known as Standard Life Investments (SLIPIT) Limited Partnership), a property investment limited partnership established in England.
- abrdn APIT (General Partner) Limited (formerly known as Standard Life Investments SLIPIT (General Partner) Limited), a company with limited liability incorporated in England. This Company is the GP for the Limited Partnership.
- abrdn (APIT Nominee) Limited (formerly known as Standard Life Investments SLIPIT (Nominee) Limited), a company with limited liability incorporated and domiciled in England.

On 20th May 2022, Hagley Road Limited, a subsidiary of the Group, was liquidated.

10 Trade and Other Receivables

	2022 £	2021 £
Trade receivables	6,851,117	8,408,767
Less: provision for impairment of trade receivables	(2,137,972)	(2,990,034)
Trade receivables (net)	4,713,145	5,418,733
Rental deposits held on behalf of tenants	257,899	65,720
Other receivables	2,486,039	5,539,647
Total trade and other receivables	7,457,083	11,024,100

Reconciliation for changes in the provision for impairment of trade receivables:

	2022 £	2021 £
Opening balance	(2,990,034)	(2,583,559)
Credit/(charge) for the year	772,947	(556,788)
Reversal for amounts written-off	79,115	150,313
Closing balance	(2,137,972)	(2,990,034)

The estimated fair values of receivables are the discounted amount of the estimated future cash flows expected to be received and approximate their carrying amounts.

The trade receivables above relate to rental income receivable from tenants of the investment properties. When a new lease is agreed with a tenant the Investment Manager performs various money laundering checks and makes a financial assessment to determine the tenant's ability to fulfil its obligations under the lease agreement for the foreseeable future. The majority of tenants are invoiced for rental income quarterly in advance and are issued with invoices at least 21 days before the relevant quarter starts. Invoices become due on the first day of the quarter and are considered past due if payment is not received by this date. Other receivables are considered past due when the given terms of credit expire.

Amounts are considered impaired when it becomes unlikely that the full value of a receivable will be recovered. Movement in the balance considered to be impaired has been included in other direct property costs in the Consolidated Statement of Comprehensive Income. As at 31 December 2022, trade receivables of £2,137,972 (2021: £2,990,034) were considered impaired and provided for.

If the provision for impairment of trade receivables increased by £1 million then the Company's earnings and net asset value would decrease by £1 million. If it decreased by £1 million then the Company's earnings and net asset value would increase by £1 million.

The ageing of the receivables provided for is as follows:

	2022 £	2021 £
0 to 3 months	(8,203)	(162,132)
3 to 6 months	(251,682)	(451,417)
Over 6 months	(1,878,087)	(2,376,485)
	(2,137,972)	(2,990,034)

As of 31 December 2022, trade receivables of £3,099,355 (2021: £5,418,733) were less than 3 months past due but considered not impaired.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

11 Cash and Cash Equivalents

	2022 £	2021 £
Cash held at bank	9,389,992	12,425,768
Cash held on deposit with RBS	6,481,061	1,392,240
	15,871,053	13,818,008

Cash held at banks earns interest at floating rates based on daily bank deposit rates. Deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the applicable short-term deposit rates.

12 Trade and Other Payables

	2022 £	2021 £
Trade and other payables	4,655,599	6,488,367
VAT payable	628,960	1,698,995
Deferred rental income	5,337,852	5,365,375
Rental deposits due to tenants	257,899	65,720
	10,880,310	13,618,457

Trade payables are non-interest bearing and are normally settled on 30-day terms.

13 Bank Borrowings

	2022 £	2021 £
Loan facility and drawn down outstanding balance	110,000,000	110,000,000
Opening carrying value	109,723,399	109,542,823
Arrangements costs of additional facility	(804,297)	–
Amortisation of arrangement costs	204,835	180,576
Closing carrying value	109,123,937	109,723,399

During the year, the Group drew down £17m on the Revolving Credit Facility. This was fully repaid by the end of the year.

