Registered number: 112018

Links Healthcare REIT Limited

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2023

Corporate information

Directors
Gary Wilder
Nick Bland
Theresa Beard (Appointed on 23 June 2023)
Alan Booth (Resigned on 23 June 2023)

Registered office
Ocorian Fund Services (Jersey) Limited
26 New Street
St. Helier
Jersey JE2 3RA

Company secretary
Ocorian Secretaries (Jersey) Limited
26 New Street
St Helier
Jersey JE2 3RA

Investment advisers
Moor Park Capital Partners LLP
Meridien House
42 Upper Berkeley St
London W1H 5QL
United Kingdom

Legal advisors
Mourant Ozannes
22 Grenville Street, St Helier,
Jersey, JE4 8PX,
Channel Islands

Norton Rose LLP
3 More London Riverside
London
SE1 2AQ

Independent auditors
PricewaterhouseCoopers CI LLP
37 Esplanade
St Helier
Jersey
JE1 4XA

The Directors present their annual report and the audited consolidated financial statements of Links Healthcare REIT Limited (the "Company”) and its subsidiaries (note 12) (together the "Group") for the year ended 31 December 2023.

Principal activities

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 2.

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).

The rental income for the year ended 31 December 2023 amounted to £67,409,283 (2022: £64,383,628). Total comprehensive loss for the year ended 31 December 2023 amounted to £40,693,000 (2022: income of £22,988,000).

As at 31 December 2023, the Group held investment properties valued at £1,277,665,000 (2022: £1,340,720,000).

Key risks
The Board of Directors believes the key risks of the Company and Group’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 3.

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

Results and distributions

The results for the year are set out in the consolidated statement of comprehensive income on page 12 of the consolidated Financial Statements.

During the year, the directors declared dividends in the sum of £56,338,000, £1,029.67 per share in respect of the year ended 31 December 2023 (2022: £53,166,000, £778.24 per share). As at 31 December 2023, dividend payable amounts to £16,064,172 (2022: £15,064,182). See page 14.

Environmental, Social and Governance (ESG)

In accordance with the business model and operation of the assets for Links Healthcare REIT Limited, whilst the Group 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). The EPC ratings for all assets in the portfolio were re-assessed in early 2023. All assets achieved either a B or C rating (English equivalent for the Scottish asset) making them comfortably compliant with the Minimum Energy Efficiency Standards legislation (which define a minimum E rating to be held).

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 continue to invest 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.

Private hospital assets, whilst being inherently energy intensive, provide a valuable service to society, through the provision of healthcare. In December 2022, the UK government announced the formation of the Elective Recovery Taskforce, recognising the importance of the private healthcare sector as a key provider of assistance in helping to reduce the ever-growing National Health Service ("NHS") waiting list. A number of specific measures aimed at increasing utilisation of the private sector by the NHS were announced in August 2023.

Since this is an ongoing discussion, management is reviewing the situation and will perform the assessment once a final outcome is available.

Directors

The following persons were directors of Links Healthcare REIT Limited during the year and up to the date of this report:

Gary Wilder
Nick Bland
Theresa Beard (Appointed on 23 June 2023)
Alan Booth (Resigned on 23 June 2023)

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

Company secretary

The Secretary of the Company during the year and, unless otherwise indicated, up to the date on which the consolidated financial statements were approved, is shown on page 2.

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 year. The Directors have elected to prepare the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) ("IFRS"). 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 year.

International Accounting Standard 1 requires that consolidated financial statements present fairly for each financial year 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;
- make judgements and estimates that are reasonable and prudent;
- 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue the business.

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 year and subsequently.

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 consolidated 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 an additional 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 has met the loan covenants within the financial covenant of loan to value of 85% and required interest cover ratio of 1.5:1. The Group had a positive cash inflow from operating activities during the year amounting to £66,381,000 (2022: £61,354,000) 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 consolidated 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 31 December 2023, the Group had net current liabilities of £5,864,000 (2022: £5,150,000). The net current liabilities position is partially due to deferred 2024 revenue collected in advance during December 2023, held as deferred revenue on the statement of financial position. If deferred revenue is excluded, the Group will be in a net asset position.

