

Unaudited Condensed Consolidated Statement of Comprehensive Income

for the period ended 30 June 2023

	Notes	01 Jan 23 to 30 Jun 23 £	01 Jan 22 to 30 Jun 22 £	01 Jan 22 to 31 Dec 22 £
Rental income		13,158,202	13,566,429	26,697,931
Service charge income	3	2,634,895	2,334,220	4,411,821
Service charge expenditure	3	(3,548,933)	(2,971,262)	(5,576,812)
Net Rental Income		12,244,164	12,929,387	25,532,940
Administrative and other expenses				
Investment management fees	3	(1,319,824)	(1,817,616)	(3,480,963)
Other direct property expenses	3	(1,366,537)	(1,501,925)	(3,089,960)
Impairment (loss)/gain on trade receivables	3	(52,273)	526,890	852,062
Other administration expenses	3	(544,932)	(549,333)	(1,134,919)
Total Administrative and other expenses		(3,283,566)	(3,341,984)	(6,853,780)
Operating profit before changes in fair value of investment properties		8,960,598	9,587,403	18,679,160
Valuation (loss)/gain from investment properties	4	(2,796,932)	35,560,346	(62,257,782)
Valuation loss from land	6	(475,619)	(60,322)	(60,322)
Loss on disposal of investment properties	4	(5,465)	–	(207,153)
Operating profit/(loss)		5,682,582	45,087,427	(43,846,097)
Finance income		51,405	3,650	27,543
Finance costs		(2,870,136)	(1,778,691)	(3,672,685)
Loss on termination of interest rate swaps		–	–	(3,562,248)
Profit for the period before taxation		2,863,851	43,312,386	(51,053,487)
Taxation				
Tax charge		–	–	–
Profit for the period, net of tax		2,863,851	43,312,386	(51,053,487)
Other comprehensive income				
Movement in fair value of swap		(902,534)	1,515,008	1,470,570
Movement in fair value of interest rate cap		1,837,334	–	43,292
Total other comprehensive gain		934,800	1,515,008	1,513,862
Total comprehensive gain/(loss) for the period, net of tax		3,798,651	44,827,394	(49,539,625)
Earnings per share				
Basic and diluted earnings per share	7	pence 0.8	pence 10.9	pence (13.1)

All items included in the above Unaudited Condensed Consolidated Statement of Comprehensive Income derive from continuing operations. The notes on pages 36 to 47 are an integral part of these Unaudited Condensed Consolidated Financial Statements.

Unaudited Condensed Consolidated Balance Sheet

for the period ended 30 June 2023

Assets	Notes	30 Jun 23 £	30 Jun 22 £	31 Dec 22 £
Non-current assets				
Investment properties	4	431,171,992	497,822,284	401,217,536
Lease incentives	4	8,162,006	9,903,316	8,357,036
Land	6	7,500,000	7,500,000	7,500,000
Interest rate cap	11	2,900,969	–	2,211,007
Rent deposits held on behalf of tenants		703,209	984,381	751,782
		450,438,176	516,209,981	420,037,361
Current assets				
Investment properties held for sale	4, 5	–	29,250,000	–
Trade and other receivables		5,737,177	12,211,707	7,457,083
Cash and cash equivalents		9,958,675	8,281,368	15,871,053
Interest rate swap	11	–	946,972	1,238,197
Interest rate cap	11	1,406,290	–	339,462
		17,102,142	50,690,047	24,905,795
Total Assets		467,540,318	566,900,028	444,943,156
Liabilities				
Current liabilities				
Trade and other payables		11,320,946	15,952,009	10,880,310
		11,320,946	15,952,009	10,880,310
Non-current liabilities				
Bank borrowings	12	134,242,626	115,816,328	109,123,937
Obligations under finance leases		1,811,711	900,350	899,572
Rent deposits due to tenants		703,209	984,381	751,782
		136,757,546	117,701,059	110,775,291
Total liabilities		148,078,492	133,653,068	121,655,601
Net assets		319,461,826	433,246,960	323,287,555
Equity				
Capital and reserves attributable to Company's equity holders				
Share capital	9	228,383,857	228,383,857	228,383,857
Treasury share reserve	9	(18,400,876)	(10,480,869)	(18,400,876)
Retained earnings		2,899,511	8,394,995	4,382,024
Capital reserves		8,740,962	109,110,605	11,084,178
Other distributable reserves		97,838,372	97,838,372	97,838,372
Total equity		319,461,826	433,246,960	323,287,555
		pence	pence	pence
NAV per share		83.8	110.7	84.8

