Registered Number 112018

LINKS HEALTHCARE REIT LIMITED

Unaudited Consolidated Financial Statements

For the period from 1 January 2023 to 30 June 2023

LINKS HEALTHCARE REIT LIMITED

Contents

Corporate information

DIRECTORS
Gary Wilder
Theresa Beard (appointed on 23 June 2023)
Alan Booth (resigned on 23 June 2023)
Nick Bland

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Report of the Directors
For the period from 1 January 2023 to 30 June 2023

The Directors present their report and the unaudited interim consolidated financial statements of Links Healthcare REIT Limited (the "Company") and its subsidiaries (together the "Group") for the period ended 30 June 2023.

RESULTS
The results for the period are set out on page 5.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW
The Company was incorporated on 6 December 2012 as a public company under the Companies (Jersey) Law 1991, with registered number 112018. The registered office of the Company is outlined on page 1.

With effect from 17 June 2022 the Company converted its regulatory status from being an unclassified investment fund under the Collective Investment Funds (Jersey) Law 1998 to an Unregulated Fund (as such term is defined in the Collective Investment Funds (Unregulated Funds) (Jersey) Order 2008).

In March 2013, the Company entered into a Share Purchase Agreement with Links Midco Limited for the acquisition by the Company of the entire called up share capital of Links Bidco S.à.r.l., which holds an indirect interest in a property portfolio.

The Group's indirect subsidiaries incorporated in Luxembourg and as disclosed in note 11, changed their Luxembourg nationality into Jersey nationality on 13 November 2020, without interruption of their legal personality but with the corporate continuance in Jersey under the suspensive conditions of the issuance of certificates of continuance by the Jersey Registrar of Companies and the registration of the Group at the Jersey Registrar of Companies. As a consequence, the direct and indirect subsidiaries were removed from the register of companies in Luxembourg on 18 November 2020 for the purpose of becoming registered as a limited liability Group under the laws of Jersey pursuant to Article 127K of the Companies (Jersey) Law 1991.

The rental income for the period ended 30 June 2023 amounted to £33,432,210 (period ended 30 June 2022: £31,829,072).

As at 30 June 2023, the Group held investment properties valued at £1,340,720,000 (31 December 2022: £1,340,720,000).

Key risks
The Board of Directors believes the key risks of the Company's activity include exposure to risks as described below:

- credit risk

- liquidity risk

- market risk (including currency risk, interest rate risk and other price risk)

The risks and Group policies to address these are further described in note 2.

The Company has not repurchased its own shares during the period, has no branches and no involvement in research and development activities.

RESULTS AND DISTRIBUTIONS
The results for the period are set out in the consolidated statement of comprehensive income on page 5 of the consolidated Financial Statements.

During the period the directors declared dividends in the sum of £22,419,807, £409.76 per share in respect of the period ended 30 June 2023 (30 June 2022: £21,152,000, £386.59 per share). As at 30 June 2023 dividend payable amounts to £10,063,156 (31 December 2022: £15,064,182). See page 7.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)
In accordance with the business model and operation of the assets for Links Healthcare REIT Limited, whilst the Links leases do not contain any specific obligations on the Tenant to report on, or reduce emissions at the properties, the Tenant is obliged to ensure the hospitals are compliant with all applicable legislation and regulatory standards. This covers any sustainability related legislation, including maintaining compliant energy performance certificates (EPC). UK legislation requires a minimum EPC "E" rating for the properties, effective from April 2023. All 12 assets are comfortably above the minimum rating, with a rating of either B or C.

The directors regularly monitor the ESG initiatives of the Tenant. The Tenant has a strong focus on sustainability and reducing emissions, led from the executive management level. They have an industry-leading target to achieve net zero carbon emissions by 2030 and have invested heavily in sustainability linked initiatives across all of the hospitals in the portfolio. Examples include including installing energy-efficient LED lighting, replacing and upgrading windows, installing state-of-the-art air exchange and heating/chilling systems and upgrading clinical equipment to the latest, energy-efficient products. They are also partnering with a third-party sustainability consultant to monitor and reduce energy consumption and emissions across their entire estate.

GOING CONCERN

The Directors have made an assessment of the Group's ability to continue as a going concern and they expect that the Group will continue in its operational existence for a period of at least 12 months from the date of approval of the financial statements based on the fact that revenue is secured through property leases up to 2042.

On 30th September 2020, the Group entered into a senior facility agreement (the "New Loan") with Standard Chartered Bank ("SCB") for an amount of £800,000,000 which matures on 30th September 2025. The New Loan was syndicated (effective from 31 December 2020) to 8 lenders (including SCB). The New Loan had a variable interest rate of 3 months GBP LIBOR plus a fixed margin of 1.16% per annum and interest was payable quarterly in arrears starting from 30 October 2020 to 31 March 2021. From 31 March 2022, the rate reverted to SONIA + 11.93bps plus a fixed margin of 1.16%.

The Group also entered a £800,000,000 notional swap at an all-in rate of 0.2435% per annum, to hedge the 3-month LIBOR interest rate risk associated with New Loan, also maturing on 30 September 2025. The swap was originally entered into with one counterparty, SCB, who subsequently novated part of the swap to three parties (effective from 31 December 2020). The swaps were amended to SONIA benchmark on 10 September 2021 effective for the interest period beginning 31 March 2022.

The Group’s loan to portfolio value was 59.7% (2022: 56.1%) which at this level is comfortably within the financial covenant contained within the facility. The Group had a positive cash inflow from operating activities during the period amounting to £33,417,000 (30 June 2022: £26,544,000) and has forecasted to continue generating positive cashflow from core business to enable it to meet its financial obligations for a period of at least twelve months from the date of signing of the financial statements. The Group will continue to use its existing assets to continue to meet its financial obligations in full as they become due.

As at 30 June 2023, the Group had net current liabilities of £5,602,000 (31 December 2022: £5,150,000). The net current liabilities position is partially due to deferred revenue collected in advance, held as deferred revenue on the balance sheet. If deferred revenue is excluded, the Group will be in a net asset position.

Based on the above and steps taken by the Company, the Board of Directors has reasonable expectation that the Company has adequate resources to continue its operational existence for a period of at least 12 months from the date of signing the financial statements.

DIRECTORS

The Directors who served throughout the period and subsequently were as follows:

Gary Wilder
Alan Booth (resigned on 23 June 2023)
Nicholas Bland
Theresa Beard (appointed on 23 June 2023)

None of the directors hold any interest in the shares of the Group.

COMPANY SECRETARY

The Group Secretary of the Company during the period and, unless otherwise indicated, up to the date on which the consolidated financial statements were approved is Ocorian Secretaries (Jersey) Limited.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the consolidated financial statements in accordance with applicable law and regulations.

Pursuant to the Companies (Jersey) Law 1991, as amended (the "Law"), the Group is required to prepare consolidated financial statements for each financial period. The Directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements are required by Law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

International Accounting Standard 1 requires that consolidated financial statements present fairly for each financial period the Group's consolidated financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of consolidated financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, the Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the consolidated financial position of the Group and enable them to ensure that the consolidated financial statements comply with the Law. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements throughout the period and subsequently.