The London Interbank Offer Rate (LIBOR) was one of the main interest rate benchmarks used in financial markets to determine interest rates for financial contracts globally. In line with announcements from the Financial Conduct Authority (FCA), 24 of the 35 LIBOR settings ceased from 1 January 2022. The Group took steps, before the date of transition, to ensure that any exposure to LIBOR was identified with actions taken to rebase and redocument any financial contracts where LIBOR was previously used.

This led to minor amendments to operational processes to cater for this change but there was not expected to be a material impact on the assets and liabilities of the Group as a result of the phase out of LIBOR. The switch to the Sterling Overnight Index Average (SONIA) benchmark took effect from the first interest payment date following cessation of LIBOR (20th January 2022).

On 12 October 22 the Group entered into an agreement to extend its existing £165 million debt facility with Royal Bank of Scotland International ("RBSI"). The facility (due to expire on 27 April 2023) consisted of a £110 million term loan payable at 1.375% plus SONIA and two Revolving Credit Facilities ("RCF") of £35 million payable at 1.45% plus SONIA and £20 million payable at 1.60% plus SONIA. The amended and restated agreement was for a three year term loan of £85 million and a single RCF of £80 million; both payable at 1.5% plus SONIA. The new facility is due to commence on 27 April 2023. As at 31 December 2022 none of the RCF was drawn (2021: £nil); £17m was drawn down during the year however this was fully repaid prior to 31 December 2022.

Analysis of movement in net debt	Cash and cash equivalents £	Interest-bearing loans £	2022 Net debt £	Cash and cash equivalents £	Interest-bearing loans £	2021 Net debt £
Opening balance	13,818,008	(109,723,399)	(95,905,391)	9,383,371	(109,542,823)	(100,159,452)
Cash movement	2,053,045	804,297	2,857,342	4,434,637	–	4,434,637
Amortisation of arrangement costs	–	(204,835)	(204,835)	–	(180,576)	(180,576)
Closing balance	15,871,053	(109,123,937)	(93,252,884)	13,818,008	(109,723,399)	(95,905,391)

Under the terms of the loan facilities there are certain events which would entitle RBSI to terminate the loan facility and demand repayment of all sums due. Included in these events of default is the financial undertaking relating to the LTV percentage. The loan agreement notes that the LTV percentage is calculated as the loan amount less the amount of any sterling cash deposited within the security of RBSI divided by the gross secured property value, and that this percentage should not exceed 60% for the period to and including 27 April 2021 and should not exceed 55% after 27 April 2021 to maturity. There have been no changes to the covenant requirements as a result of the extension to the facility noted above.

	2022 £	2021 £
Loan amount	110,000,000	110,000,000
Cash	(15,871,053)	(13,818,008)
	94,128,947	96,181,992
Portfolio valuation	416,175,000	499,915,250
LTV percentage	22.6%	19.2%

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

Other loan covenants that the Group is obliged to meet include the following:

- that the net rental income is not less than 150% of the finance costs for any three month period;
- that the largest single asset accounts for less than 15% of the Gross Secured Asset Value;
- that the largest ten assets accounts for less than 75% of the Gross Secured Asset Value;
- that sector weightings are restricted to 55%, 45% and 55% for the Office, Retail and Industrial sectors respectively;
- that the largest tenant accounts for less than 20% of the Group's annual net rental income;
- that the five largest tenants account for less than 50% of the Group's annual net rental income;
- that the ten largest tenants account for less than 75% of the Group's annual net rental income.

During the year, the Group complied with its obligations and loan covenants under its loan agreement.

The loan facility is secured by fixed and floating charges over the assets of the Company and its wholly owned subsidiaries, abrdn Property Holdings Limited and abrdn (APIT) Limited Partnership.

During the year, the Group complied with its obligations and loan covenants under its loan agreement.