Unaudited Condensed Consolidated Statement of Changes in Equity

for the period ended 30 June 2023

	Notes	Share capital £	Treasury shares £	Retained earnings £	Capital reserves £	Other distributable reserves £	Total equity £
Opening balance 01 Jan 2023		228,383,857	(18,400,876)	4,382,024	11,084,178	97,838,372	323,287,555
Profit for the period		–	–	2,863,851	–	–	2,863,851
Other comprehensive income		–	–	–	934,800	–	934,800
Total comprehensive gain for the period		–	–	2,863,851	934,800	–	3,798,651
Dividends paid	10	–	–	(7,624,380)	–	–	(7,624,380)
Valuation loss from investment properties	4	–	–	2,796,932	(2,796,932)	–	–
Valuation loss from land	6	–	–	475,619	(475,619)	–	–
Loss on disposal of investment properties	4	–	–	5,465	(5,465)	–	–
Balance at 30 Jun 2023		228,383,857	(18,400,876)	2,899,511	8,740,962	97,838,372	319,461,826
Opening balance 01 Jan 2022		228,383,857	(5,991,417)	8,521,081	72,095,573	97,838,372	400,847,466
Profit for the period		–	–	43,312,386	–	–	43,312,386
Other comprehensive income		–	–	–	1,515,008	–	1,515,008
Total comprehensive gain for the period		–	–	43,312,386	1,515,008	–	44,827,394
Ordinary shares placed into treasury net of issue costs		–	(4,489,452)	–	–	–	(4,489,452)
Dividends paid	10	–	–	(7,938,448)	–	–	(7,938,448)
Valuation gain from investment properties	4	–	–	(35,560,346)	35,560,346	–	–
Valuation loss from land	6	–	–	60,322	(60,322)	–	–
Balance at 30 Jun 2022		228,383,857	(10,480,869)	8,394,995	109,110,605	97,838,372	433,246,960
Opening balance 01 Jan 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 loss for the period		–	–	(51,053,487)	1,513,862	–	(49,539,625)
Ordinary shares placed into treasury net of issue costs		–	(12,409,459)	–	–	–	(12,409,459)
Dividends paid	10	–	–	(15,610,827)	–	–	(15,610,827)
Valuation loss from investment properties	4	–	–	62,257,782	(62,257,782)	–	–
Valuation loss from land	6	–	–	60,322	(60,322)	–	–
Loss on disposal of investment properties	4	–	–	207,153	(207,153)	–	–
Balance at 31 Dec 2022		228,383,857	(18,400,876)	4,382,024	11,084,178	97,838,372	323,287,555