BY ORDER OF THE BOARD

Director

Date: 22 September 2023

Consolidated statement of comprehensive income
For the period from 1 January 2023 to 30 June 2023

	Notes	Period from 1 January 2023 to 30 June 2023 £'000	Period from 1 January 2022 to 30 June 2022 £'000
Revenue	5	33,432	31,829
Other income	5	34	3
Administrative expenses	6	(415)	(415)
Depreciation on right of use assets		(30)	(23)
Operating profit		33,021	31,394
Net finance cost	8	(6,124)	(6,502)
Profit for the period before income tax		26,897	24,892
Withholding Tax		(5,563)	(5,268)
Profit for the period after income tax		21,334	19,624
Profit attributable to equity holders		21,334	19,624
Other comprehensive income	21	8,770	33,165
Total comprehensive income for the period		30,104	52,789
Attributable to equity holders		30,104	52,789

All items dealt with in arriving at the total comprehensive income for the period ended 30 June 2023 related to continuing operations.

Consolidated statement of financial position
As at 30 June 2023

	Notes	30 June 2023 £'000	31 December 2022 £'000
ASSETS			
Non-current assets			
Investment properties	12	1,340,720	1,340,720
Derivative financial instruments		94,395	85,625
Right of use assets	13	3,299	3,329
Total non-current assets		1,438,414	1,429,674
Current assets			
Trade and other receivables	15	8,038	7,986
Cash and cash equivalents	16	16,398	15,928
Total current assets		24,436	23,914
Total assets		1,462,850	1,453,588
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Group			
Share capital	21	1	1
Share premium	21	5,470	5,470
Cash flow hedging reserve	21	94,395	85,625
Retained earnings		532,894	533,980
Total equity attributable to equity holders of the Group		632,760	625,076
Non-current liabilities			
Lease liabilities	19	3,399	3,402
Borrowings	17	795,054	794,570
Intercompany payable		1,600	1,476
Total non-current liabilities		800,053	799,448
Current liabilities			
Lease liabilities	19	27	38
Other payables	18	30,010	29,026
Total current liabilities		30,037	29,064
Total equity and liabilities		1,462,850	1,453,588

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 22 September 2023.

Registered Number 112018

Director

Consolidated statement of changes in equity
For the period from 1 January 2023 to 30 June 2023

	Share capital * £'000	Share premium £'000	Legal reserve £'000	Cash flow hedging reserve £'000	Accumulated profit £'000	Total equity £'000
Balance at 1 January 2023	1	5,470	-	85,625	533,980	625,076
Net profit for the period	-	-	-	-	21,334	21,334
Swap fair value movement	-	-	-	8,770	-	8,770
Dividends paid **	-	-	-	-	(22,420)	(22,420)
Balance at 30 June 2023	1	5,470	-	94,395	532,894	632,759

	Share capital * £'000	Share premium £'000	Legal reserve £'000	Cash flow hedging reserve £'000	Accumulated profit £'000	Total equity £'000
Balance at 1 January 2022	1	5,470	-	27,346	622,437	655,254
Net profit for the period	-	-	-	-	19,624	19,624
Swap fair value movement	-	-	-	33,165	-	33,165
Dividends paid **	-	-	-	-	(21,152)	(21,152)
Balance at 30 June 2022	1	5,470	-	60,511	620,909	686,891

* The share capital amounts to £547.14 (2022: £547.14) (note 21).
** The total dividend paid per share for the period ended 30 June 2023 is £409.76 (30 June 2022: £386.59).

Consolidated statement of cash flows
For the period from 1 January 2023 to 30 June 2023

	Notes	Period from 1 January 2023 to 30 June 2023 £'000	Period from 1 January 2022 to 30 June 2022 £'000
Cash flow from operating activities			
Cash generated from operations	23	33,400	31,754
Income tax paid		(5,300)	(5,210)
Net cash flows from operating activities		28,100	26,544
Cash flows from financing activities			
Increase in intercompany payable		124	261
Interest paid		(5,599)	(5,568)
Dividend paid		(22,155)	(21,152)
Net cash flows used in financing activities		(27,630)	(26,459)
Net increase in cash and cash equivalents		470	85
Cash and cash equivalents at beginning of the period		15,928	15,494
Cash and cash equivalents at the end of the period	16	16,398	15,579

1. Accounting policies

General information

Links Healthcare REIT Limited (the "Company") was incorporated on 6 December 2012 as a public company under the Companies (Jersey) Law 1991, with registered number 112018. The registered office is 26 New Street, St Helier, Jersey, JE2 3RA, Channel Islands.

The Company primarily invests in Permitted Investments, as described in the Offering Memorandum dated 7 March 2013. The Company has been authorised by the Jersey Financial Services Commission to operate as a collective investment fund pursuant to the Collective Investment Funds (Jersey) Law 1988 as amended (the CIF Law). The Company is also listed on The International Stock Exchange.

In March 2013, the Company entered into a Share Purchase Agreement with Links Midco Limited for the acquisition by the Company of the entire share capital of Links Bidco Limited, which holds an indirect interest in a property portfolio.

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”), IFRIC interpretations and the Companies (Jersey) Law 1991.

These consolidated financial statements have been prepared under the historic cost convention as modified by the revaluation of investment properties and derivatives.

Under Article 105(11) of the Companies (Jersey) Law 1991, the Directors of a holding Company need not prepare separate financial statements (i.e. company only financial statements) if consolidated financial statements for the Company are prepared, unless required to do so by the members of the Company by ordinary resolution. The members of the Company have not passed a resolution requiring separate financial statements and, in the Directors' opinion, the Company meets the definition of a holding company. As permitted by the law, the Directors have elected not to prepare separate accounts.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. The Directors believe that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unaudited consolidated financial statements, are disclosed in note 4.

Consolidated statement of comprehensive income and consolidated statement of cash flows

The Group has elected to present all items of income and expense recognised in a period in a single consolidated statement of comprehensive income and presents its expenses by function.

The Group reports cash flows from operating activities using the indirect method. Interest paid is presented within financing cashflows. The acquisitions of investment properties are disclosed as cash flows under investing activities because this most appropriately reflects the Group’s business activities.

Changes in accounting policy and disclosures

(a) New Standards and amendments applicable 1 January 2023

In the current period, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting year that begins on or after 1 January 2023. The new standards issued during the period do not have a material impact on the Group.

IFRS 17 – Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders’ options and guarantees.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders’ options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

1. Accounting policies (continued)

Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(a) New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2023 (continued)

IFRS 17 – Insurance Contracts (continued)
IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Definition of Accounting Estimates – Amendments to IAS 8
The amendment to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors" clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

- The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

- A change in an accounting estimate may affect only the current period’s profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The amendments are effective for annual periods beginning on or after 1 January 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
The IASB amended IAS 1 to require entities to disclose their 'material' rather than their 'significant' accounting policies. The amendments define what is ‘material accounting policy information’ and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 'Making Materiality Judgements' to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements. The amendments are not expected to have a material impact on the Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 'Income Taxes' require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

-right-of-use assets and lease liabilities, and

-decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted. The Group is currently assessing the impact the amendments will have on current practice and whether there will be a need of recognising deferred tax on existing right-of-use assets and lease liabilities.