The loan facility is secured by fixed and floating charges over the assets of the Company and its wholly owned subsidiaries, abrdn Property Holdings Limited and abrdn (APIT) Limited Partnership.

14 Interest Rate Swap and Cap

In order to mitigate any interest rate risk linked to their debt facilities, the Group's policy has been to manage its cash flow using hedging instruments. The following hedging instruments were effective during the year:

14a Existing Interest Rate Swap.

The Group has previously taken out an interest rate swap of a notional amount of £110,000,000 with RBS as part of a refinancing exercise in April 2016. The interest rate swap effective date is 28 April 2016 and has a maturity date of 27 April 2023. Under the swap the Company agreed to receive a floating interest rate linked to SONIA and pay a fixed interest rate of 1.35%.

	2022 £	2021 £
Opening fair value of interest rate swap at 1 January	(568,036)	(3,735,254)
Reclassification of interest accrual	(247,093)	–
Valuation gain on interest rate swaps	1,470,570	3,167,218
Reclassified to Profit & Loss	582,756	–
Closing fair value of interest rate swap at 31 December	1,238,197	(568,036)

	2022 £	2021 £
Current assets/(liabilities)	1,238,197	(546,526)
Non-current assets/(liabilities)	–	(21,510)
Interest rate swap with a start date of 28 April 2016 maturing on 27 April 2023	1,238,197	(568,036)

14b Terminated Interest Rate Swap.

As disclosed in note 13, on 12 October 2022 the Group announced that it had completed an extension of its debt facilities which included an interest rate swap of a notional amount of £85,000,000 (due to commence 27 April 2023). At the time, there was heightened volatility and swap rates were high, exacerbated by political uncertainty, and the all-in cost of the term loan amounted to 6.97%. In light of the change in interest rate environment since completion, the Group took the decision to break the swap at a cost of £3,562,248 on 12 December 2022.

	2022 £	2021 £
Opening fair value of interest rate swap at 1 January	–	–
Valuation loss on interest rate swaps	(3,562,248)	–
Swaps breakage costs	3,562,248	–
Closing fair value of interest rate swap at 31 December	–	–

14c Interest Rate Cap.

Simultaneously to the breaking of the £85,000,000 swap, the Group agreed an interest rate cap against a notional amount of £85,000,000 (due to commence 27 April 2023) with a cap level (SONIA) set at 3.959%. The cost of purchasing this cap was £2,507,177.

	2022 £	2021 £
Opening fair value of interest rate cap at 1 January	–	–
Cost of interest rate cap	2,507,177	–
Valuation gain on interest rate cap	43,292	–
Closing fair value of interest rate cap at 31 December	2,550,469	–

	2022 £	2021 £
Current assets/(liabilities)	339,462	–
Non-current assets/(liabilities)	2,211,007	–

15 Obligations Under Finance Leases

The adjacent table shows the present value of future lease payments in relation to the ground lease payable at Hagley Road, Birmingham as required under IFRS 16. A corresponding asset has been recognised and is part of Investment properties as shown in note 7.

	Minimum lease payments 2022 £	Interest 2022 £	Present value of minimum lease payments 2022 £
Less than one year	26,068	(24,468)	1,600
Between two and five years	104,271	(97,426)	6,845
More than five years	2,580,717	(1,689,590)	891,127
Total	2,711,056	(1,811,484)	899,572

	Minimum lease payments 2021 £	Interest 2021 £	Present value of minimum lease payments 2021 £
Less than one year	26,068	(24,511)	1,557
Between two and five years	104,271	(97,607)	6,664
More than five years	2,606,785	(1,713,877)	892,908
Total	2,737,124	(1,835,995)	901,129

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

16 Lease Analysis

The Group has granted leases on its property portfolio. This property portfolio as at 31 December 2022 had an average lease expiry of 5 years and 8 months.