Unaudited Condensed Consolidated Cash Flow Statement

for the period ended 30 June 2023

	Notes	01 Jan 23 to 30 Jun 23 £	01 Jan 22 to 30 Jun 22 £	01 Jan 22 to 31 Dec 22 £
Cash flows from operating activities				
Profit for the period before taxation		2,863,851	43,312,386	(51,053,487)
Movement in lease incentives		195,030	(1,101,023)	(841,398)
Movement in trade and other receivables		1,768,479	(1,267,799)	3,719,424
Movement in trade and other payables		(50,187)	2,413,157	(3,237,151)
Loss on termination of interest rate swaps		–	–	3,562,248
Finance costs		2,870,136	1,778,691	3,672,685
Finance income		(51,405)	(3,650)	(27,543)
Valuation gain from investment properties	4	2,796,932	(35,560,346)	62,257,782
Valuation loss from land	6	475,619	60,322	60,322
Loss on disposal of investment properties	4	5,465	–	207,153
Net cash inflow from operating activities		10,873,920	9,631,738	18,320,035
Cash flows from investing activities				
Interest received		51,405	3,650	27,543
Purchase of investment properties	4	(23,984,360)	(5,408,910)	(5,501,321)
Purchase of land	6	(475,619)	(60,322)	(60,322)
Capital expenditure on investment properties	4	(7,854,889)	(1,589,721)	(13,524,813)
Net proceeds from disposal of investment properties	4	(5,465)	–	41,142,847
Net cash (outflow)/inflow from investing activities		(32,268,928)	(7,055,303)	22,083,934
Cash flows from financing activities				
Shares bought back during the period		–	(4,489,452)	(12,409,459)
Borrowing on RCF	12	50,000,000	6,000,000	17,000,000
Repayment of RCF	12	–	–	(17,000,000)
Repayment of expired facility	12	(110,000,000)	–	–
New term facility	12	85,000,000	–	–
Bank borrowing arrangement costs		–	–	(804,297)
Interest paid on bank borrowing		(3,098,005)	(1,148,416)	(2,959,023)
Payments on interest rate swaps		1,254,217	(524,525)	(473,425)
Swap breakage costs		–	–	(3,562,248)
Cap arrangement fees		–	–	(2,507,177)
Finance lease interest		(49,202)	(12,234)	(24,468)
Dividends paid to the Company's shareholders	10	(7,624,380)	(7,938,448)	(15,610,827)
Net cash inflow/(outflow) from financing activities		15,482,630	(8,113,075)	(38,350,924)
Net (decrease)/increase in cash and cash equivalents		(5,912,378)	(5,536,640)	2,053,045
Cash and cash equivalents at beginning of period		15,871,053	13,818,008	13,818,008
Cash and cash equivalents at end of period		9,958,675	8,281,368	15,871,053

Notes to the Unaudited Condensed Consolidated Financial Statements

for the period ended 30 June 2023

1. Accounting Policies

The Unaudited Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 'Interim Financial Reporting' and, except as described below, the accounting policies set out in the statutory accounts of the Group for the year ended 31 December 2022. The condensed Unaudited Consolidated Financial Statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended 31 December 2022, which were prepared under full IFRS requirements.

Going Concern

The directors assess the Group's ability to continue as a going concern by reviewing forecasts of cashflows and profitability in the context of the Group's borrowing facilities up to and beyond the going concern horizon of 12 months from the approval of these financial statements. The review includes assessing severe but plausible downside scenarios.

2. Related Party Disclosures

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Directors' remuneration

The Directors of the Company are deemed as key management personnel and received fees for their services. Total fees for the period ended 30 June 2023 were £114,057 (period ended 30 June 2022: £126,489) none of which remained payable at the end of June.

Investment manager

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 3.

3. Administrative and Other Expenses

Investment management fees

From 1 July 2019, under the terms of the IMA the Investment Manager was entitled to 0.70% of total assets up to £500 million; and 0.60% of total assets in excess of £500 million. The Group has agreed a 10bps reduction in the fee payable to the Investment Manager, effective from 1 January 2023. The fee has reduced to 0.60% of total assets up to £500m, and 0.50% of total assets in excess of £500 million. The total fees charged for the period ended 30 June 2023 amounted to £1,319,824 (period ended 30 June 2022: £1,817,616). The total amount due and payable at the period end amounted to £1,319,824 (period ended 30 June 2021: £1,817,616).