1. Accounting policies (continued)

Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2023 and not early adopted.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below, if they are expected to have an impact on the Group's consolidated financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard / interpretation	Content	Applicable for financial years on/after
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Deferred

Basis of consolidation

The Company re-assesses whether or not it controls an investee 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 Company obtains control over the subsidiary and ceases when the Company 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 comprehensive income from the date the Company gains control until the date the Group ceases to control the subsidiary.

For acquisitions meeting the definition of a business, the acquisition method of accounting is used. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs in relation to business combination are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

For acquisitions not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill. There were no acquisitions during the current financial year.

The consolidated financial statements incorporate the results of the Company's subsidiaries. The accounting policies of subsidiaries has been aligned with the policies adopted by the Group. All the Group companies have 31 December as their year end. All intra-group transactions, balances, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

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Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and they expect that the Group will continue in its operational existence for a period of at least 12 months from the date of approval of the financial statements based on the fact that revenue is secured through property leases up to 2042.

On 30th September 2020, the Group entered into a senior facility agreement (the "New Loan") with Standard Chartered Bank ("SCB") for an amount of £800,000,000 which matures on 30th September 2025. The New Loan was syndicated (effective from 31 December 2020) to 8 lenders (including SCB). The New Loan had a variable interest rate of 3 months GBP LIBOR plus a fixed margin of 1.16% per annum and interest was payable quarterly in arrears starting from 30 October 2020 to 31 March 2021. From 31 March 2022, the rate reverted to SONIA + 11.93bps plus a fixed margin of 1.16%.

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The Group's loan to portfolio value was 59.7% (2022: 59.7%) which at this level is comfortably within the financial covenant contained within the facility. The Group had a positive cash inflow from operating activities during the period amounting to £33,417,000 (30 June 2022: £26,544,000) and has forecasted to continue generating positive cashflow from core business to enable it to meet its financial obligations for a period of at least twelve months from the date of signing of the financial statements. The Group will continue to use its existing assets to continue to meet its financial obligations in full as they become due.

As at 30 June 2023, the Group had net current liabilities of £5,602,000 (31 December 2022: £5,150,000). The net current liabilities position is partially due to deferred revenue collected in advance, held as deferred revenue on the balance sheet. If deferred revenue is excluded, the Group will be in a net asset position.

Based on the above and steps taken by the Company, the Board of Directors has reasonable expectation that the Company has adequate resources to continue its operational existence for a period of at least 12 months from the date of signing the financial statements.

1. Accounting policies (continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the subsidiaries operate (the 'functional currency'). The consolidated financial statements are presented in pound sterling ('£000'), which is the functional currency of the Group's subsidiaries and the presentation currency of the Group.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income for the period.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the consolidated statement of comprehensive income within finance costs and finance income respectively.

Revenue recognition

Revenue includes rental income from investment properties. Rental income from operating leases is recognised in revenue on a straight line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis. When the Group provides incentives to its tenants, the cost of the incentives are recognised over the lease term, by applying IFRS 15, as a reduction of rental income.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis.

Dividends

Dividend distributions to the shareholders are recognised in the Group's consolidated financial statements in the year in which the dividends are approved.

Finance income and expenses

Interest income and expenses are recognised within net finance costs in the consolidated statement of comprehensive income using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts.

Expenses

Administrative expenses include legal, accounting, auditing, asset management, investment management, trustee fees and other fees. They are recognised as expenses in the consolidated statement of comprehensive income in the year in which they are incurred (on an accruals basis).

Investment properties

Investment properties comprise land and buildings which are held for long term rental yields or for capital appreciation or both in accordance with IAS 40 'Investment Property.' Land and buildings are shown at their fair value at year end with fair value movement posted through the consolidated statement of comprehensive income.

Subsequent costs are included in the investment property's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial year in which they are incurred.

The investment properties are not depreciated.

Land held under operating leases is classified and accounted for by the Group as investment property when the rest of the definition of investment property is met.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

1. Accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Restricted cash
Restricted cash comprise of cash and cash equivalents whose withdrawal or usage is legally restricted for certain purposes and for which the Group is not able to legally access without the prior consent of a third party. This includes legally restricted deposits held as collateral under derivative contracts, interest reserve deposits held with lending banks and cash balances held in bank accounts that are collateralised with the lenders in order to fulfil the requirements under derivative contracts and borrowing facility agreements. Restricted cash is not available for general use by the Group until after the related contract has been settled or settlement of interest payments. Such restricted cash is disclosed on statement of financial position as other receivables and classified as current unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Financial instruments

i. Recognition and initial measurement

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

ii. Classification and subsequent measurement

Financial assets
a. Classification
The Group classifies its financial assets in the following measurement category:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

For the purposes of assessment whether cash flows are solely payments of principal and interest, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

1. Accounting policies (continued)

b. Subsequent measurement
Debt instruments
The Group classifies its debt instrument at amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses on financial assets are presented as separate line item in the consolidated statement of comprehensive income.

Financial liabilities
Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading, it is a derivative or it is designated as at FVTPL.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'finance costs' line item in the consolidated statement of comprehensive income.

Other financial liabilities, including bank borrowings and trade and other payables, are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

iii. Derecognition
Financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liability
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

iv. Impairment
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Derivative financial instruments and hedge accounting

The Group uses interest rate swaps to hedge its risks associated with interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are recognised as financial assets when the fair value is positive and as liabilities when the fair value is negative. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

For the purpose of hedge accounting, the Group designates derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

1. Accounting policies (continued)

Financial instruments (continued)

Derivative financial instruments and hedge (continued)

Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge.
- For cash flow hedges, the hedged item in a forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the consolidated statement of comprehensive income.
- The cumulative change in the fair value of the hedging instrument is expected to be between 80-125% of the cumulative change in the fair value or cash flows of the hedged item attributable to the risk hedged (i.e. it is expected to be highly effective).
- The effectiveness of the hedge can be reliably measured.
- The hedge remains highly effective on each date tested, effectiveness is tested annually.

Cash flow hedges

The effective portion of gains and losses on derivatives used to manage cash flow interest rate risk (such as floating to fixed interest rate swaps) are also recognised in other comprehensive income and accumulated for in the cash flow hedge reserve. However, if the Group closes out its position early, the cumulative gains and losses recognised in other comprehensive income are frozen and reclassified from the cash flow hedging reserves to the income statement using the effective interest method. The ineffective portion of gains and losses on derivatives used to manage cash flow interest rate risk are recognised in the income statement within finance expense or finance income.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Current tax

The Group is subject to Jersey corporate income tax at the rate of 0% and UK income tax at 19% of its profits related to property rental.

The tax expense for the period comprises current tax. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the period end date.

Revenues, expenses and assets are recognised net of the amount of sales tax, except for receivables and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Stamp duty payable on the direct acquisition of investment property is capitalised as part of the property's acquisition costs.