Leases 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.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2022 £	2021 £
Within one year	24,457,032	24,857,300
Between one and two years	21,677,762	22,613,540
Between two and three years	16,236,484	19,869,754
Between three and four years	12,375,936	14,371,388
Between four and five years	8,695,218	10,352,802
More than five years	45,075,463	44,233,215
Total	128,517,895	136,297,999

The largest single tenant at the year end accounts for 6.0% (2021: 6.1%) of the current annual passing rent.

17 Share Capital

Under the Company's Articles of Incorporation, the Company may issue an unlimited number of ordinary shares of 1 pence each, subject to issuance limits set at the AGM each year. As at 31 December 2022 there were 381,218,977 ordinary shares of 1p each in issue (2021: 396,922,386). All ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of ordinary shares in the Company, no special rights with regard to control attached to the ordinary shares, no agreements between holders of ordinary shares regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid.

Allotted, called up and fully paid:

	2022 £	2021 £
Opening balance	228,383,857	228,383,857
Shares issued	–	–
Issue costs associated with new ordinary shares	–	–
Closing balance	228,383,857	228,383,857

Treasury Shares.

In 2022, the Company undertook a share buyback programme at various levels of discount to the prevailing NAV. In the period to 31 December 2022 15,703,409 shares had been bought back (2021: 7,394,036) at a cost of £12,409,459 after costs (2021: £4,540,630) and are included in the Treasury share reserve.

	2022 £	2021 £
Opening balance	5,991,417	1,450,787
Bought back during the year	12,409,459	4,540,630
Closing balance	18,400,876	5,991,417

The number of shares in issue as at 31 December 2022/2021 are as follows:

	2022 Number of shares	2021 Number of shares
Opening balance	396,922,386	404,316,422
Issued during the year	–	–
Bought back during the year and put into Treasury	(15,703,409)	(7,394,036)
Closing balance	381,218,977	396,922,386

18 Reserves

The detailed movement of the below reserves for the years to 31 December 2022 and 31 December 2021 can be found in the Consolidated Statement of Changes in Equity on page 92.

Retained earnings.

This is a distributable reserve and represents the cumulative revenue earnings of the Group less dividends paid to the Company's shareholders.

During 2021, it was identified that there were historic leases dating back to 2016 where required rent smoothing adjustments had not been applied. The total of these adjustments up to the end of the year ending 31 December 2020 amounted to £1,520,063. Having considered the key financial measures of the Group, and the accumulated profile of this balance, the Directors were satisfied that the appropriate correction was a transfer of the identified adjustment from Capital Reserves to Retained Earnings in the year ended 31 December 2021.

This adjustment had no effect on the previously reported NAVs of the Group.

Capital reserves.

This reserve represents realised gains and losses on disposed investment properties and unrealised valuation gains and losses on investment properties and cash flow hedges since the Company's launch.

Other distributable reserves.

This reserve represents the share premium raised on launch of the Company which was subsequently converted to a distributable reserve by special resolution dated 4 December 2003.

19 Earnings per Share

Basic earnings per share amounts are calculated by dividing profit for the year net of tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

The earnings per share for the year is set out in the table below. In addition one of the key metrics the Board considers is dividend cover.

This is calculated by dividing the net revenue earnings in the year (surplus for the year net of tax excluding all capital items and the swaps breakage costs) divided by the dividends payable in relation to the financial year. For 2022 this equated to a figure of 97% (2021: 98%).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2022 £	2021 £
Surplus for the year net of tax	(51,053,487)	85,732,820

	2022 £	2021 £
Weighted average number of ordinary shares outstanding during the year	389,565,276	398,041,380
Loss/earnings per ordinary share (pence)	(13.11)	21.54
Profit for the year excluding capital items	11,471,770	14,680,188
EPRA earnings per share (p)	2.94	3.69