	6 months to 30 Jun 23 £	6 months to 30 Jun 22 £	Year to 31 Dec 22 £
Investment management fees	1,319,824	1,817,616	3,480,963
Other direct property expenses			
Vacant Costs (excluding void service charge)	693,261	310,583	600,561
Repairs and maintenance	255,958	841,792	1,740,937
Letting fees	200,102	220,770	431,534
Amounts written off in the period	10,052	–	79,115
Other costs	207,164	128,780	237,813
Total other direct property expenses	1,366,537	1,501,925	3,089,960
Impairment loss/(gain) on trade receivables	52,273	(526,890)	(852,062)

Other administration expenses

Directors' fees and subsistence	114,057	126,489	247,603
Valuers fees	37,615	54,405	94,256
Auditor's fees	65,640	55,770	131,280
Marketing	112,402	112,403	226,782
Other administration costs	215,218	200,266	434,998
Total other administration expenses	544,932	549,333	1,134,919
Total administrative and other expenses	3,283,566	3,341,984	6,853,780
Total service charge billed to tenants	2,593,408	2,177,750	4,492,780
Service charge due (to)/from tenants	41,487	156,470	(80,959)
Service charge income	2,634,895	2,334,220	4,411,821
Total service charge expenditure incurred	2,634,895	2,334,220	4,411,821
Service charge billed to the Group in respect of void units	914,038	637,042	1,164,991
Service charge expenditure	3,548,933	2,971,262	5,576,812

4. Investment Properties

	UK Industrial 30 Jun 23	UK Office 30 Jun 23	UK Retail 30 Jun 23	UK Other 30 Jun 23	Total 30 Jun 23
Market value as at 01 January 2023	227,525,000	88,450,000	53,550,000	39,150,000	408,675,000
Purchase of investment properties	4,367,140	–	19,617,220	–	23,984,360
Capital expenditure on investment properties	5,028,808	2,395,086	430,995	–	7,854,889
Opening market value of disposed investment properties	–	–	–	–	–
Valuation gain/(loss) from investment properties	3,848,480	(5,595,930)	(182,833)	(866,649)	(2,796,932)
Movement in lease incentives receivable	12,859	(174,156)	(382)	(33,351)	(195,030)
Market value at 30 June 2023	240,782,287	85,075,000	73,415,000	38,250,000	437,522,287
Investment properties recognised as held for sale	–	–	–	–	–
Market value net of held for sale at 30 June 2023	240,782,287	85,075,000	73,415,000	38,250,000	437,522,287
Right of use asset recognised on leasehold properties	–	1,811,711	–	–	1,811,711
Adjustment for lease incentives	(4,884,078)	(1,812,422)	(888,399)	(577,107)	(8,162,006)
Carrying value at 30 June 2023	235,898,209	85,074,289	72,526,601	37,672,893	431,171,992

Notes to the Unaudited Condensed Consolidated Financial Statements continued

for the period ended 30 June 2023

The valuations of investment properties 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 models used by Knight Frank are in accordance with the Royal Institution of Chartered Surveyors ('RICS') requirements on disclosure for Regulated Purpose Valuations (RICS Valuation – Professional Standards January 2014 published by the Royal Institution of Chartered Surveyors) and are consistent with the principles in IFRS 13.

The market value provided by Knight Frank LLP at the period ended 30 June 2023 was £437,522,288 (30 June 2022: £536,075,250) however an adjustments has been made for lease incentives of £8,162,007 (30 June 2022: £9,903,316) that are already accounted for as an asset. In addition, as required under IFRS 16, a right of use asset of £1,811,711 (30 June 2022: £900,350) has been recognised in respect of the present value of future ground rents and an amount of £1,811,711 (30 June 2022: £900,350) has also been recognised as an obligation under finance leases in the balance sheet.

In the condensed unaudited consolidated cash flow statement, surplus from disposal of investment properties comprise:

	30 Jun 23	30 Jun 22	31 Dec 22
Opening market value of disposed investment properties	–	–	41,350,000
Loss on disposal of investment properties	(5,465)	–	(207,153)
Net proceeds from disposed investment properties	(5,465)	–	41,142,847

The loss recognised above was representative of sales costs for a property sold in 2022 – the costs were ultimately found to be marginally higher than initially accrued.

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 in the annual accounts. 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 all are valued using the Income Capitalisation method.