Deferred tax

Deferred tax arises from timing differences between taxable profits and total comprehensive income as stated in the consolidated financial statements. Deferred tax shall be recognised in respect of all timing differences at the reporting date, except as otherwise required below.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference using tax rates enacted or substantively enacted by the consolidated statement of financial position. Deferred tax balances are not discounted.

Unrealised tax losses and other deferred tax assets are recognised only to the extent that is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Fair value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The fair value of financial instruments is always determined on the basis of the listed price on an active market (mark to market) or, if this is not possible, on the basis of industry standard valuation models (mark to matrix or mark to model).

Financial instruments valued using observable market prices

If a quoted market price in an active market is available for an instrument, the fair value is calculated based on the market price.

Financial instruments valued using a valuation technique

In the absence of a quoted market price in an active market, management uses industry standard models to make its best estimate of the price that the market would set for that financial instrument. In order to make these estimations, various techniques are employed, including extrapolation from observable market data and observation of similar financial instruments with similar characteristics. Wherever possible, valuation parameters for each product are based on prices directly observable in active markets or that can be derived from directly observable market prices.

1. Accounting policies (continued)

Fair value (continued)
Fair value hierarchy
The Company applies the following fair value hierarchy that prioritises the inputs to valuation techniques used in measuring fair value. The hierarchy establishes three categories for valuing financial instruments, giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

Level 1 **-** Unadjusted quoted prices for identical assets or liabilities in an active market that the Company has the ability to access at the measurement date.

Level 2 **-** Quoted prices in markets that are not active, quoted prices for similar assets or liabilities, recent market transactions, inputs other than quoted market prices for the asset or liability that are observable either directly or indirectly for substantially the full term, and inputs to valuation techniques that are derived principally from or corroborated by observable market data through correlation or other statistical means for substantially the full term of the asset or liability.

Level 3 **-** Inputs to the pricing or valuation techniques that are significant to the overall fair value measurement of the asset or liability are unobservable.

Contingent liabilities
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

Leases
The Group as a lessee
For any new contracts entered on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration’. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee
The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group as a lessor
The Group enters into lease agreements as a lessor with respect to some of its investment properties.

As a lessor the Group classifies its leases as either operating or finance leases.

2. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Directors of the Group review and agree policies for managing its risk exposure. The primary objectives of the financial risk management function are to establish appropriate risk limits, and then ensure that exposure to risks stays within these limits.

2. Financial risk management (continued)

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Derivative financial instruments
- Trade and other receivables
- Cash and cash equivalents
- Lease liabilities
- Intercompany payable
- Other payables
- Bank Borrowings

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from tenants and cash and cash equivalents held at banks. Credit risk associated with the derivative financial instrument is considered to be low as the counterparties are reputable financial organisations.

The Group's maximum exposure to credit risk by class of financial asset is as follows:-

	30 June 2023 £'000	31 December 2022 £'000
Trade and other receivables	8,038	7,574
Cash and cash equivalents	16,398	15,928
	24,436	23,502

The Group has £nil (31 December 2022: £nil) receivable from its tenants. The Group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history. The Group has not encountered issues with collection of rentals in line with the lease agreements and following an expected credit loss ("ECL") assessment the results are not considered to be material.

The fair value of cash and cash equivalents at 30 June 2023 approximates the carrying value. Further details regarding cash and cash equivalents can be found in note 16. In the period cash risk was mitigated by holding cash and cash equivalents with several different reputable financial institutions. As at 30 June 2023, cash balances were held with Standard Chartered Bank and RBS International. Refer to note 16 for credit ratings of these banking institutions.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's position.

The Group's liquidity position is monitored and reviewed on a quarterly basis by the Directors. The amounts disclosed in the below tables are the contractual undiscounted cash flows.

The maturity analysis of financial instruments at 30 June 2023 and 31 December 2022 are as follows:

2023	Within one year £'000	From one to two years £'000	From two to five years £'000	Later than 5 years £'000	Total £'000
Assets					
Trade and other receivables	8,038	-	-	-	8,038
Cash and cash equivalents	16,398	-	-	-	16,398
Derivative financial instruments	33,597	42,042	-	-	75,639
	58,033	42,042	-	-	100,075
Liabilities					
Lease liabilities	110	110	330	5,858	6,408
Borrowings	-	-	795,054	-	795,054
Other payables	16,020	-	-	-	16,020
	16,130	110	795,384	5,858	817,482

2022	Within one year £'000	From one to two years £'000	From two to five years £'000	Later than 5 years £'000	Total £'000
Assets					
Trade and other receivables	7,574	-	-	-	7,574
Cash and cash equivalents	15,928	-	-	-	15,928
Derivative financial instruments	20,175	20,230	15,090	-	55,495
	43,677	20,230	15,090	-	78,997
Liabilities					
Lease liabilities	110	110	330	5,913	6,463
Bank borrowings	31,317	31,661	823,488	-	886,466
Accruals and other payables	15,529	-	-	-	15,529
	46,956	31,771	823,818	5,913	908,458

2. Financial risk management (continued)

Liquidity risk (continued)

The Group's bank borrowings are secured by a charge over the Company's investment properties which are disclosed in note 12. The Board of Directors expects that upon maturity of the bank loans, further finance will be negotiated until the properties are sold.

The Group's loan with the lenders were repaid in full on 30 September 2020 by way of a refinancing from SCB. The New Loan has a maturity date of 30 September 2025 and bears interest of a margin of 1.16% per annum and 3 month LIBOR. From 31 March 2022, the rate transitioned to SONIA + 11.93bps plus a fixed margin of 1.16%.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risk arises from open positions in interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

IFRS 7 requires disclosure of sensitivity analysis for each type of market risk to which the entity is exposed at the reporting date showing how profit or loss and equity would have been affected by changing the relevant risk variables that were reasonably possible at that date.

c) Interest rate risk
The Group is exposed to cash flow risk in relation to interest payable on the bank loan amounting to £795,054,000 (2022: £794,570,000) with Standard Chartered Bank. The loan is due for repayment on 30 September 2025 and carries a floating interest rate as described in note 14. The following table details notional principal amounts and remaining terms of interest rate swaps contracts outstanding at the end of reporting period:

Cash flow hedges

Outstanding receive float pay fixed contracts	Contracted coverage		Notional principal value		Fair value of derivatives under cash flow hedge	
	2023	2022	2023	2022	2023	2022
	%	%	£	£	£	£
Less than 1 year	100%	100%	800,000,000	800,000,000	94,394,564	85,625,000

The fair values of the interest rate swaps are disclosed in note 14.

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping all of those borrowings from floating rates to fixed rates. Currently, the Group has contracts with an aggregate nominal value of £800,000,000 (2022: £800,000,000) split between Standard Chartered Bank (Hong Kong) Limited for £421,000,000 (2022: £421,000,000), DBS Bank Ltd Labuan branch for £119,000,000 (2022: £119,000,000), United Overseas Bank Limited London branch for £140,000,000 (2022: £140,000,000) and Oversea-Chinese Banking Corporation Limited London branch for £120,000,000 (2022: £120,000,000).