KWASA Global (Jersey) Limited, being the indirect shareholder of Links Healthcare REIT Limited, has also expressed its financial support so that:

i. the Group has access to the financial resources of KWASA Global (Jersey) Limited to enable it to meet in full its financial obligations for a period of at least twelve months from the date of signing the consolidated financial statements/approval;

ii. KWASA Global (Jersey) Limited has adequate financial means to meet any capital calls, equity injections and/or shareholders advances as required by Links Healthcare REIT Limited to settle its liabilities as and when they fall due and continue providing financial support to Links Healthcare REIT Limited and its wholly owned subsidiaries for at least the next twelve months from the date of signing the consolidated financial statements/approval.

There is no evidence to 31 December 2023 that the implications of the war in Ukraine, have adversely affected the Group's activities operations. The Directors will continue to monitor the developments and assess for any changes.

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 consolidated financial statements.

Statement of disclosure of information to auditor

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

Independent auditors

PricewaterhouseCoopers CI LLP ("PwC") were appointed as auditors in the prior year and they have indicated their willingness to continue in office.

Approved by the board of directors

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Nick Bland - Director
7th March 2024

Independent auditor's report to the members of Links Healthcare REIT Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Links Healthcare REIT Limited (the "company") and its subsidiaries (together "the group") as at 31 December 2023, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

What we have audited

The group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Audit scope

- Group scoping was performed based on the total assets held by each subsidiary.
- The company and its subsidiaries are incorporated in Jersey. The consolidated financial statements are a consolidation of the company, its directly wholly owned subsidiary, namely Links Bidco Limited, and a number of indirect wholly owned subsidiaries, which in turn own investment properties.
- We determined that Links Bidco Limited, on a consolidated basis including its subsidiaries, is the only significant component of the group.
- Our audit work was performed solely in Jersey for the audit of the consolidated financial statements of the

Independent auditor’s report to the members of Links Healthcare REIT Limited (continued)

Group.

Key audit matters

- Valuation of investment properties

Materiality

- Overall group materiality: GBP 13,594,000 (2022: GBP 14,535,000) based on 1% of the group’s total assets.
- Performance materiality: GBP 6,797,000 (2022: GBP 7,267,000).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditor’s professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Valuation of investment properties The group’s investment properties consist of a number of hospitals, which are held through its subsidiaries, and have been valued at £1,277,665,000 as at 31 December 2023. The valuation of the investment properties is inherently subjective due to, among other factors, the nature of the properties, their location and expected future rental income for these properties. The Directors have appointed a third party valuation expert (“directors’ valuer”) to assist them in valuing all the investment properties as at 31 December 2023. The existence of significant estimation uncertainty, coupled with the fact that only a small percentage difference in property valuation assumptions, when aggregated, could result in material misstatement, are	**Objectivity and experience of directors’ valuer** We assessed the qualifications and expertise of directors’ valuer, and read their terms of engagement with the group to confirm that there were no matters that might have imposed scope limitations upon their work. **Expert’s valuation report** We read the valuation report prepared by directors’ valuer and discussed it with the expert. We confirmed that the valuation approach was in accordance with RICS professional valuation standards and suitable for use in determining the fair value of the investment properties. We reconciled the property specific information supplied to directors’ valuer by the group, on a sample basis, to determine whether it reflected the underlying

Independent auditor's report to the members of Links Healthcare REIT Limited (continued)

the reasons for our specific audit focus and attention to this area.

Refer to note 2, 5 and 13 for further information regarding the fair valuation of the investment properties.

property records held by the group.

We agreed the total value of the investment properties included in the consolidated financial statements to the valuation report prepared by directors' valuer as at 31 December 2023.

Assumptions

We engaged an internal valuation expert (the "auditor's expert") to critique and challenge the work performed and assumptions used within the valuation reports. In particular, the valuation metrics used by the valuers were compared to recent comparable market activity and industry indices. We challenged the directors and their valuers on significant movements in the valuations.

Due to the subjectivity involved in determining valuations for investment properties, including the existence of alternative assumptions and valuation methods, our auditor's expert has performed the following:

- Determined a range of yields that were considered reasonable to evaluate the property valuations adopted by the directors as at 31 December 2023;
- Determined that the other market based assumptions used in the valuations were materially supportable in light of the available and comparable market evidence and fell within an acceptable range of values; and
- Reviewed the valuation methodology for reasonableness, considering the application of overall materiality.

Presentation and disclosure

We checked that the valuations adopted by the directors were correctly included in the financial statements.

Conclusion

Based on the work performed, we have no material matters to be reported to those charged with governance.