Country & Class 30 Jun 23	UK Industrial Level 3	UK Office Level 3	UK Retail Level 3	UK Other Level 3
Fair Value £	240,782,287	85,075,000	73,415,001	38,250,000
Key Unobservable Input (Range)				
Initial Yield	0.00% to 8.78%	2.67% to 7.90%	6.03% to 9.5%	4.32% to 9.29%
Reversionary Yield	4.90% to 8.65%*	6.49% to 10.70%	5.41% to 7.99%	5.02% to 9.40%
Equivalent Yield	4.96% to 8.20%	6.22% to 9.37%	5.66% to 9.74%	5.01% to 9.07%
Estimated rental value per Sq ft	£4.60 to £9.50	£17.29 to £45.94	£8.74 to £30.61	£6.50 to £20.00
Key Unobservable Input (Weighted average)*				
Initial Yield	4.90%	6.59%	6.75%	5.73%
Reversionary Yield	6.33%	9.14%	6.13%	6.12%
Equivalent Yield	6.23%	8.22%	6.91%	6.23%
Estimated rental value per Sq ft	£6.56	£27.12	£16.55	£14.83

*Excluding properties under development.

Notes to the Unaudited Condensed Consolidated Financial Statements continued

for the period ended 30 June 2023

Country & Class 31 Dec 22	UK Industrial Level 3	UK Office Level 3	UK Retail Level 3	UK Other Level 3
Fair Value £	227,525,000	88,450,000	53,550,000	39,150,000
Key Unobservable Input (Range)				
Initial Yield	0.00% to 8.78%	5.10% to 7.90%	4.39% to 8.33%	5.01% to 9.13%
Reversionary Yield	5.00% to 8.68%	6.25% to 10.45%	5.49% to 7.99%	4.79% to 9.40%
Equivalent Yield	5.00% to 8.23%	6.15% to 9.25%	5.76% to 9.67%	5.01% to 9.07%
Estimated rental value per Sq ft	£4.50 to £9.00	£17.01 to £45.47	£8.74 to £30.61	£6.00 to £20.00
Key Unobservable Input (Weighted average)				
Initial Yield	5.20%	6.11%	6.75%	5.98%
Reversionary Yield	6.35%	8.76%	6.16%	5.85%
Equivalent Yield	6.26%	8.02%	6.79%	5.87%
Estimated rental value per Sq ft	£6.38	£26.78	£15.37	£14.71

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.

	30 Jun 23	31 Dec 22
ERV p.a.	£33,858,142	£31,048,945
Area sq ft	3,585,128	3,416,291
Average ERV per sq ft	£9.44	£9.09
Initial Yield	5.7%	5.7%
Reversionary Yield	7.2%	7.1%

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.

	30 Jun 23 £	31 Dec 22 £
Increase in equivalent yield of 50 bps	(33,598,162)	(31,086,535)
Decrease of 5% in ERV	(16,650,621)	(15,879,151)

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

5. Investment Properties Held for Sale

As at 30 June 2023, the Group was not actively seeking a buyer for any of the Investment Properties. As at 30 June 2022, the Group was actively seeking a buyer for Marsh Way, Rainham and Endeavour House, Kiddlington. The Group exchanged contracts on the sale of Endeavour House, Kiddlington on 26 July 2022 for a price of £8,033,000. On 27 September 2022 the Group exchanged contracts on the sale of Marsh Way, Rainham for a price of £21,650,000.

Notes to the Unaudited Condensed Consolidated Financial Statements continued

for the period ended 30 June 2023

6. 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 current RICS guidelines by Knight Frank LLP whose credentials are set out in note 3.

Reconciliation of carrying amount:

	6 months to 30 Jun 23	6 months to 30 Jun 22	Year to 31 Dec 22
Cost			
Balance at the beginning of the period	8,061,872	8,001,550	8,001,550
Additions	475,619	60,322	60,322
Balance at the end of the period	8,537,491	8,061,872	8,061,872
Accumulated depreciation and amortisation			
Balance at the beginning of the period	(561,872)	(501,550)	(501,550)
Valuation loss from land	(475,619)	(60,322)	(60,322)
Balance at the end of the period	(1,037,491)	(561,872)	(561,872)
Carrying amount at end of period	7,500,000	7,500,000	7,500,000

The Group has successfully applied for grant income in relation to the reforestation and peatland restoration.

7. Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the period net of tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. 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.

Earnings for the period to 30 June 2023 should not be taken as a guide to the results for the year to 31 December 2023.

	6 months to 30 Jun 23	6 months to 30 Jun 22	Year to 31 Dec 22
	£	£	£
Profit for the period net of tax	2,863,851	43,312,386	(51,053,487)
Weighted average number of ordinary shares outstanding during the period	381,218,977	396,268,050	389,565,276
Earnings per ordinary share (p)	0.8	10.9	(13.1)
Profit for the period excluding capital items	6,141,867	7,812,362	11,471,770
EPRA earnings per share (p)	1.6	2.0	2.9

8. Investment 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.

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.

9. 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 30 June 2023 there were 381,218,977 ordinary shares of 1p each in issue (31 December 2022: 381,218,977). 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.

	30 Jun 23	31 Dec 22	30 Jun 22
	£	£	£
Allotted, called up and fully paid	228,383,857	228,383,857	228,383,857

Treasury Shares

From May 2022, the Company undertook a share buyback programme at various levels of discount to the prevailing NAV. In the period to 30 June 2023 no shares had been bought back (30 June 2022: 5,620,234) for £nil after costs (30 June 2022: £4,489,452) and are included in the treasury share reserve.

	30 Jun 23	31 Dec 22	30 Jun 22
	£	£	£
Opening balance as at 1 January	18,400,876	5,991,417	5,991,417
Bought back during the period	–	12,409,459	4,489,452
Closing balance	18,400,876	18,400,876	10,480,869

The number of shares in issue on 30 June 2023 and 2022 are as follows:

	30 Jun 23	31 Dec 22	30 Jun 22
	Number of shares	Number of shares	Number of shares
Opening balance as at 1 January	381,218,977	396,922,386	396,922,386
Issued during the period	–	–	–
Bought back during the period and put into Treasury	–	(15,703,409)	(5,620,234)
Closing balance	381,218,977	381,218,977	391,302,152

Notes to the Unaudited Condensed Consolidated Financial Statements continued

for the period ended 30 June 2023

10. Dividends and Property Income Distribution Gross of Income Tax

	6 months to 30 Jun 23			12 months to 31 Dec 22			12 months to 31 Dec 22			12 months to 31 Dec 22		
	PID pence	Non-PID pence	Total pence	PID £	Non-PID £	Total pence	PID pence	Non-PID pence	Total pence	PID £	Non-PID £	Total pence
Dividends												
Quarter to 31 December of prior year (paid in February)	–	1.0000	1.0000	–	3,812,190	–	0.7910	0.2090	1.0000	3,139,656	829,568	–
Quarter to 31 March (paid in May)	1.0000	–	1.0000	3,812,190	–	–	1.0000	–	1.0000	3,969,224	–	–
Total dividends paid	1.0000	1.0000	2.0000	3,812,190	3,812,190	–	1.7910	0.2090	2.0000	7,108,880	829,568	–
Quarter to 30 June (paid in August)	–	–	–	–	–	–	1.0000	–	1.0000	3,860,190	–	–
Quarter to 30 September (paid in November)	–	–	–	–	–	–	0.1806	0.8194	1.0000	688,481	3,123,708	–
Total dividends paid	1.0000	1.0000	2.0000	3,812,190	3,812,190	–	2.9716	1.0284	4.0000	11,657,551	3,953,276	–
Quarter to 30 June of current period (paid after period end)	1.0000	–	1.0000	3,812,190	–	–	–	–	–	–	–	–
Quarter to 31 December of current year (paid after year end)	–	–	–	–	–	–	–	1.0000	1.0000	–	3,812,190	–
Prior year dividends (per above)	–	(1.0000)	(1.0000)	–	(3,812,190)	–	(0.7910)	(0.2090)	(1.0000)	(3,139,656)	(829,568)	–
Total dividends paid	2.0000	–	2.0000	7,624,380	–	–	2.1806	1.8194	4.0000	8,517,895	6,935,898	–

A property income dividend of 1.00p per share was declared on 9 August 2023 in respect of the quarter to 30 June 2023 – a total payment of £3,812,190. This was paid on 31 August 2023.