Interest rate swaps are allocated between Standard Chartered Bank, DBS Bank Ltd, United Overseas Bank Limited and Oversea-Chinese Banking Corporation Limited. The Group pays fixed interest at a rate of 0.2435% (2022: 0.2435%) for years up until 30 September 2025 and receives floating interest at 3 months GBP Libor. From 31 March 2022, the rate transitioned to SONIA + 11.93bps plus a fixed margin of 1.16%.

The interest rate swaps settle on a quarterly basis for floating and fixed rate interest. The Group will settle the difference between the fixed and floating interest rate on a net basis. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges.

Impact of Inter Bank Offered Rates Reform
During 2022 the group transitioned to Serling Overnight Index Average rate (SONIA) from GBP LIBOR. The Group's risk exposure that is directly affected by this reform is its floating-rate debt. The Group has hedged this debt with an interest rate swap in which the Group pays a fixed rate and receives floating.

The Group is exposed to the following interest rate benchmarks which are subject to interest rate benchmark reform: SONIA. The exposures arise on derivatives financial assets and liabilities.

As listed in note 1, the Group has cash flow hedge relationships affected by the interest rate benchmark reform for the period beginning 31 March 2022. Hedged items in these hedges include issued GBP floating rate debt. Hedging instruments include IBOR based interest rate swaps.

The Group closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This included announcements made by GBP LIBOR regulators (including the UK Financial Conduct Authority (FCA)) regarding the transition from LIBOR to the Sterling Overnight Index Average rate (SONIA). As part of the Company's IBOR reform programme, the swaps hedging the GBP LIBOR interest rate risk were amended to update the reference benchmark index from GBP LIBOR to SONIA plus an economically equivalent credit adjustment spread. The swaps were amended as of 10 September 2021 with a rate switch date to SONIA effective for the interest period beginning 31 March 2022 of SONIA + 11.93bps.

Risks arising from the interest rate benchmark reform

The group successfully managed the key risks during the interest rate transition which comprised of the Interest rate basis risks, Liquidity risk, Accounting, Litigation risk and Operation risk. Negotiations with counterparties resulted in a smooth transition to SONIA. With the Swaps that are in place, the Group has continued to pay a fixed rate of 0.2435% all in. The Group's risk management committee continues to monitor these risks and put in place an appropriate risk management framework.

2. Financial risk management (continued)

Cash flow hedges (continued)

Interest rate benchmark transition for derivatives and hedge relationships

The Group considered the impact of interest rate benchmark reform ("IBOR reform") on its loan accounting and hedge accounting and adopted the Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39 and IFRS 7 issued in August 2020 ("Phase 2 relief") in the prior year. Adopting these amendments provided relief from applying specific loan accounting and hedge accounting requirements for hedging relationships directly affected by IBOR reform.

For loan accounting, the reliefs had the effect that the Company could update its effective interest rate for the change to the new risk-free rate without recognising an immediate gain or loss. For hedge accounting, the reliefs had the effect that IBOR reform could not generally cause hedge accounting to cease and updates to hedge documentation relating to IBOR reform would not result in a de-designation event for existing hedge relationships. However, any hedge ineffectiveness should continue to be recorded in the income statement. The Company qualified for the reliefs as the new risk-free rate plus credit adjustment spread were economically equivalent to the previous LIBOR basis.

In accordance with Phase 2 relief, the Company has adjusted the effective interest rate on its borrowings resulting in no immediate impact on profit or loss. The Company determined that the amendment to the swaps resolved the uncertainty arising from the timing and cash flows due to a change in interest rate benchmark and has therefore also updated its hedge documentation with no discontinuation of hedge accounting or immediate release from the cash flow hedge reserve.

As at 30 June 2023, the following table contains summary of the derivatives (i.e. interest rate swaps) and bank borrowings that are related to the Group's cash flow hedges. Details of the terms of the derivatives and bank borrowings are discussed in note 14 and 17, respectively.

Balance sheet line items	**Note**	**Notional amounts**	**Carrying Amount**	**Changes in fair value for the period**
2023		**£**	**£**	**£**
Derivatives (in asset position) - Hedging instruments	14	(800,000,000)	94,394,564	8,770,053
Bank Borrowings - Hedge items	17	800,000,000	(795,053,847)	-

	Note	**Notional amounts**	**Carrying Amount**	**Changes in fair value for the period**
2022		**£**	**£**	**£**
Derivatives (in asset position) - Hedging instruments	14	(800,000,000)	85,625,000	58,279,000
Bank Borrowings - Hedge items	17	800,000,000	(794,570,000)	-

Capital management
The Group considers its capital to comprise its ordinary share capital, share premium and its accumulated retained earnings. Refer to note 21.

The Directors' objective when managing capital is to safeguard the Group's ability to continue as a going concern in the short and long term in order to provide returns for the shareholders and benefits for other stakeholders. There are no external regulatory requirements imposed on the Group with regards to capital management.

3. Segmental analysis
The Directors view the operations of the Group as one operating segment, being its investment in commercial investments properties situated in United Kingdom. All significant operating decisions are based upon analysis of the Subsidiaries' investments as a single segment.

4. Critical accounting judgements and key sources of estimation uncertainty
Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Fair value of investment properties
In determining the fair value of investment properties under IAS 40 there is a degree of uncertainty and judgement involved. The Group uses external professional valuers to determine relevant amounts. The Directors have reviewed the valuations and assumptions applied by the independent external valuer and have concluded that they are reasonable.

The Directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the residual value and useful lives of investment properties. The details of the valuation and sensitivity are disclosed in note 12.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Fair value of derivative instruments
The Group determines the fair value of financial instruments that are not quoted, using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. The Group engages third party qualified valuers to perform the valuation of interest rate swaps.

The methods and assumptions applied to the fair value of the derivative financial instruments are disclosed in note 19. The Directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the derivative financial instruments. Further information on the carrying amounts of these assets and the sensitivity of those amounts to changes in unobservable inputs are provided in note 14.

5. Revenue

	Period from 1 January 2023 to 30 June 2023	Period from 1 January 2022 to 30 June 2022
	£'000	£'000
Rental income	33,432	31,829
Other income	34	3
	33,466	31,832

6. Administrative expenses

	Period from 1 January 2023 to 30 June 2023	Period from 1 January 2022 to 30 June 2022
	£'000	£'000
Direct operating expenses arising from investment property that generated rental income during the period:		
Investment advisor fee	(100)	(100)
Other operating expenses:		
Administrative fees	(32)	(31)
Tax compliance fee	(55)	(63)
Valuation fees	(45)	(58)
Legal and professional fees	(48)	(52)
Trustee fees	(83)	(75)
Audit fees	(50)	(35)
Bank charges	(2)	(1)
	(415)	(415)

7. Depreciation on right of use assets

	30 June 2022	30 June 2021
	£'000	£'000
Depreciation on right of use assets	(30)	(23)

Depreciation has been calculated over the remaining life of head lease term on Links Bidco Propco 4 Limited, on a straight line basis over 62 years as the time of recognition as a right of use assets on the 1 January 2019 up to 30 September 2081.