Independent auditor’s report to the members of Links Healthcare REIT Limited (continued)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Overall group materiality	GBP 13,594,000 (2022: GBP 14,535,000)
How we determined it	1% of the group’s total assets
Rationale for the materiality benchmark	We believe that total assets are the primary measure used by the shareholders in assessing the performance of the group.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 50% (2022: 50%) of overall materiality, amounting to GBP 6,797,000 (2022: GBP 7,267,000) for the group financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the lower end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above GBP 679,000 (2022: GBP 726,000), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all the information included in the Annual Report and Consolidated Financial Statements (the “Annual Report”) but does not include the consolidated financial statements and our auditor’s report thereon. The directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent auditor’s report to the members of Links Healthcare REIT Limited (continued)

Responsibilities for the consolidated financial statements and the audit

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the Statement of directors’ responsibilities, the directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards, the requirements of Jersey law and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group’s ability to continue as a going concern over a period of at least twelve months from the date of approval of the consolidated financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report to the members of Links Healthcare REIT Limited (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This independent auditor's report, including the opinions, has been prepared for and only for the members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Company Law exception reporting

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Ian Ross

Ian Ross
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands
8 March 2024

	Notes	**2023 £'000**	2022 £'000
Rental income	6	**67,409**	64,384
Other income		**217**	192
Administration expenses	7	**(936)**	(799)
Fair value movement on investment properties	13	**(63,055)**	(85,940)
Depreciation on right of use assets	8	**(60)**	(86)
Operating loss		**3,575**	(22,249)
Net finance costs	9	**(12,035)**	(13,041)
Loss for the year before income tax		**(8,460)**	(35,290)
Income tax expense	10	**-**	(1)
Loss for the year after income tax		**(8,460)**	(35,291)
Other comprehensive (loss)/ income	19	**(32,233)**	58,279
Total comprehensive (loss)/ income for the year		**(40,693)**	22,988

All items dealt with in arriving at the total comprehensive income for the year ended 31 December 2023 related to continuing operations.

	Notes	**2023 £'000**	2022 £'000
ASSETS			
Non-current assets			
Investment properties	13	**1,277,665**	1,340,720
Derivative financial instruments	19	**53,392**	85,625
Right of use assets	14	**3,269**	3,329
Total non-current assets		**1,334,326**	1,429,674
Current assets			
Trade and other receivables	15	**8,138**	7,986
Cash and cash equivalents	16	**16,960**	15,928
Total current assets		**25,098**	23,914
Total assets		**1,359,424**	1,453,588
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	17	**1**	1
Share premium	17	**5,470**	5,470
Cash flow hedging reserve	17	**53,392**	85,625
Retained earnings		**469,182**	533,980
Total equity attributable to equity holders of the Company		**528,045**	625,076
Non-current liabilities			
Lease liabilities	18	**3,386**	3,402
Borrowings	20	**795,325**	794,570
Intercompany payable		**1,722**	1,476
Total non-current liabilities		**800,433**	799,448
Current liabilities			
Lease liabilities	18	**27**	38
Other payables	21	**30,919**	29,026
Total current liabilities		**30,946**	29,064
Total liabilities		**831,379**	828,512
Total equity and liabilities		**1,359,424**	1,453,588

The consolidated financial statements on pages 12 to 41 were approved and authorised for issue by the board of directors on 7 March 2024 and were signed on its behalf by:

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Nick Bland - Director

DocuSigned by:
Theresa Beard
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Theresa Beard - Director

The notes on pages 16 to 41 are an integral part of these consolidated financial statements

	Share capital* £'000	Share premium £'000	Cash flow hedging reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2022	1	5,470	27,346	622,437	655,254
Profit for the year					
Loss for the year after income tax	-	-	-	(35,291)	(35,291)
Other comprehensive income for the year					
Movement in revaluation of interest rate swap	-	-	58,279	-	58,279
Total comprehensive income for the period ended 31 December 2022	-	-	58,279	(35,291)	22,988
Dividends**	-	-	-	(53,166)	(53,166)
Balance at 31 December 2022	1	5,470	85,625	533,980	625,076

	Share capital* £'000	Share premium £'000	Cash flow hedging reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2023	1	5,470	85,625	533,980	625,076
Profit for the year					
Loss for the year after income tax	-	-	-	(8,460)	(8,460)
Other comprehensive income for the year					
Movement in revaluation of interest rate swap	-	-	(32,233)	-	(32,233)
Total comprehensive income for the period ended 31 December 2023	**-**	**-**	**(32,233)**	**(8,460)**	**(40,693)**
Dividends**	-	-	-	(56,338)	(56,338)
Balance at 31 December 2023	1	5,470	53,392	469,182	528,045

* The share capital amounts to £547.14 (2022: £547.14) (note 17)).
**The total dividend per share in respect of the year ended 31 December 2023 is £1,029.67 (2022: £778.24).