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2022

20 Dividends and Property Income Distributions Gross of Income Tax

	12 months to Dec 22					12 months to Dec 21				
Dividends	PID pence	Non-PID pence	Total pence	PID £	Non-PID £	PID pence	Non-PID pence	Total pence	PID £	Non-PID £
Quarter to 31 December of prior year (paid in February)	0.7910	0.2090	1.0000	3,139,656	829,568	0.7140	–	0.7140	2,878,508	–
Top-up for prior year (paid in May)	–	–	–	–	–	0.3810	–	0.3810	1,512,274	–
Quarter to 31 March (paid in May)	1.0000	–	1.0000	3,969,224	–	0.8925	–	0.8925	3,542,532	–
Quarter to 30 June (paid in August)	1.0000	–	1.0000	3,860,190	–	0.8925	–	0.8925	3,542,532	–
Quarter to 30 September (paid in November)	0.1806	0.8194	1.0000	688,481	3,123,708	0.2519	0.6406	0.8925	999,848	2,542,685
Total dividends paid	2.9716	1.0284	4.0000	11,657,551	3,953,276	3.1319	0.6406	3.7725	12,475,694	2,542,685
Quarter to 31 December of current year (paid after year end)	–	1.0000	1.0000	–	3,812,190	0.7910	0.2090	1.0000	3,139,656	829,568
Prior year dividends (per above)	(0.7910)	(0.2090)	(1.0000)	(3,139,656)	(829,568)	(0.7140)	–	(0.7140)	(2,878,508)	–
Total dividends paid for the year	2.1806	1.8194	4.0000	8,517,895	6,935,898	3.2089	0.8496	4.0585	12,736,842	3,372,253

On 24 February 2023 a dividend in respect of the quarter to 31 December 2022 of 1.0 pence per share was paid purely as Non Property Income Distribution.

21 Reconciliation of Consolidated NAV to Published NAV

The NAV attributable to ordinary shares is published quarterly and is based on the most recent valuation of the investment properties.

	2022	2021
Number of ordinary shares at the reporting date	381,218,977	396,922,386

	2022 £	2021 £
Total equity per audited consolidated financial statements	323,287,555	400,847,466
NAV per share (p)	84.8	101.0

22 Related Party Disclosures

Directors' remuneration

The Directors of the Company are deemed as key management personnel and received fees for their services. Further details are provided in the Directors' Remuneration Report (unaudited) on pages 76 to 78. Total fees for the year were £247,603 (2021: £221,742) none of which remained payable at the year end (2021: nil).

abrdn Fund Managers Limited (formerly known as Aberdeen Standard Fund Managers Limited), as the Manager of the Group from 10 December 2018, received fees for their services as investment managers. Further details are provided in note 4.

	2022	2021
Huw Evans	17,124	36,000
Mike Balfour	41,500	40,000
Mike Bane	34,059	–
James Clifton-Brown	50,000	47,000
Jill May	37,000	36,000
Sarah Slater	37,000	36,000
Employers national insurance contribution	22,885	17,338
	239,568	212,338
Directors expenses	8,035	9,404
	247,603	221,742

23 Segmental Information

The Board has considered the requirements of IFRS 8 'operating segments'. The Board is of the view that the Group is engaged in a single segment of business, being property investment and in one geographical area, the United Kingdom.

24 Capital Commitments

The Group had contracted capital commitments at 31 December 2022 of £17.3m (31 December 2021: £11.9m). This comprises the remaining capital expenditure required to complete the pre-let development funding in St Helens (achieved Practical Completion in April 2023), and the committed expenditure for the speculative industrial development in Knowsley. The Knowsley development will commence in April 2023 and is anticipated to complete in December 2023.

25 Events After the Balance Sheet Date

On 23 February 2023, the Company completed the purchase of a piece of land at Knowlsey for £4m with the aim of developing an industrial site throughout 2023.

On 24 March 2023, the Company completed the purchase of a Morrison's foodstore in Welwyn Garden City by way of a sale and leaseback for £18.3m.

On 24 February 2023 a dividend in respect of the quarter to 31 December 2022 of 1.0 pence per share was paid purely as Non Property Income Distribution.