8. Net finance cost

	Period from 1 January 2023 to 30 June 2023	Period from 1 January 2022 to 30 June 2022
	£'000	'£000
Interest on bank loan	(21,150)	(7,042)
Interest rate swap	15,551	1,474
Interest on lease liabilities	(42)	(29)
Loan arrangement fee amortisation	(484)	(905)
	(6,124)	(6,502)

9. Income tax

The Company and all of its subsidiaries are taxed under the Jersey tax law at a standard rate of 0%. The tax charge during the period under Jersey law is £nil (2022: £nil).

Analysis of tax charge in the period	Period from 1 January 2023 to 30 June 2023 £'000	Period from 1 January 2022 to 30 June 2022 £'000
Current income tax		
Current tax	-	-
Total tax charge for the period	-	-
Profit on ordinary activities before taxation	26,897	24,892

Factors affecting the tax charge for the period
The Group has elected to be treated as a REIT (Real Estate Investment Trust) with effect from 15 March 2013. The REIT rules exempt the profits of the Group’s UK property rental business from corporation tax. Gains on UK properties are also exempt from tax, provided they are not held for trading or sold in the three years after completion of development. The Group is otherwise subject to tax in its relevant jurisdictions.

As a REIT, the Group is required to pay Property Income Distributions equal to at least 90% of the Group’s exempted net income. To remain as a REIT, there are a number of conditions to be met in respect of the principal company of the Group, Links Bidco Limited’s qualifying activity and its balance of business. The Group met these conditions.

Up to 13 November 2020, the Company was subject to the general tax regulations to all commercial companies in Luxembourg. Following the migration on 13 November 2020, the Company is now taxed under the Jersey tax law at a standard rate of 0%.

10. Directors and employees

The Company has no employees. Refer to related party note (note 20) for details of corporate services fees paid to Ocorian Fund Services (Jersey) Limited.

11. Investment in subsidiaries

The following table details the subsidiaries owned by the parent company and included in these consolidated financial statements.

Subsidiary undertakings	Ownership	Holding %	Country of incorporation	Activity
Links Bidco Limited	Direct	100	Jersey	Holding company
Links Bidco Propco 1 Limited	Indirect	100	Jersey	Property holding
Links Bidco Propco 2 Limited	Indirect	100	Jersey	Property holding
Links Bidco Propco 3 Limited	Indirect	100	Jersey	Property holding
Links Bidco Propco 4 Limited	Indirect	100	Jersey	Property holding
Links Bidco Propco 5 Limited	Indirect	100	Jersey	Property holding
Links Bidco Propco 6 Limited	Indirect	100	Jersey	Property holding
Links Bidco Propco 7 Limited	Indirect	100	Jersey	Property holding
Links Bidco Propco 9 Limited	Indirect	100	Jersey	Property holding
Links Bidco Propco 10 Limited	Indirect	100	Jersey	Property holding
Links Bidco Propco 11 Limited	Indirect	100	Jersey	Property holding
Links Bidco Propco 12 Limited	Indirect	100	Jersey	Property holding
Links Bidco Propco 13 Limited	Indirect	100	Jersey	Property holding

12. Investment properties

2023	Cost £'000	Fair Value Gains £'000	Fair Value £'000
Balance as at 30 June 2023	719,526	621,194	1,340,720

2022	Cost £'000	Fair Value Gains £'000	Fair Value £'000
Opening balance	719,526	707,134	1,426,660
Fair value movement during the year	-	(85,940)	(85,940)
Balance as at 31 December 2022	719,526	621,194	1,340,720

Fair value of investment property
On an annual basis, the Group engages external, independent and qualified valuers to determine the fair value of the investment properties. As at 31 December 2022, fair value of the investment properties have been determined by CBRE using Royal International Chartered Surveyors (“RICS”) valuation. No valuation has been conducted for these interim financial statements.

Fair value of investment property (continued)
The different levels have been defined as follows:
• Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
• Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
• Inputs for the asset or liability that are not based on observable market data (Level 3).

The external valuations of the investment properties have been carried out using the comparative investment method and the investment properties have been classified as level 3. The valuation is based on a collation and analysis of appropriate comparable investment transactions. Such transactions were then applied to the investment properties by taking into account the size, location, terms, covenant and other material factors.

Details of the Group's investment properties and information about the fair value hierarchy (assuming 6.79% cost of acquisition) as at 30 June 2023 and 31 December 2022 are as follow:

Subsidiary	Hospital	% of ownership	Level 1 £'000	Level 2 £'000	Level 3 £'000	Fair value at 30 June 2023/ 31 December 2022 £'000
Links Bidco Propco 1 Limited	Bristol, Glen	100%	-	-	178,760	178,760
Links Bidco Propco 2 Limited	Bushey	100%	-	-	219,660	219,660
Links Bidco Propco 3 Limited	Edinburgh	100%	-	-	139,850	139,850
Links Bidco Propco 4 Limited	Gatwick	100%	-	-	85,960	85,960
Links Bidco Propco 5 Limited	Leeds	100%	-	-	140,640	140,640
Links Bidco Propco 6 Limited	Leicester	100%	-	-	109,385	109,385
Links Bidco Propco 7 Limited	Little Aston	100%	-	-	105,965	105,965
Links Bidco Propco 9 Limited	Portsmouth	100%	-	-	113,050	113,050
Links Bidco Propco 10 Limited	Roding	100%	-	-	61,310	61,310
Links Bidco Propco 11 Limited	Southampton	100%	-	-	152,600	152,600
Links Bidco Propco 12 Limited	Tunbridge Wells	100%	-	-	7,790	7,790
Links Bidco Propco 13 Limited	Wirral	100%	-	-	25,750	25,750
			-	-	1,340,720	1,340,720

There were no transfers between levels during the period.

The yields CBRE applied to the PropCo assets as at 31 December 2022 reflect the lease terms and structure as well as taking into account the rent realignment deed. This deed provides the Landlord with the option to periodically redistribute the rent across the portfolio without affecting the total aggregate rent. This allows the rents to be brought in line with generally considered KPIs maintaining good and reasonable rent coverage (both on a gross and net basis), therefore reducing risks associated with over renting on any particular PropCo. The first re-alignment of rents took effect from 17 January 2020. The effective date of the Landlord's next option to re-align rents is 17 January 2024.

The key inputs used in the valuation of the investment property were the initial yield and contracted rental income. The net initial yields applied by CBRE for the year ended 31 December 2022 range from 4.65 - 5% (2021: 4.15%-4.5%).The higher the initial yield the lower the fair value.

All properties are categorised as strong performers with wide range of services and/or dominant players in the local market.

Notes to the consolidated financial statements (Continued)
For the period from 1 January 2023 to 30 June 2023

12. Investment properties (continued)

The Group is exposed to property price and property rental risk arising from it's investments in properties, which are not financial instruments.