The notes on pages 16 to 41 are an integral part of these consolidated financial statements

Cash flows from operating activities	Notes	2023 £'000	2022 £'000
Cash generated from operations	23	**67,589**	61,354
Income tax paid		**23**	25
Net cash generated from operating activities		**67,612**	61,379
Cash flows from financing activities			
Interest paid		**(11,197)**	(11,196)
Dividends paid		**(55,383)**	(49,749)
Net cash used in financing activities		**(66,580)**	(60,945)
Net increase in cash and cash equivalents		**1,032**	434
Cash and cash equivalents at the beginning of the year		**15,928**	15,494
Cash and cash equivalents at end of year	16	**16,960**	15,928

There were no major non-cash movements during the year ended 31 December 2023 and 2022.

1 General information

Links Healthcare REIT Limited (the "Company") was incorporated on 6 December 2012 as a public company limited by shares 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.

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).

2 Summary of material accounting policy information

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) ("IFRS"), 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 year 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 consolidated financial statements, are disclosed in note 5.

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 year 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.

Changes in accounting policies and disclosures

(i) New Standards and amendments applicable 1 January 2023

In the current year, 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 year did not have any material impact on the Group.

2 Summary of material accounting policy information (continued)

Changes in accounting policies and disclosures (continued)

- *IFRS 17 Insurance Contracts*

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)

- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group’s consolidated financial statements.

- *Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2*

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The new standard had no impact on the Group’s consolidated financial statements.

- *Definition of Accounting Estimates – Amendments to IAS 8*

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group’s consolidated financial statements.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group’s consolidated financial statements.

- *International Tax Reform -Pillar Two Model Rules - amendments to IAS 12.*

The amendments to IAS 12 Income Tax introduced:

a) a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes; and

b) targeted disclosure requirements for affected entities.

The amendments had no impact on the Group’s consolidated financial statements.

The amendments listed above did not have any impact on the amounts recognised in the prior periods and are not expected to significantly affect the current or future periods.

2 Summary of material accounting policy information (continued)

Changes in accounting policies and disclosures (continued)

(ii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2024 and not early adopted.

The following new and amended standards and interpretations have been issued and are mandatory for the Group's accounting periods beginning on or after 1 January 2024 or later periods and are expected to be relevant to the Group.

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard	Effective date
• Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
• Amendments to IAS 1: Classification of debt with covenants	1 January 2024
• Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024
• Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
• Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	Available for optional adoption/ effective date deferred indefinitely

The amendments are not expected to have a material impact on the Group.

(b) 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.

2 Summary of material accounting policy information (continued)

(b) Basis of consolidation (continued)

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.

(c) 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 consolidated 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 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 an additional 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 has met the loan covenants within the financial covenant of loan to value of 85% and required interest cover ratio of 1.5:1. The Group had a positive cash inflow from operating activities during the year amounting to £66,381,000 (2022: £61,354,000) 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 consolidated 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 31 December 2023, the Group had net current liabilities of £5,864,000 (2022: £5,150,000). The net current liabilities position is partially due to deferred 2024 revenue collected in advance during December 2023, held as deferred revenue on the statement of financial position. If deferred revenue is excluded, the Group will be in a net asset position.

KWASA Global (Jersey) Limited, being the indirect shareholder of Links Healthcare REIT Limited, has also expressed its financial support so that:

i. the Group has access to the financial resources of KWASA Global (Jersey) Limited to enable it to meet in full its financial obligations for a period of at least twelve months from the date of signing the consolidated financial statements/approval;

ii. KWASA Global (Jersey) Limited has adequate financial means to meet any capital calls, equity injections and/or shareholders advances as required by Links Healthcare REIT Limited to settle its liabilities as and when they fall due and continue providing financial support to Links Healthcare REIT Limited and its wholly owned subsidiaries for at least the next twelve months from the date of signing the consolidated financial statements/approval.