11. Financial Instruments

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 an amortised cost.

	Carrying Amount		Fair Value	
	30 Jun 23 £	31 Dec 22 £	30 Jun 23 £	31 Dec 22 £
Financial Assets				
Cash and cash equivalents	9,958,675	15,871,053	9,958,675	15,871,053
Trade and other receivables	5,737,177	7,457,083	5,737,177	7,457,083
Financial Liabilities				
Bank Borrowings	134,242,626	109,123,937	134,823,660	109,580,566
Trade and other payables	5,024,549	6,564,852	5,024,549	8,359,405

In addition to the above, the Group's financial instruments also include an Interest rate swap (now expired) and Interest rate cap. These have not been included in the disclosure above as these are already held at fair value.

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.

Notes to the Unaudited Condensed Consolidated Financial Statements continued

for the period ended 30 June 2023

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:

Period ended 30 June 2023	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	–	5,737,177	–	5,737,177
Cash and cash equivalents	9,958,675	–	–	9,958,675
Interest rate cap	–	4,307,258	–	4,307,258
Rental deposits held on behalf of tenants	703,209	–	–	703,209
Right of use asset	–	1,811,711	–	1,811,711
	10,661,884	11,856,147	–	22,518,031
Financial liabilities				
Trade and other payables	–	5,024,549	–	5,024,549
Bank Borrowings	–	134,823,660	–	134,823,660
Obligations under finance leases	–	1,811,711	–	1,811,711
Rental deposits held on behalf of tenants	703,209	–	–	703,209
	703,209	141,659,922	–	142,363,131
Year ended 31 December 2022				
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 held on behalf of tenants	751,782	–	–	751,782
	751,782	117,044,990	–	117,796,772

Explanation 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.

12. Bank Borrowings

On 12 October 2022 the Group entered into an agreement to extend its existing £165 million debt facility with Royal Bank of Scotland International ("RBSI"). The facility (which was 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. As at 30 June 2022, £6m was drawn on this expired facility.

	30 Jun 23 £	31 Dec 22 £	30 Jun 22 £
Loan facility and drawn down outstanding balance	135,000,000	110,000,000	116,000,000
Opening carrying value of expired facility as at 1 January	109,928,234	109,723,399	109,723,399
Borrowings during the period on expired RCF	25,000,000	17,000,000	6,000,000
Repayment of expired RCF	(25,000,000)	(17,000,000)	–
Repayment of expired facility	(110,000,000)	–	–
Amortisation of arrangement costs	71,766	204,835	92,929
Closing carrying value of expired facility	–	109,928,234	115,816,328

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 commenced on 27 April 2023. As at 30 June 2023 £50m of the RCF was drawn; £25m was drawn down on commencement of the new facilities.

Opening carrying value of new facility as at 1 January (*)	(804,297)	–	–
Borrowings during the period on new RCF	50,000,000	–	–
New term loan facility	85,000,000	–	–
Arrangement costs of additional facility	–	(804,297)	–
Amortisation of arrangement costs	46,923	–	–
Closing carrying value	134,242,626	(804,297)	–
Opening carrying value of facilities combined as at 1 January	109,123,937	109,723,399	109,723,399
Closing carrying value of facilities combined	134,242,626	109,123,937	115,816,328

* Arrangement fees of £804,297 were incurred as part of entering into the new facility during October 2022. These are being amortised over the three year term commencing April 2023.

Under the terms of the loan facility 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 55% to maturity.

13. Events After the Balance Sheet Date

Dividend

On 31 August 2023 a dividend in respect of the quarter to 30 June 2023 of 1.0 pence per share was paid comprising a Property Income Distribution.