In respect of price risk, a 25BP decrease in the yield of the investment properties would increase current profits by 308% and increase the net asset value of the Group by 10%.

A 25BP increase in the yield of the of investment properties would reduce current profits by 39% and increase the net asset value of the Group by 1%.

A decrease in yield or an increase in rent will cause a consequent increase in the value of the investment property, with opposite movements causing a decrease in value. A summary of the sensitivity of key inputs to the valuation is set out below.

	Valuation impact	**Valuation impact**	**Valuation impact**	**Valuation impact**
Fair value at	+ 5% ERV/RV	- 5% ERV/RV	- 25 bps in yields	+ 25 bps in yields
30 June 2023	1,490,729	1,348,754	1,492,304	1,349,013

Investment properties with a carrying amount of £1,340,720,000 (2022: £1,340,720,000) have been pledged to secure borrowings of the Group (note 20). The investment properties have been pledged as security for bank loans under a mortgage. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

13. Right of use assets

This note provides information for leases where the Group is a lessee, represented by Links Bidco Propco 4 Limited.

	30 June 2023 £'000	**31 December 2022 £'000**
Right of use assets	3,555	2,938
Depreciation of right of use assets	(256)	(226)
Adjustment for change in head lease rent	-	617
	3,299	3,329

The right of use assets relates to the land that is under leasehold in Links Bidco Propco 4 Limited.

The right of use assets and lease liabilities have been estimated by discounting the future cash flows of the head lease rental payments at the Group current incremental borrowing rate of 2.43%.

In the year 2022, both asset and liability were adjusted to reflect the updated head lease rental amounts and incremental rate of borrowing. From £82,500 pa at 2.03% in 2019, to £110,000 pa at 2.43% post refinancing in the financial year 2020.

The Group has chosen to depreciate the right of use assets over the remaining life of the head lease term from the date of recognition on the 1 January 2019 up to 30 September 2081, being 62 years.

14. Derivative financial instruments

	30 June 2023 £'000	**31 December 2022 £'000**
Derivatives designated and effective as hedging instrument carried at fair value		
Interest rate swap valuation	94,395	85,625
	94,395	85,625
Movement in derivative designated as hedging instruments		
Opening balance	85,625	27,346
Movement for the period	8,770	58,279
Closing balance	94,395	85,625
Movement in cash flow hedging reserve		
Opening balance	85,625	27,346
Movement for the period	8,770	58,279
Closing balance	94,395	85,625

The Group is not netting off financial instruments in accordance with IFRS 39 and does not have relevant offsetting arrangements.

14. Derivative financial instruments (continued)

Interest rate swaps - designated and effective as hedging instrument carried at fair value

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping all of those borrowings from floating rates to fixed rates. Currently, the Group has contracts with an aggregate nominal value of £800,000,000 (2022: £800,000,000) split between Standard Chartered Bank (Hong Kong) Limited for £421,000,000 (2022: £421,000,000), DBS Bank Ltd Labuan branch for £119,000,000 (2022: £119,000,000), United Overseas Bank Limited London branch for £140,000,000 (2022: £140,000,000) and Oversea-Chinese Banking Corporation Limited London branch for £120,000,000 (2022: £120,000,000).

The interest rate swaps settle on a quarterly basis for floating and fixed rate interest. The Group will settle the difference between the fixed and floating interest rate on a net basis. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges.

The fair values of the derivative financial instruments are determined by the holder of the instrument calculated based on discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non optional derivatives. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. These valuation techniques maximise the use of observable market data, such as Bank of England's Limited Price Indexation. Accordingly, the fair valuation of the swaps is deemed to be Level 2.

There were no transfers between levels during the year.

Interest rate swaps - designated and effective as hedging instrument carried at fair value

As at 30 June 2023 the Group has an outstanding interest swap agreement with a notional amount of £800,000,000 hedging the interest rate exposure arising from the loan by fixing the interest rate at 0.2435% as at reporting date. This will expire on 30 September 2025.

As at 30 June 2023, this derivative instrument is classified as non-current asset (31 December 2022: non-current asset).

On 5 March 2021, the UK’s Financial Conduct Authority (FCA) formally announced the cessation of all GBP London Interbank Offered Rate (LIBOR) benchmark settings currently published by ICE Benchmark Administration (IBA) immediately after 31 December 2021. In response, during the prior year, the Company entered into agreements with its lenders to amend the benchmark rate referenced in the agreements from GBP LIBOR to GBP SONIA plus a credit adjustment spread to compensate for the basis differential between the two benchmarks. The loan was amended as of 10 September 2021 with a rate switch date to SONIA effective for the interest period beginning 31 March 2022 of SONIA + 11.93bps plus a fixed margin of 1.16%.

As part of the Company’s IBOR reform programme, the swaps hedging the GBP LIBOR interest rate risk were also amended to update the reference benchmark index from GBP LIBOR to SONIA plus an economically equivalent credit adjustment spread. The swaps were amended as of 10 September 2021 with a rate switch date to SONIA effective for the interest period beginning 31 March 2022 of SONIA + 11.93bps plus a fixed margin of 1.16%.

The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract. The average interest rate is based on the outstanding balances at the end of the financial year. A 5% increase/decrease in the fair value of the derivatives would have a positive/negative effect of £4,281 (2022: £4,281) respectively on the consolidated total comprehensive income and net assets.

15. Trade and other receivables

	30 June 2023 £'000	31 December 2022 £'000
Amounts falling due within one year:		
Receivables due to Links Healthcare REIT Limited	60	45
Intercompany receivable	4,792	4,722
Income tax recoverable	344	367
Restricted cash balance	2,842	2,852
	8,038	7,986

The restricted cash balance comprises of cash balances with Standard Chartered Bank within the Debt Service Reserve account (“DSRA account”) of £2,830,071 and Rent account of £11,444. The DSRA account will continue to be restricted, under the terms of the loan facility agreement, there is a requirement for the quarterly fixed interest, margin and any fees scheduled to be paid to the lender (annual agency fee) in the subsequent quarter, to be segregated (Note 19).

16. Cash and cash equivalents

	30 June 2023 £'000	31 December 2022 £'000
Standard Chartered Bank	16,315	15,851
RBS International	83	77
	16,398	15,928

The following table is a summary of the banking institutions' credit rating per Moody's Credit Rating Agent as at reporting date:

Banking institution		
Standard Chartered Bank	A1	A1
RBS International	A3	A3

17. Borrowings

	30 June 2023 £'000	31 December 2022 £'000
Bank borrowings	795,054	794,570
The bank loans are split as follows:		
Current	-	-
Long term	795,054	794,570
	795,054	794,570

Bank borrowings subjected to hedge accounting

On 30 September 2020, the Company entered into a senior facility agreement with SCB for an amount of £800,000,000.

On 18 December 2020, the Group entered into a syndication and accession agreement to syndicate the SCB loan of £800,000,000 among Standard Chartered Bank (Hong Kong) Limited, Bank Of China (Hong Kong) Limited, DBS Bank Ltd., Labuan Branch, MUFG Bank, Ltd; Labuan Branch, Oversea-Chinese Banking Corporation Limited; London Branch, United Overseas Bank Limited; London Branch, Sumitomo Mitsui Banking Corporation; Labuan Branch and Hong Leong Bank Berhad, Damansara; City Branch for £80,000,000, £140,000,000, £140,000,000, £140,000,000 £120,000,000, £140,000,000, £20,000,000 and £20,000,000 respectively.