There is no evidence to 31 December 2023 that the implications of the war in Ukraine, have adversely affected the Group's activities operations. The Directors will continue to monitor the developments and assess for any changes.

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 consolidated financial statements.

2 Summary of material accounting policy information (continued)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated 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 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.

(ii) 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 year.

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.

(e) Revenue recognition

Revenue includes rental income from investment properties. Rental income from operating leases is recognised in revenue on a straight line basis and as performance obligations are satisfied 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 recognised on a straight-line basis.

(f) Dividends

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

(g) 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.

(h) Expenses

Administrative expenses include legal, accounting, auditing, asset management, investment management 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).

2 Summary of material accounting policy information (continued)

(i) 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.

(j) 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.

(k) 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.

(l) Financial instruments

i. Recognition and initial measurement

Financial assets and financial liabilities are recognised in the Group's consolidated 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.

2 Summary of material accounting policy information (continued)

(l) Financial instruments (continued)

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 other comprehensive income ("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 assessing 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).

b. Subsequent measurement

2 Summary of material accounting policy information (continued)

(l) Financial instruments (continued)

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 net finance costs 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 net finance costs line item in the consolidated statement of comprehensive income.

Other financial liabilities, including bank borrowings 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.

2 Summary of material accounting policy information (continued)

(l) Financial instruments (continued)

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.

(m) 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).

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.

2 Summary of material accounting policy information (continued)

(m) Derivative financial instruments and hedge accounting (continued)

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 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.

(n) Share Capital

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

(o) Current tax

The Group is subject to Jersey corporate income tax at the rate of 0%. The Group is also subject to withholding tax of 20% on dividend income.

The tax expense for the year 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 year 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.

(p) 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.

(q) 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.

2 Summary of material accounting policy information (continued)

(q) Fair value (continued)

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.

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.

(r) 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.

(s) 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.

2 Summary of material accounting policy information (continued)

(s) Leases (continued)

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 its investment properties.

As a lessor, the Group classifies its leases as operating leases.

3 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, 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.

3 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

(a) 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:-

	2023	2022
	£'000	£'000
Trade and other receivables	**7,707**	7,574
Cash and cash equivalents	**16,960**	15,928
	24,667	23,502

The Group has £Nil (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 31 December 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 two different reputable financial institutions. As at 31 December 2023, cash balances were held with Standard Chartered Bank and RBS International. Refer to note 16 for credit ratings of these banking institutions.

(b) 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.

3 Financial risk management (continued)

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

2023	Within one year £'000	From one to two year £'000	From two to five year £'000	Later than 5 year £'000	Total £'000
Assets					
Trade and other receivables	**7,707**	**-**	**-**	**-**	**7,707**
Cash and cash equivalents	**16,960**	**-**	**-**	**-**	**16,960**
Derivative financial instruments	**40,767**	**30,408**	**-**	**-**	**71,175**
	65,434	**30,408**	**-**	**-**	**95,842**
Liabilities					
Lease liabilities	**110**	**110**	**330**	**5,803**	**6,353**
Bank borrowings	**52,423**	**838,890**	**-**	**-**	**891,313**
Accruals and other payables	**16,556**	**-**	**-**	**-**	**16,556**
	69,089	**839,000**	**330**	**5,803**	**914,222**

2022	Within one year £'000	From one to two year £'000	From two to five year £'000	Later than 5 year £'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

The Group's bank borrowings are secured by a charge over the Group's investment properties which are disclosed in note 13. 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%.

(c) 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 arise from open positions in 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 report 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.

Interest rate risk

The Group is exposed to cash flow risk in relation to interest payable on the bank loan amounting to £800,000,000 (2022: £800,000,000) with Standard Chartered Bank. The loan is due on 30 September 2025 and carries a floating interest rate as described in note 20. The following table details notional principal amounts and remaining terms of interest rate swaps contracts outstanding at the end of reporting year:

3 Financial risk management (continued)

Cashflow 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
Within 1 year	0%	0%	-	-	-	-
1 to 5 year	100%	100%	800,000,000	800,000,000	53,392,000	85,625,000
			800,000,000	800,000,000	53,392,000	85,625,000

The fair values of the interest rate swaps are disclosed in note 19.

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 and four other banking institutions.

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.