The Loan has a maturity date of 30 September 2025 and bears interest of a margin of 1.16% per annum and 3 month LIBOR. From 31 March 2022, the rate transitioned to SONIA + 11.93bps plus a fixed margin of 1.16%. Accrued interest that remains unpaid as at the interest payment date are capitalised. There have been no breaches in borrowing covenants during the period or since year end.

The New Loan is secured against the investment properties and shall be repaid on maturity which is 30 September 2025. During the period, interest of £21,633,673 (31 December 2022: £22,103,094) accrued while the amount of £21,149,896 (31 December 2022: £20,415,384) was paid by the Group.

As at 30 June 2023, the amount of the outstanding bank loan with SCB is allocated to each of the Links Bidco Limited subsidiaries as follows:

	Balance at 1 January 2023 £'000	Movement during the period £'000	Balance at 30 June 2023 £'000
Links Bidco Propco 1 Limited	106,237	64	106,301
Links Bidco Propco 2 Limited	130,533	79	130,612
Links Bidco Propco 3 Limited	81,156	50	81,206
Links Bidco Propco 4 Limited	50,660	31	50,691
Links Bidco Propco 5 Limited	83,384	50	83,434
Links Bidco Propco 6 Limited	64,852	39	64,891
Links Bidco Propco 7 Limited	62,985	38	63,023
Links Bidco Propco 9 Limited	67,024	40	67,064
Links Bidco Propco 10 Limited	38,262	24	38,286
Links Bidco Propco 11 Limited	90,472	55	90,527
Links Bidco Propco 12 Limited	4,589	2	4,591
Links Bidco Propco 13 Limited	14,416	10	14,426
	794,570	484	795,054

18. Other payables

	30 June 2023 £'000	31 December 2022 £'000
Current liabilities:		
Rent received in advance	13,990	13,497
Other payables	16,020	15,529
	30,010	29,026

The fair value of other payables approximates their carrying value above.

All other payables presented above are repayable on demand, unsecured and interest free.

19. Lease liabilities

This note provides information for leases where the Group is a lessee, represented by Links Bidco Propco 4 Limited.

	30 June 2023 £'000	31 December 2022 £'000
Lease liabilities	3,555	2,938
Lease liabilities - interest	359	318
Lease liabilities - head lease rent paid	(488)	(433)
Adjustment for change in head lease rent	-	617
	3,426	3,440

The lease liabilities are split as follows:	30 June 2023 £'000	31 December 2022 £'000
Current	27	38
Non-current	3,399	3,402
	3,426	3,440

Refer to note 13 on the IFRS 16 details.

20. Related party transactions
Transactions during the period between the Group and the related parties are shown below:

Ocorian Corporate Services (Jersey) Limited is a related party by virtue of common directors in certain of the underlying subsidiary companies in the Group. During the period to 30 June 2023, administrative and trustee fees of £93,716 (30 June 2022: £52,634) were charged to Ocorian Corporate Services (Jersey) Limited.

At period end, fees were payable to Ocorian Corporate Services (Jersey) Limited in the sum of £Nil (31 December 2022: £54,366).

During the period dividends of £22,419,807 (30 June 2022: £21,151,985) were paid to Links Holdings LP as disclosed in the Statement of Changes in Equity.

Significant balances outstanding between the related parties in the group are shown below.

At 30 June 2023, the intercompany receivable from Links Holdings LP by the Group amounted to £4,791,849 (31 December 2022: £4,721,787) as disclosed in the consolidated statement of financial position. The amount due to Links Holdings LP is interest free and repayable on demand.

None of the above balances are secured. All of the above transactions are made on terms equivalent to those that prevail in arm’s length transactions.

21. Share capital, share premium, legal reserve and cash flow hedging reserve

(a) Share capital

Summary:

	30 June 2023 £'000	31 December 2022 £'000
Opening share capital	1	1
Share capital issued	-	-
Closing share capital	1	1

The authorised share capital consists of 100,000 shares of £0.01 each. As at 30 June 2023, 54,714 (2022: 54,714) shares were issued amounting to £547.14 (2022: £547.14).

21. Share capital, share premium, legal reserve and cash flow hedging reserve (continued)

(b) Share premium

Summary:

	30 June 2023 £'000	31 December 2022 £'000
Opening share capital premium	5,470	5,470
Closing share capital premium	5,470	5,470

(c) Cash flow hedging reserve

Summary:

	30 June 2023 £'000	31 December 2022 £'000
Opening cash flow hedging reserve	85,625	27,346
Swap fair value movement	8,770	58,279
Closing cash flow hedging reserve	94,395	85,625

The cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of the derivative financial instruments (such as floating to fixed interest rate swaps) used in cash flow hedge pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

22. Operating leases

The Group as lessee
The future aggregate minimum rentals payable under non-cancellable operating leases are as follows:

	30 June 2023 £'000	31 December 2022 £'000
Within 1 year	110,000	110,000
Between 1 and 2 years	110,000	110,000
Between 2 and 3 years	110,000	110,000
Between 3 and 4 years	110,000	110,000
Between 4 and 5 years	110,000	110,000
Later than 5 years	5,857,500	5,912,500
Total	6,407,500	6,462,500

The Group as lessor
The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2023 £'000	2022 £'000
Within 1 year	67,741	67,741
Between 1 and 2 years	67,741	67,741
Between 2 and 3 years	67,741	67,741
Between 3 and 4 years	67,741	67,741
Between 4 and 5 years	67,741	67,741
Later than 5 years	981,600	1,015,192
Total	1,320,305	1,353,897

23. Cash generated from operations

	Period from 1 January 2023 to 30 June 2023 £'000	Period from 1 January 2022 to 30 June 2022 £'000
Profit before income tax	26,897	24,892
Adjustments for:		
Finance costs	6,082	6,502
Depreciation on right of use assets	30	23
Changes in working capital		
(Increase)/decrease in other receivables	(76)	18
Increase in other payables	467	319
Net cash generated from operations	33,400	31,754

24. Directors' remuneration
No emoluments were granted to the Directors during the period ended 30 June 2023 (30 June 2022: £nil).

25. Contingent liabilities
There were no contingent liabilities for the Group and its operations as at 30 June 2023. Refer to note 12 for details of "Investment properties pledged as security" for the Standard Chartered loan facility.

26. Non-controlling interest
There were no non-controlling interest for the Group as at 30 June 2023 and 31 December 2022 as all the subsidiaries are 100% owned.

27. Controlling party
The ultimate controlling party is the Employees Provident Fund, of Bangunan KWSP, Jalan Raja Laut, 50350, Kuala Lumpur, Malaysia.

28. Post balance sheet events
There were no other subsequent events or transactions that required recognition or disclosure in the consolidated financial statements.