As at 31 December 2023, the following table contains summary of the derivatives (i.e. interest rate swaps) and bank borrowings that are related the Group's cash flow hedges. Details of the terms of the derivatives and bank borrowings are discussed in note 19 and 20, respectively.

Balance sheet line items	Note	Notional amounts £'000	Carrying amount £'000	Change in fair value for the year £'000
2023				
Derivatives-Hedging instruments	19	(800,000)	53,392	(32,233)
Bank Borrowings-Hedge items	20	-	(795,325)	-
2022				
Derivatives-Hedging instruments	19	(800,000)	85,625	58,279
Bank Borrowings-Hedge items	20	-	(794,570)	-

Capital management

The Group considers its capital to comprise its ordinary share capital, share premium and its accumulated retained earnings. Refer to note 17.

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.

4 Segment 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.

5 Critical accounting estimates and judgements

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 details of the valuation and sensitivity are disclosed in note 13.

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 have reviewed the valuation techniques and assumptions used by the qualified valuers in determining the fair value of the derivative financial instruments and have concluded that they are reasonable. Further information on the carrying amounts of these assets and the sensitivity of those amounts to changes in unobservable inputs are provided in note 19.

6 Revenue

	2023	2022
	£'000	£'000
Rental income	**67,409**	64,384

Future aggregate minimum rental receivables are disclosed in note 22.

7 Administration expenses

	2023	2022
	£'000	£'000
Direct operating expenses arising from investment properties that generated rental income during the year:		
Investment advisor fee	**(200)**	(200)
Legal and professional fees	**(391)**	(317)
Trustee fees	**(196)**	(187)
Administrative fees	**(36)**	(35)
Audit fees	**(109)**	(100)
Sundry expenses	**-**	44
Bank charges	**(4)**	(4)
	(936)	(799)

7 Administration expenses (continued)

	2023 £'000	2022 £'000
Auditor's non-audit services		
Services provided by PwC could be analysed as below:		
Tax advisory fees for Links Bidco Limited	**67**	63
Tax advisory fees for Links Healthcare REIT Limited	**27**	27
	94	90

The Group's auditor, PwC, was appointed to provide non-audit services to the Group in relation to tax advisory or tax compliance on 23 January 2023. During 2023 fees amounting to £94,000 (2022: £90,000) were charged. The Directors do not consider the provision of these services to have impaired the auditor's independence during the financial year ended 31 December 2023. The scope for any non-audit services is reviewed by the Links Holdings (GP) Limited (the "General Partner") and approved prior to the auditor's engagement.

8 Depreciation on right of use assets

	2023 £'000	2022 £'000
Depreciation on right of use assets	**(60)**	(86)

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.

9 Net finance costs

	2023 £'000	2022 £'000
Interest on bank borrowings	**(47,594)**	(22,103)
Interest rate swap	**35,642**	9,218
Interest on lease liabilities	**(83)**	(156)
	(12,035)	(13,041)

10 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 year under Jersey law is nil (2022: £nil).

Analysis of tax charge in the year	2023 £'000	2022 £'000
Adjustments for current tax of prior periods	**-**	1

10 Income tax (continued)

Factors affecting the tax charge for the year

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%.

The income tax paid for the year relates to the settlement amounts requested by the Luxembourg Tax Authorities for the final tax assessments for the period ended 29 October 2020.

11 Director and Employees

The Group has no employees. Refer to related party note (note 28) for details of corporate services fees paid to Ocorian Fund Services (Jersey) Limited.

12 Investment in subsidiaries

The following table details the subsidiaries owned by the parent company as at 31 December 2023 and 2022 and are included in these consolidated financial statements.

Subsidiary undertakings as at 31 December 2023 & 2022	Ownership	Holding %	Country of incorporation	Activity
Links Bidco Limited	Direct	100	Jersey	Property holding
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

13 Investment properties

	Cost £'000	Accumulated Fair Value Gains £'000	Fair Value £'000
At 1 January 2023			
Opening balance	719,526	621,194	1,340,720
Fair value movement during the year	-	(63,055)	(63,055)
Balance as at 31 December 2023	719,526	558,139	1,277,665

At 1 January 2022	Cost £'000	Accumulated 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. For the year ended 31 December 2023, the Group appointed CBRE Limited ("CBRE") to determine fair value of the investment properties as per the valuation standards of the Royal Institution of Chartered Surveyors (the “RICS”). The fair value of the investment properties per the valuation report provided (the "Valuation Report") amounted to £1,277,665,000 as at 31 December 2023 (2022: £1,340,720,000). The directors have reviewed and evaluated the assumptions and inputs used in estimating the fair value of the investment properties and are satisfied with the valuation approach.

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.

Property values can change substantially over short periods of time, therefore the value of the property at the date of signing these financial statements may differ materially from the valuation provided by the valuers which the directors believe are a reasonable approximation of the investment properties fair values.

There were no transfers between levels during the year.

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

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

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.

13 Investment properties (continued)

Fair value at	**Valuation impact** + 5% Estimated Rent Value/ Rent Value	**Valuation impact** - 5% Estimated Rent Value/ Rent Value	**Valuation impact** - 25 bps in yields	**Valuation impact** + 25 bps in yields
31 December 2023	1,432,797	1,296,340	1,433,335	1,302,100

Investment properties pledged as security

Investment properties with a carrying amount of £1,277,665,000 (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.

14 Right of use assets

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

	2023 £'000	2022 £'000
Right of use of assets	**2,938**	2,938
Accumulated depreciation of right of use assets	**(286)**	(226)
Adjustment for change in head lease rent	**617**	617
	3,269	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 previous year, both asset and liability has been 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 continue 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.

15 Trade and other receivables

	2023 £'000	2022 £'000
Sundry receivables and prepayments	**87**	45
Intercompany receivable	**4,855**	4,722
Income tax recoverable	**344**	367
Restricted cash balance	**2,852**	2,852
	8,138	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 (2022: £2,830,071) and Rent account of £21,414 (2022: £21,474). 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

	2023 £'000	2022 £'000
Standard Chartered Bank	**16,913**	15,851
RBS International	**47**	77
	16,960	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	2023	2022
Standard Chartered Bank	**A1**	A1
RBS International	**A3**	A3

17 Share capital, share premium and cash flow hedging reserve

(a) Ordinary Shares

Summary as at 31 December	2023 £	2022 £
Opening share capital	**547**	547
Closing share capital	**547**	547

The authorised share capital consists of 100,000 shares of £0.01 each. As at 31 December 2023, 54,714 (2022: 54,714) shares were issued amounting to £547.14 (2022: £547.14).

Allotted, called up and fully paid

(b) Share premium

Summary as at 31 December	2023 £'000	2022 £'000
Opening share capital premium	**5,470**	5,470
Closing share capital premium	**5,470**	5,470

(c) Cash flow hedging reserve

Summary as at 31 December	2023 £'000	2022 £'000
Opening cash flow hedging reserve	**85,625**	27,346
Swap fair value movement	**(32,233)**	58,279
Closing cash flow hedging reserve	**53,392**	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.

18 Lease Liabilities

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

	2023 £'000	**2022 £'000**
Lease liabilities	**3,555**	2,938
Lease liabilities - interest	**401**	318
Lease liabilities - head lease rent paid	**(543)**	(433)
Adjustment for change in head lease rent	**-**	617
	3,413	3,440

The lease liabilities are split as follows:	**2023 £'000**	**2022 £'000**
Current	**27**	38
Non-current	**3,386**	3,402
	3,413	3,440

Refer to note 14 on right of use assets details. A maturity analysis of contractual undiscounted cash flows of lease liabilities is disclosed in Note 22.

19 Derivative financial instruments

Derivatives designated and effective as hedging instrument carried at fair value	**2023 £'000**	2022 £'000
Interest rate swap valuations	**53,392**	85,625
Movement in derivative designated as hedging instruments		
Opening balance	**85,625**	27,346
Movement for the year	**(32,233)**	58,279
Closing balance	**53,392**	85,625
Movement in cash flow hedging reserve		
Opening balance	**85,625**	27,346
Movement for the year	**(32,233)**	58,279
Closing balance	**53,392**	85,625

The Group is not netting off financial instruments in accordance with IFRS 9 and does not have relevant offsetting arrangements except for the net finance income/cost on swap which is presented net off the finance cost of the borrowings.

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 and four other banking institutions.

19 Derivative financial instruments (continued)

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 a qualified valuer 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 using the SONIA OIS yield curve. These valuation techniques maximise the use of observable market data. 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 31 December 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 31 December 2023, this derivative instrument is classified as non-current asset (31 December 2022: non-current asset).

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 £2,670,000 (2022: £4,281,000) respectively on the consolidated total comprehensive income and net assets.

20 Bank borrowings

	2023 **£'000**	2022 £'000
Bank borrowings	**795,325**	794,570
	795,325	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 and eight other banking institutions.

20 Bank borrowings (continued)

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 Loan is secured against the investment properties and shall be repaid on maturity which is 30 September 2025. During the period, interest of £47,594,066 (31 December 2022: £22,103,094) accrued while the amount of £46,839,121 (31 December 2022: £20,415,384) was paid by the Group.

As at 31 December 2023, the amount of the outstanding bank loan with SCB is allocated to each of the Links Bidco Limited subsidiaries as follows:

	1 January 2023	**Movement during the year**	**Balance at 31 December 2023**
	£'000	**£'000**	**£'000**
Links Bidco Propco 1 Limited	106,237	101	106,338
Links Bidco Propco 2 Limited	130,533	124	130,657
Links Bidco Propco 3 Limited	81,156	78	81,234
Links Bidco Propco 4 Limited	50,660	48	50,708
Links Bidco Propco 5 Limited	83,384	79	83,463
Links Bidco Propco 6 Limited	64,852	61	64,913
Links Bidco Propco 7 Limited	62,985	60	63,045
Links Bidco Propco 9 Limited	67,024	63	67,087
Links Bidco Propco 10 Limited	38,262	37	38,299
Links Bidco Propco 11 Limited	90,472	86	90,558
Links Bidco Propco 12 Limited	4,589	4	4,593
Links Bidco Propco 13 Limited	14,416	15	14,431
	794,570	755	795,325

21 Other payables

	2023	2022
	£'000	£'000
Current liabilities:		
Rent received in advance	**14,368**	13,497
Dividends payable	**10,433**	9,725
Other payables	**6,118**	5,804
	30,919	29,026

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

22 Leasing arrangement

The Group as lessee

The future aggregate minimum rentals payable under non-cancellable operating lease are as follows:

	2023 £'000	2022 £'000
Within 1 year	**110**	110
Between 1 and 2 years	**110**	110
Between 2 and 3 years	**110**	110
Between 3 and 4 years	**110**	110
Between 4 and 5 years	**110**	110
Later than 5 years	**5,803**	5,913
	6,353	6,463

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	**71,128**	67,741
Between 1 and 2 years	**71,128**	67,741
Between 2 and 3 years	**71,128**	67,741
Between 3 and 4 years	**71,128**	67,741
Between 4 and 5 years	**71,128**	67,741
Later than 5 years	**994,823**	1,015,192
Total	**1,350,463**	1,353,897

The rentals receivable at year end has been forecasted up to the maturity of the lease terms. No growth in the rentals receivable in future years have been considered.

23 Cash generated from operations

	2023 £'000	2022 £'000
Loss before income tax	**(8,460)**	(35,291)
Adjustments for:		
Finance costs	**12,035**	13,042
Fair value movement on investment properties	**63,055**	85,940
Depreciation on right of use assets	**60**	86
Changes in working capital		
Increase in trade and other receivables	**(170)**	(3,707)
Increase in other payables	**1,069**	1,284
	67,589	61,354

24 Directors remuneration

No emoluments were granted to the Directors during the year ended 31 December 2023 (2022: Nil).

25 Contingent liabilities

There were no contingent liabilities for the Group as at 31 December 2023. Refer to note 13 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 31 December 2023 as all the subsidiaries are 100% owned.

27 Ultimate controlling party

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

28 Related party transactions

Transactions in the year between the Group and the related parties are shown below:

During the year gross dividends of £56,337,516 (2022: £53,166,124) were payable to Links Holdings LP as disclosed in the Statement of Changes in Equity. Included in the gross dividends is withholding tax amount of £11,199,898 (2022: £10,585,331).

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

At 31 December 2023, the intercompany receivable from Links Holdings LP by the Group amounted to £4,855,398 (2022: £4,721,787) as disclosed in the consolidated statement of financial position. The amount due from Links Holdings LP is interest free and repayable on demand.

At the year ended 31 December 2023, the intercompany balance payable between Links Healthcare REIT Limited and Links Holdings LP amounted to £1,722,389 (2022: £1,475,880).

None of the above balances are secured.

29 Post balance sheets events

There were no material events or transactions that required recognition or disclosure in the consolidated financial statements.